

OxiClear manufactures a tile and grout cleaner. The company was formed during the current year. As a result, there was no beginning inventory. Management is evaluating performance and inventory management issues, and desires to know both net income and ending inventory under generally accepted accounting principles (absorption costing) as well as variable costing methods. Relevant facts are as follows:

Selling price per gallon	\$4.40
Variable manufacturing cost per gallon	0.80
Variable SG&A costs per gallon	0.90
Fixed manufacturing costs	\$1,450,000
Fixed SG&A	235,000
Total gallons produced	650,000
Total gallons sold	620,000