

*Aspen Corporation*  
*Statement of Cash Flows*  
*For the Year Ended December 31, Year 2*

*Operating Activities*

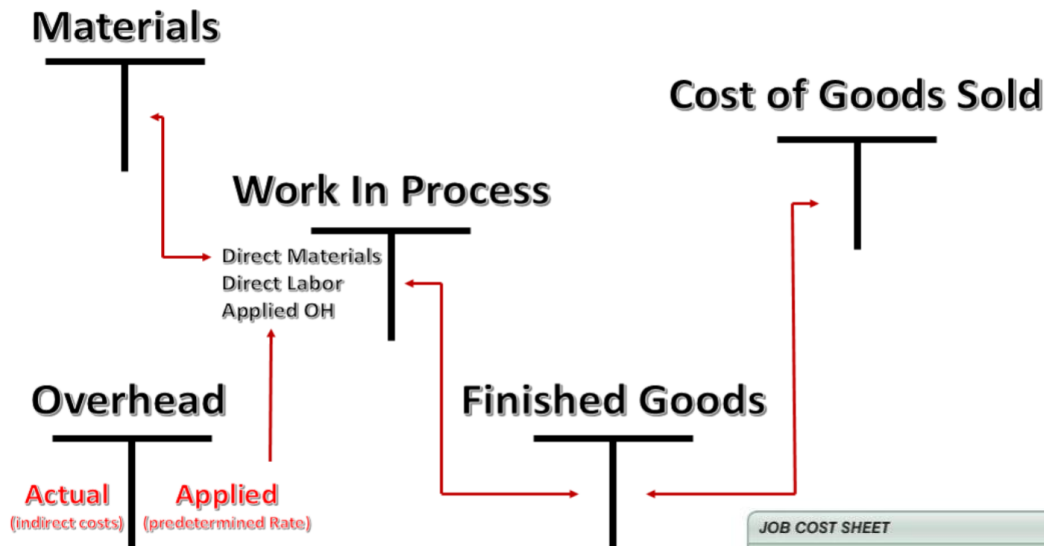
Net income .....		\$19
Adjustments to convert net income to a cash basis:		
Depreciation .....	\$ 8	
Decrease in accounts receivable .....	1	
Increase in inventory .....	(6)	
Increase in accounts payable .....	6	
Decrease in accrued liabilities .....	(2)	
Increase in income taxes payable .....	3	
Gain on sale of equipment .....	<u>(4)</u>	<u>6</u>
Net cash provided by operating activities .....		25

*Investing activities*

Additions to property, plant and equipment .....	\$(18)	
Increase in long-term investments .....	(14)	
Proceeds from sale of equipment .....	<u>6</u>	
Net cash used for investing activities .....		(26)

*Financing activities*

Increase in bonds payable .....	\$ 16	
Increase in common stock .....	1	
Cash dividends .....	<u>(9)</u>	
Net cash provided by financing activities .....		<u>8</u>
Net increase in cash (net cash flow) .....		7
Cash, beginning balance .....		<u>6</u>
Cash, ending balance .....		<u><u>\$13</u></u>



JOB COST SHEET							
Job Number	2B47			Date Initiated	March 2		
Department	Milling			Date Completed	March 8		
Item	Special order coupling			Units Completed	2		
For Stock				Units Completed	2		
Direct Materials		Direct Labor		Manufacturing Overhead			
Req. No.	Amount	Ticket	Hours	Amount	Hours	Rate	Amount
14873	\$ 660	843	5	\$ 45	27	\$8/DLH	\$216
14875	506	846	8	60			
14912	238	850	4	21			
	\$1,404	851	10	54			
			27	\$180			
Cost Summary				Units Shipped			
Direct Materials	\$ 1,404	Date	March 8	Number	—	Balance	2
Direct Labor	\$ 180						
Manufacturing Overhead	\$ 216						
Total Product Cost	\$ 1,800						
Unit Product Cost	\$ 900*						

\*\$1,800 ÷ 2 units = \$900 per unit.

**Problem 3-26 (continued)**

5.

