GoWay manufacturers and sells a portable battery-powered transportation device that can be stored in a backpack. The device usually sells for $5,000 per unit. The company normally sells units as quickly as manufactured and does not maintain a finished goods inventory. However, during the most recent year, the company produced 10,000 units, but only sold 9,000.

A military customer has requested to buy the other 1,000 units for delivery on December 31 of the current year. The offered price is $4,000 per unit for all 1,000 units. Below are absorption-costing based calculations of ending inventory and net income, on the 9,000 units already sold.

Variable manufacturing costs ($3,000 X 10,000)	$30,000,000
Fixed manufacturing costs	12,000,000
Cost of goods manufactured	$42,000,000
Cost of goods sold ($42,000,000 X (9,000/10,000))	37,800,000
Ending inventory ($42,000,000 X (1,000/10,000))	$ 4,200,000

Sales (9,000 X $5,000)		$45,000,000
Cost of goods sold		37,800,000
Gross profit		$ 7,200,000
SG&A		
Variable SG&A (9,000 X $100)	$ 900,000	
Fixed SG&A	5,800,000	6,700,000
Net income		$ 500,000

Prepare a revised absorption-costing based income statement, assuming acceptance of the 1,000 unit order. Also prepare variable-costing income statements (with and without the order). Compare the results and evaluate whether the order should be accepted.