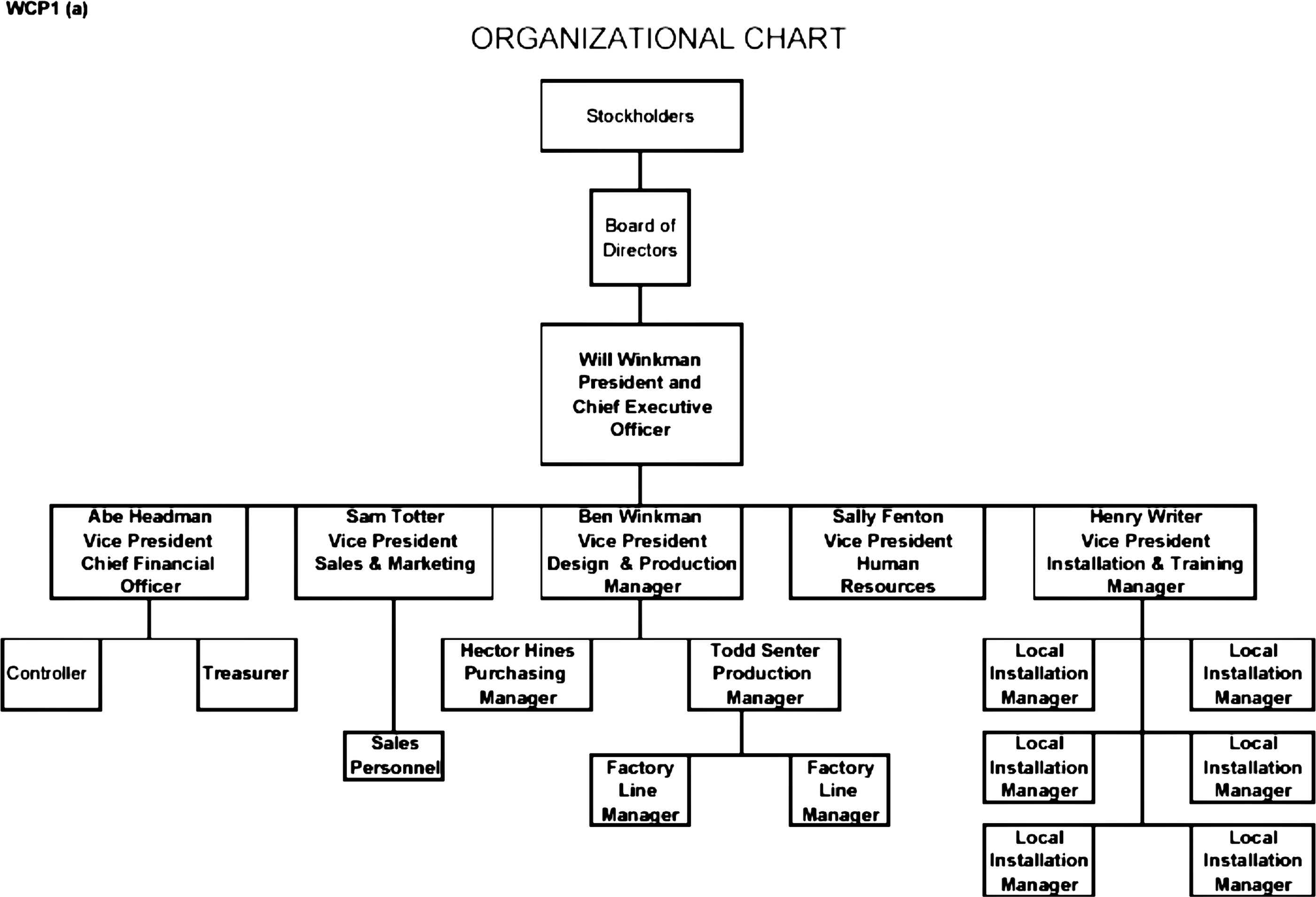
**SOLUTION**

**Chapter 14 Waterways**

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| --- | --- | --- | --- | --- |
| **WATERWAYS CORPORATION** |  |  |  |  |
| **Cost of Goods Manufactured Schedule** |  |  |  |  |
| **For the Month of November, 2016** |  |  |  |  |
|  |  |  |  |  |
| Work in process 11/1 |  |  | $ 52,700 |  |
| Direct materials |  |  |  |  |
|  | Raw materials inventory 11/1 | $ 38,000 |  |  |
|  | Raw material purchases | 184,500 |  |  |
|  | Total raw materials available for use | 222,500 |  |  |
|  | Less: Raw materials inventory 11/30 | 52,700 |  |  |
|  | Direct materials used |  | $169,800 |  |
| Direct labor |  |  | 42,000 |  |
| Manufacturing overhead |  |  |  |  |
|  | Depreciation—factory equipment | 16,800 |  |  |
|  | Factory supplies used | 16,800 |  |  |
|  | Factory utilities | 10,200 |  |  |
|  | Indirect labor | 48,000 |  |  |
|  | Rent—factory equipment | 47,000 |  |  |
|  | Repairs—factory equipment | 4,500 |  |  |
|  | Total factory overhead |  | 143,300 |  |
| Total manufacturing costs |  |  | 355,100 |  |
| Total cost of work in process |  |  | 407,800 |  |
| Less: Work in process 11/30 |  |  | 42,000 |  |
| Cost of goods manufactured |  |  | $365,800 |  |

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| **WATERWAYS CORPORATION**  **Income Statement**  **For the Month of November** |  |  |  |  |
|  |  |  |  |  |
| Sales Revenue |  |  |  | $1,350,000 |
| Cost of goods sold |  |  |  |  |
|  | Finished goods inventory 11/1 |  | $ 72,550 |  |
|  | Cost of goods manufactured |  | 365,800 |  |
|  | Cost of goods available for sale |  | 438,350 |  |
|  | Less: Finished goods inventory 11/30 |  | 68,800 |  |
|  | Cost of goods sold |  |  | 369,550 |
| Gross profit | GrossProfit |  |  | 980,450 |
| Operating expenses |  |  |  |  |
|  | Selling expenses |  |  |  |
|  | Advertising expenses | 54,000 |  |  |
|  | Sales commissions | 40,500 |  |  |
|  | Total selling expenses |  | 94,500 |  |
|  | Administrative expenses |  |  |  |
|  | Depreciation—office equipment | $ 2,400 |  |  |
|  | Office supplies expense | 1,600 |  |  |
|  | Other administrative expenses | 72,000 |  |  |
|  | Salaries | 325,000 |  |  |
|  | Total administrative expenses |  | 401,000 |  |
|  | Total operating expenses |  |  | 495,500 |
| Net income |  |  |  | $ 484,950 |

|  |  |  |  |  |
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| **WATERWAYS CORPORATION** |  |  |  |  |
| **Balance Sheet (partial)** |  |  |  |  |
| **November 30** |  |  |  |  |
|  |  |  |  |  |
| Current assets |  |  |  |  |
|  | Cash |  |  | $260,000 |
|  | Accounts receivable |  |  | 275,000 |
|  | Inventories |  |  |  |
|  |  | Raw materials inventory | $52,700 |  |
|  |  | Work in process inventory | 42,000 |  |
|  |  | Finished goods inventory | 68,800 | 163,500 |
|  | Prepaid expenses |  |  | 41,250 |
| Total current assets |  |  |  | $739,750 |