

EXERCISE E6-5 – page 295

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
May 1	Inventory	30	\$8	\$240
15	Purchases	25	11	275
24	Purchases	<u>35</u>	12	<u>420</u>
	Total GAFS	<u>90</u>		<u>\$935</u>

		<u>Units</u>
	GAFS	90
)	Sales	<u>65</u>
=	EI	<u>25</u>

FIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
25	\$12	<u>\$300</u>

		<u>Amount</u>
	GAFS	\$935
)	EI	<u>300</u>
=	COGS	<u>\$635</u>

FIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
30	\$8	\$240
25	11	275
<u>10</u>	12	<u>120</u>
65		<u>\$635</u>

EXERCISE E6-5 – LIFO

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
May 1	Inventory	30	\$8	\$240
15	Purchases	25	11	275
24	Purchases	<u>35</u>	12	<u>420</u>
	Total GAFS	<u>90</u>		<u>\$935</u>

		<u>Units</u>
	GAFS	90
)	Sales	<u>65</u>
=	EI	<u>25</u>

LIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
25	\$8	<u>\$200</u>

		<u>Amount</u>
	GAFS	\$935
)	EI	<u>200</u>
=	COGS	<u>\$735</u>

LIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
35	\$12	\$420
25	11	275
<u>5</u>	8	<u>40</u>
70		<u>\$735</u>

EXERCISE E6-6

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		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
June 1	Inventory	200	\$5	\$1,000
12	Purchases	300	6	1,800
23	Purchases	<u>500</u>	7	<u>3,500</u>
	Total GAFS	<u>1,000</u>		<u>\$6,300</u>

FIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
120	\$7	<u>\$840</u>

		<u>Amount</u>
	GAFS	\$6,300
)	E I	<u>840</u>
=	COGS	<u>\$5,460</u>

FIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
200	\$5	\$1,000
300	6	1,800
<u>380</u>	7	<u>2,660</u>
<u>880</u>		<u>\$5,460</u>

EXERCISE E6-6 – LIFO

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
June 1	Inventory	200	\$5	\$1,000
	12 Purchases	300	6	1,800
	23 Purchases	<u>500</u>	7	<u>3,500</u>
	Total GAFS	<u>1,000</u>		<u>\$6,300</u>

LIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
120	\$5	<u>\$600</u>

		<u>Amount</u>
	GAFS	\$6,300
)	E I	<u>600</u>
=	COGS	<u>\$5,700</u>

LIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
500	\$7	\$3,500
300	6	1,800
<u>80</u>	5	<u>400</u>
<u>880</u>		<u>\$5,700</u>

EXERCISE E6-8 – page 295

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
June 1	Inventory	200	\$5	\$1,000
12	Purchases	300	6	1,800
23	Purchases	<u>500</u>	7	<u>3,500</u>
	Total GAFS	<u>1,000</u>		<u>\$6,300</u>

Average

<u>GAFS</u>	<u>\$6,300</u>	\$6.30
units	1,000	

Average Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
120	\$6.30	<u>\$756</u>

	<u>Amount</u>
GAFS	\$6,300
) EI	<u>756</u>
= COGS	<u>\$5,544</u>

Average COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
880	\$6.30	\$5,544

EXERCISE *E6-19 (a)

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Sales	\$51,000		Beg Inv	\$20,000
) S R & A	<u>1,000</u>		Purchases	\$31,200
= Net Sales	???)	P R & A	<u>1,400</u>
) COGS	<u>???</u>		Net Pur	\$???
= Gross Profit	???	+	Freight-In	<u>1,200</u>
			GAFS	<u>???</u>
		)	Ending Inventory	<u>???</u>
		=	COGS	<u>???</u>

Sales	\$51,000		Beg Inv	\$20,000
) S R & A	<u>1,000</u>		Purchases	\$31,200
= Net Sales	\$50,000	)	P R & A	<u>1,400</u>
) COGS	<u>???</u>		Net Pur	\$29,800
= Gross Profit	???	+	Freight-In	<u>1,200</u>
			GAFS	<u>31,000</u>
		)	Ending Inventory	<u>???</u>
		=	COGS	<u>???</u>

EXERCISE *E6-19 (a) – (continued)

Sales	\$51,000
) S R & A	<u>1,000</u>
= Net Sales	\$50,000
) COGS (60%)	<u>30,000</u>
= Gross Profit (40%)	???

