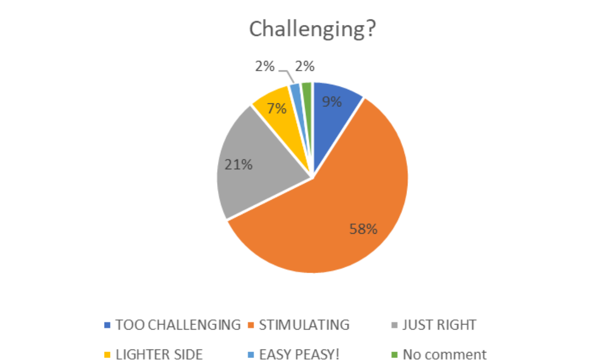
ACC1701XA
SEMESTER 1   2025 /2026
POST LECTURE SUPPLEMENT

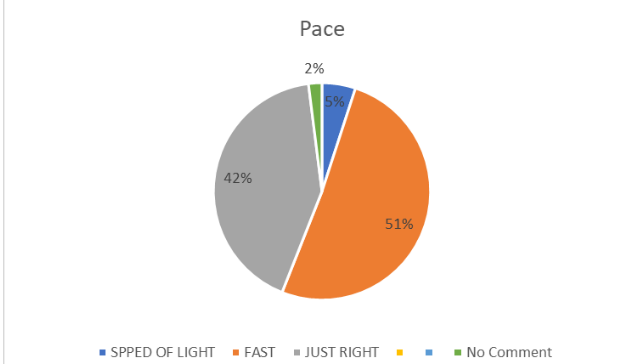
LECTURE 07

Mid Semester Feedback Survey Overview:

Half-semester survey feedback

Thank you to all who completed the survey and for all the encouraging positive feedback.





Half-semester survey feedback

What you liked so far:

- PollEv Qs (Quizzes) / Practices / Class Activities
- Clear and comprehensive lecture slides + real -life examples
- Interactive & engaging class

Top "improvement" requests from you:

1) Go at a slower pace — **Let's do more brisk walking (but do understand that sometimes we might have to jog a little too)**

2) Longer break/more breaks — **We will either do two short 10 minutes break / OR one long 20 minutes break**

3) More chance to speak out (especially those at the back) — **Do my best to moderate & do some cold calling**

*Note: For future lecture slides, slides indicated with **"RECAP"** will NOT be covered in detail during lecture. These are concepts you should already be familiar with, so we will not spend time on them.

In-class Poll Quiz:

Q1 – COGS Equation

If a firm's beginning inventory is $70,000, goods purchased during the period cost $260,000, and the cost of goods sold is $300,000, what is the ending inventory?

0

$30,000	0%
$50,000	0%
$40,000	0%
$90,000	0%
None of the above	0%

Start the presentation to see live content. For screen share software, share the entire screen. Get help at **pollev.com/app**

Q1 Solution

Beg Inventory + Net Purchases – COGS = End Inventory

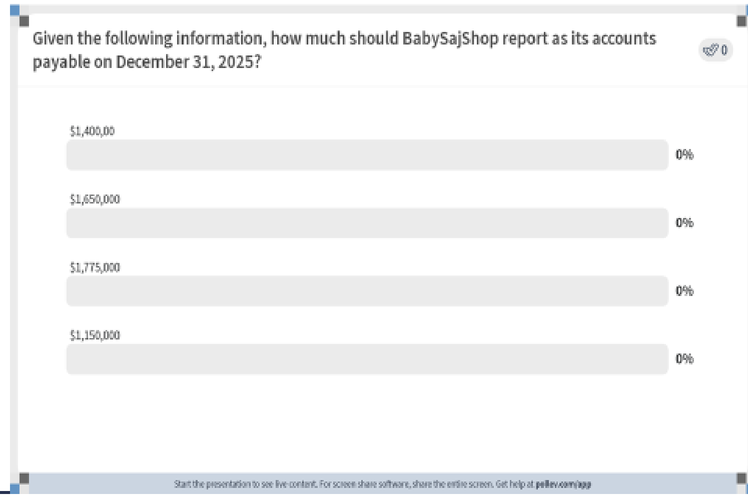
Ending Inventory = $70,000 + $260,000- $300,000

= $30,000

Q2 - FOB

BabySajShop's accounts payable balance on December 31, 2025 was $1,400,000 before considering the following transactions:

- **Goods were shipped from a supplier FOB shipping point on Dec 27, 2025. Invoice price was $250,000. The goods were received on January 9, 2026.**
- **Goods were shipped from a supplier FOB destination on Dec 20, 2025. Invoice price was $125,000. The goods were received on January 3, 2026.**



Q2 Answer

Accounts Payable @ Dec 31 , 2025

= 1,400,000 + Goods in Transit 250,000

= 1,650,000

In-class Activity: GoldenCakes

Average Cost Method: Perpetual vs Periodic
GoldenCakes Shop – In-Class Exercise

GoldenCakes Shop has the following information for its snowskin mooncakes for the month of September.

