**Question 1**

 Jordan Company produced 150,000 floor lamps during the past calendar year. Jordan had 2,500 floor lamps in finished goods inventory at the beginning of the year. At the end of the year, there were 11,500 floor lamps in finished goods inventory. The lamps sell for $50 each. Jordan’s accounting records provide the following information for the past year:

Purchases of direct materials $ 1,675,000

Direct materials inventory, January 1 $ 380,000

Direct materials inventory, December 31 $ 327,000

Direct labor $ 2,000,000

Indirect labor $ 790,000

Depreciation, factory building $ 1,100,000

Depreciation, factory equipment $ 630,000

Property taxes on the factory $ 65,000

Utilities, factory $ 150,000

Insurance on the factory $ 200,000

Research and development $ 120,000

Salary, sales supervisor $ 85,000

Commissions, salespersons $ 370,000

General Administration $ 390,000

Work in process inventory, January 1 $ 450,000

Work in process, December 31 $ 750,000

Finished goods inventory, January 1 $ 107,500

Finished goods inventory, December 31 $ 489,000

1. Prepare a statement of cost of goods manufactured.
2. Prepare an income statement in good form.
3. Calculate prime cost and conversion cost.
4. Calculate cost per unit.
5. What is the purpose of a cost of goods manufactured statement?

**Question 2**

PhotoQuik is a film developing company. Customers mail their undeveloped rolls of film to the company and receive the completed photographs in return mail. The PhotoQik facility is built and staffed to handle the processing of $100,000 rolls of film per year. The lab facility cost $330,000 to build and expected to last 20 years. Processing equipment cost $592,000 and has a life expectancy of five years. Both facility and equipment are depreciated on a straight-line basis. PhotoQuik expects to spend $400,000 for chemicals, photo paper, envelopes, and other supplies (assuming $100,000 rolls of film are processed.) Last year, 96,000 rolls of film were processed.

1. Classify the resources associated with the film-processing activity into one of the following types: (1) committed resources and (2) flexible resources.
2. Calculate the total activity rate for the film-processing activity. Break the activity rate into fixed and variable components.
3. Compute the total activity availability, and break this into activity output and unused activity.
4. Calculate the total cost of resources supplied, and break this into the cost of activity used and cost of unused activity.
5. Explain the step-cost function.