			\$20,000
) Beg Inv			
) Purchases	\$31,200		
) P R & A	<u>1,400</u>		
) Net Pur	\$29,800		
+ Freight-In	<u>1,200</u>		<u>31,000</u>
			GAFS
) Ending Inventory			<u>???</u>
= COGS			\$30,000

Sales	\$51,000
) S R & A	<u>1,000</u>
= Net Sales	\$50,000
) COGS (60%)	<u>30,000</u>
= Gross Profit (40%)	???

			\$20,000
) Beg Inv			
) Purchases	\$31,200		
) P R & A	<u>1,400</u>		
) Net Pur	\$29,800		
+ Freight-In	<u>1,200</u>		<u>31,000</u>
			GAFS
) Ending Inventory			<u>21,000</u>
= COGS			\$30,000

EXERCISE *E6-19 (b)

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Sales	\$51,000		Beg Inv	\$30,000
) S R & A	<u>1,000</u>		Purchases	\$31,200
= Net Sales	???)	P R & A	<u>1,400</u>
) COGS	<u>???</u>		Net Pur	\$???
= Gross Profit	???	+	Freight-In	<u>1,200</u>
			GAFS	<u>???</u>
		)	Ending Inventory	<u>???</u>
		=	COGS	???

Sales	\$51,000		Beg Inv	\$30,000
) S R & A	<u>1,000</u>		Purchases	\$31,200
= Net Sales	\$50,000	)	P R & A	<u>1,400</u>
) COGS	<u>???</u>		Net Pur	\$29,800
= Gross Profit	???	+	Freight-In	<u>1,200</u>
			GAFS	<u>31,000</u>
		)	Ending Inventory	<u>???</u>
		=	COGS	???

EXERCISE *E6-19 (b)

(continued)

	Sales	\$51,000		Beg Inv	\$30,000
)	S R & A	<u>1,000</u>		Purchases	\$31,200
=	Net Sales	\$50,000	)	P R & A	<u>1,400</u>
)	COGS (70%)	<u>35,000</u>		Net Pur	\$29,800
=	Gross Profit (30%)	???	+	Freight-In	<u>1,200</u>
				GAFS	\$61,000
			)	Ending Inventory	<u>???</u>
			=	COGS	\$35,000

	Sales	\$51,000		Beg Inv	\$30,000
)	S R & A	<u>1,000</u>		Purchases	\$31,200
=	Net Sales	\$50,000	)	P R & A	<u>1,400</u>
)	COGS (70%)	<u>35,000</u>		Net Pur	\$29,800
=	Gross Profit (30%)	???	+	Freight-In	<u>1,200</u>
				GAFS	\$61,000
)	Ending Inventory	<u>26,000</u>
			=	COGS	\$35,000

EXERCISE *E6-20

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Women's Department

	<u>Cost</u>	<u>Retail</u>
Beginning Inventory	\$ 32,000	\$ 46,000
+ Purchases	<u>148,000</u>	<u>179,000</u>
= GAFS	\$180,000	\$225,000

$$\frac{\text{Cost}}{\text{Retail}} = \frac{\$180,000}{\$225,000} = 80\%$$

) Sales	<u>178,000</u>
Ending Inventory (at retail)	\$ 47,000
X	<u>80%</u>
Ending Inventory (at cost)	<u>\$ 37,600</u>

EXERCISE *E6-20
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Men's Department

	<u>Cost</u>	<u>Retail</u>
Beginning Inventory	\$ 45,000	\$ 60,000
+ Purchases	<u>136,300</u>	<u>185,000</u>
= GAFS	\$181,300	\$245,000

$$\frac{\text{Cost}}{\text{Retail}} = \frac{\$181,300}{\$245,000} = 74\%$$

)	Sales	<u>185,000</u>
	Ending Inventory (at retail)	\$60,000
x		<u>74%</u>
	Ending Inventory (at cost)	<u>\$44,400</u>