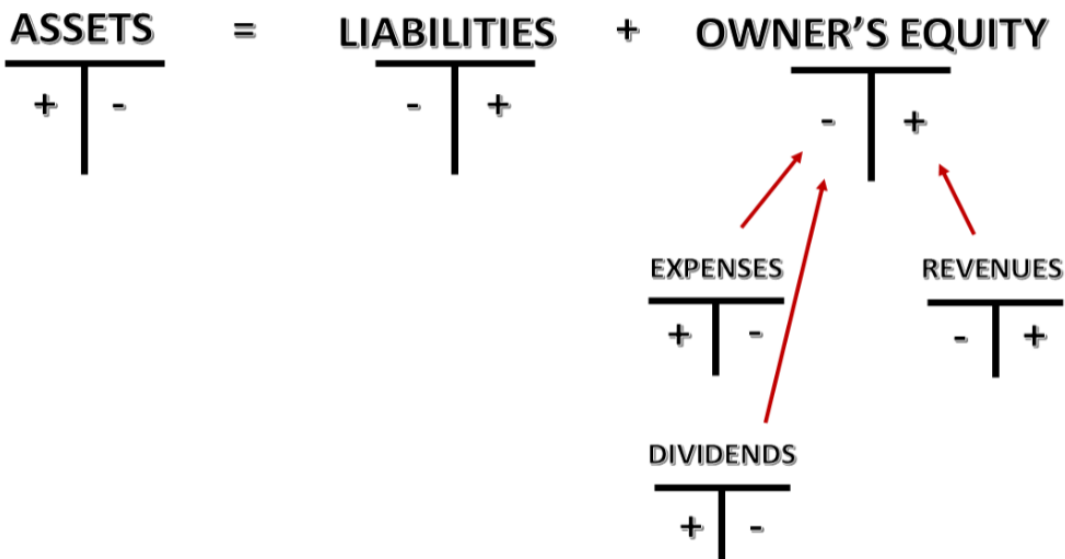
**Froya Fabrikker A/S  
Income Statement**

Sales .....		\$1,200,000
Cost of goods sold .....		<u>795,000</u>
Gross margin .....		405,000
Selling and administrative expenses:		
Advertising expense .....	\$136,000	
Utilities expense .....	7,000	
Salaries expense .....	110,000	
Depreciation expense .....	19,000	
Rent expense .....	<u>18,000</u>	<u>290,000</u>
Net operating income .....		<u>\$ 115,000</u>

Froya Fabrikker A/S  
Schedule of Cost of Goods Manufactured

Direct materials:		
Raw materials inventory, beginning .....	\$ 30,000	
Purchases of raw materials .....	<u>200,000</u>	
Materials available for use .....	230,000	
Raw materials inventory, ending .....	<u>45,000</u>	
Materials used in production .....		\$185,000
Direct labor .....		230,000
Manufacturing overhead applied to work in process .....		<u>390,000</u>
Total manufacturing costs .....		805,000
Add: Work in process, beginning .....		<u>21,000</u>
		826,000
Deduct: Work in process, ending .....		<u>56,000</u>
Cost of goods manufactured .....		<u><b>\$770,000</b></u>

Schedule of cost of goods sold:		
Finished goods inventory, beginning .....		\$ 60,000
Add: Cost of goods manufactured .....		<u><b>770,000</b></u>
Goods available for sale .....		830,000
Deduct finished goods inventory, ending ..		<u>30,000</u>
Unadjusted cost of goods sold .....		800,000
Deduct: Overapplied overhead .....		<u>5,000</u>
Adjusted cost of goods sold .....		<u><b>\$795,000</b></u>



steps		Quantity Schedule				
1	Units to be accounted for:					
	Work in process, beginning.....	30,000				
	Started into production.....	420,000				
	<u>Total units to be accounted for</u> .....	<u>450,000</u>				
					<b>Equivalent Units (EU)</b>	
					Materials	Conversion
2	Units accounted for as follows:				50%	25%
	Units transferred out:	370,000			370,000	370,000
	WIP, ending	80,000			40,000	20,000
	<u>Total units accounted for:</u> .....	<u>450,000</u>			<u>410,000</u>	<u>390,000</u>
3	Cost to be accounted for:	<i>Total Cost</i>	<i>Materials</i>	<i>Conversion</i>		
	Work in process, beginning.....	\$150,000.00	\$92,000.00	\$58,000.00		
	Costs added.....	\$1,846,000.00	\$851,000.00	\$995,000.00		
	<u>Total cost to be accounted for:</u> .....	<u>\$1,996,000.00</u>	<u>\$943,000.00</u>	<u>\$1,053,000.00</u>		
4	Equivalent Units (b).....		410,000	390,000		
	Cost per EU (a) / (b)		\$2.30	\$2.70	=	\$5.00
5	<b>Cost Reconciliation:</b>					
	<b>Weighted-Average method</b>					
				<b>Total</b>		<b>Equivalent Units (EU)</b>
				<b>Cost</b>		<b>Materials</b> <b>Conversion</b>
						<b>Materials</b> <b>Labor</b>
	Cost accounted for as follows:					
	Transferred out:					
	370,000 units @ \$	\$5.00 per EU.....	\$1,850,000.00		370,000	370,000
	Work in process, ending:					
	Materials @	\$2.30 per EU.....		\$92,000.00	40,000	
	Conversion @	\$2.70 per EU.....		54,000.00		20,000
	<u>Total work in process, ending</u> .....		<u>146,000</u>			
	<u>Total cost accounted for</u> .....		<u>\$1,996,000.00</u>			