It sold the following mooncakes:

- 320 mooncakes on Sept 14
- 390 mooncakes on Sept 29

It uses the average cost method.

Calculate the COGS under:

(i) Periodic inventory system

(ii) Perpetual inventory system

GoldenCakes
Snowskin Mooncakes Inventory

Date	Units	$/Unit	Total
Beg Inv @ 1 Sep	100	4.00	400.00
Purchases:			
5-Sep	300	4.50	1,350.00
15-Sep	200	4.75	950.00
22-Sep	120	5.00	600.00

GoldenCakes In-Class Exercise
PERIODIC

Date	Goods Available for Sale			COGS			Inventory Balance		
	Unit	Price	Amount	Unit	Price	Amount	Unit	Price	Amount
1-Sep	100	4.00	400						
5-Sep	300	4.50	1,350						
15-Sep	200	4.75	950						
22-Sep	120	5.00	600						
14-Sep				320					
29-Sep				390					
Total	**720**	**4.583**	**3,300.00**	**710**	**4.583**	**3,254.17**	**10**	**4.583**	**45.83**

COGS = $3,254.17 **Ending Inventory = $45.83**

Weighted Average Cost

$$\frac{\$\ 3{,}300}{720} = \$4.583$$

GoldenCakes In-Class Exercise
PERPETUAL

Under perpetual system, the inventory unit cost is recalculated at each sales.

Date	Beginning Inventory and Goods Purchased			COGS			Inventory Balance		
	Unit	Price	Amount	Unit	Price	Amount	Unit	Price	Amount
1-Sep	100	4.00	400				100	4.000	400.00
5-Sep	300	4.50	1,350				300	4.500	1,350.00
							400	**4.375**	**1,750.00**
14-Sep				320	4.375	1,400.00	80	4.375	350.00
15-Sep	200	4.75	950				200	4.750	950.00
22-Sep	120	5.00	600				120	5.000	600.00
							400	**4.750**	**1,900.00**
29-Sep				390	4.750	1,852.50	10	4.750	47.50
Total	**720**		**3,300**	**710**		**3,252.50**	**10**		**47.50**

COGS = $3,252.50 **Ending Inventory = $47.50**

In-class Example: Black Myth

Below are the screenshots of the Black Myth explanation I walked through in class (with Section SA2), using my OneNote whiteboard.

Note to Section SA1: *In the morning class, I used the Excel worksheet to explain the Black Myth example. However, I realized that the tables were difficult to follow on the projector screen: the font size became too small, and enlarging the view made it hard to see the rest of the table, which could be confusing. To address this, I've included the illustration below, which explains the error effects without relying on the Excel sheet. I hope this helps to clarify any confusion. Do post any questions in the discussion forum.*

(a) In 2024, there was an overstatement (OS) of ending inventory by $4,500. Effect on 2024 FS?

COGS = Beg Inv + Purchases − End Inv

End Inv ↑ $4,500

COGS ⇒ ↓ $4,500, NI ↑

A	=	L	+	E
Inv ↑ $4,500		✓		RE ↑ $4,500

(b) SCENARIO A: In 2025 there is now an error in the beginning inventory balance: an overstatement of beginning inventory of $4,500 (carried over from 2024). Effect on 2025 FS?

COGS = Beg Inv + Purchases − End Inv

Beg Inv ↑ $4,500

COGS ⇒ ↑ $4,500, NI ↓

A	=	L	+	E
✓		✓		Beg RE ↑ $4,500
				2025 NI ↓ $4,500
				End RE ✓

(c) SCENARO B: In 2025, there is now an error in the beginning inventory balance - ① an overstatement of beginning inventory of \$4,500 (carried over from 2024). Additionally, there is also an ② understatement of the ending inventory of \$2,300 at the end of 2025. Effect on the 2025 FS?

COGS = Beg Inv + Purchases − End Inv

① ↑ \$4,500 ② ↓ \$2,300

COGS ⇒ ① ↑ \$4,500 ② ↑ \$2,300

⇒ ↑ \$6,800 , NI ↓

A	=	L	+	E
Inv ↓ \$2,300		✓		Beg RE ↑ \$4,500
				2025 NI ↓ \$6,800
				End RE ↓ \$2,300

Additionally, please refer to the Black Myth Solution Excel file on Canvas.

Note to Section SA2: *In the afternoon class, I went through the Black Myth explanation using my OneNote whiteboard only instead of the Excel file, for the same reason mentioned above in my note to SA1. Please review the Black Myth Solution Excel file on Canvas, which provides a more comprehensive illustration of the error effects on the financial statements. If you have any questions, do post them in the discussion forum.*