BRIEF EXERCISE BE6-3 (1) – page 292

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
(1)	Purchase	300	\$6	\$1,800
(2)	Purchase	400	7	2,800
(3)	Purchase	<u>200</u>	8	<u>1,600</u>
	Total GAFS	<u>900</u>		<u>\$6,200</u>

FIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
200	\$8	\$1,600
<u>160</u>	7	<u>1,120</u>
<u>360</u>		<u>\$2,720</u>

		Amount
	GAFS	\$6,200
)	E I	<u>2,720</u>
=	COGS	<u>\$3,480</u>

FIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
300	\$6	\$1,800
<u>240</u>	7	<u>1,680</u>
<u>540</u>		<u>\$3,480</u>

BRIEF EXERCISE BE6-3 (2) – page 292

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
(1)	Purchase	300	\$6	\$1,800
(2)	Purchase	400	7	2,800
(3)	Purchase	<u>200</u>	8	<u>1,600</u>
	Total GAFS	<u>900</u>		<u>\$6,200</u>

LIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
300	\$6	\$1,800
<u>60</u>	7	<u>420</u>
<u>360</u>		<u>\$2,220</u>

	<u>Amount</u>
GAFS	\$6,200
) EI	<u>2,220</u>
= COGS	<u>\$3,980</u>

LIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
200	\$8	\$1,600
<u>340</u>	7	<u>2,380</u>
<u>540</u>		<u>\$3,980</u>

BRIEF EXERCISE BE6-4 – page 292

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
(1)	Purchase	300	\$6	\$1,800
(2)	Purchase	400	7	2,800
(3)	Purchase	<u>200</u>	8	<u>1,600</u>
	Total GAFS	<u>900</u>		<u>\$6,200</u>

Average

$$\frac{\text{GAFS}}{\text{units}} = \frac{\$6,200}{900} = \$6.88889$$

Average Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
360	\$6.88889	<u>\$2,480.00</u>

	<u>Amount</u>
GAFS	\$6,200.00
) EI	<u>2,480.00</u>
= COGS	<u>\$3,720.00</u>

Average COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
540	\$6.8889	\$3,720.00

BRIEF EXERCISE *BE6-11 – page 292

	\$???			\$???
)	COGS	<u>???</u>	+	Beg Inv
=	Gross Profit	\$???		Purchases
				<u>???</u>
				GAFS
)	???
			=	Ending Inventory
				<u>???</u>
				COGS
				\$???

	\$330,000			\$???
)	COGS	<u>???</u>	+	Beg Inv
=	G P (35%)	???		Purchases
				<u>???</u>
				GAFS
			)	\$230,000
			=	Ending Inventory
				<u>???</u>
				COGS
				???

	\$330,000			\$???
)	COGS (65%)	<u>214,500</u>	+	Beg Inv
=	G P (35%)	???		Purchases
				<u>???</u>
				GAFS
			)	\$230,000
			=	Ending Inventory
				<u>???</u>
				COGS
				\$214,500

	\$330,000			\$???
)	COGS (65%)	<u>214,500</u>	+	Beg Inv
=	G P (35%)	???		Purchases
				<u>???</u>
				GAFS
)	\$230,000
			=	Ending Inventory
				<u>15,500</u>
				COGS
				\$214,500

BRIEF EXERCISE *BE6-12

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	<u>Cost</u>	<u>Retail</u>
Beginning Inventory	\$???	\$???
+ Purchases	<u>???</u>	<u>???</u>
= GAFS	\$ 35,000	\$ 50,000

$$\frac{\text{Cost}}{\text{Retail}} = \frac{\$35,000}{\$50,000} = 70\%$$

) Sales	<u>40,000</u>
Ending Inventory (at retail)	\$10,000
X	<u>70%</u>
Ending Inventory (at cost)	<u>\$ 7,000</u>