Gross profit and ending inventory

Problem 1

A corporation produces a product with following costs as of July 1, 2011.

Material $2 per unit Labor $4 per unit Overhead $2 per unit

Beginning inventory at these costs on July 1st was 3,000 units. From July 1 to December 1, 2011 the corporation produced 12,000 units. These units had a materials cost of $3, labor of $5, and overhead of $3 per unit. This corporation uses FIFO inventory accounting.

Assuming that this corporation sold 13,000 units during the last six months of the year at $16 each, what is the gross profit? What is the value of ending inventory?

Schedule of Cash Receipts

Problem 2

Victoria’s Apparel has forecast credit sales for the fourth quarter of the year as:

September (actual) $50,000

Fourth Quarter

October $40,000

November $35,000

December $60,000

Experience has shown that 20 percent of sales receipts are collected in the month of sale, 70 percent in the following month, and 10 percent are never collected.

Prepare a schedule of cash receipts for Victoria’s apparel covering the fourth quarter (October through December).