For some reason I'm really not grasping the installment sales method very well. I understand that the gross profit recognized in a period will equal the gross profit percentage X the period's cash collection. For 2011, I multiply 35% by the cash collection of $151,000 and derive the correct answer $52,850. I do the same with 2012 with 29% being that year's gross profit percentage and the result is incorrect ($222K \* 29%). Also, stratifying it (2011 receipts received in 2012 multiplied by 2011's 35%, and 2012's receipts multiplied by 29%) then adding together also is incorrect.

How are years after the first year calculated? How does that carry into deferrals?

