


Accounting II - Simplified for You



Specific Identification Method

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Specific Identification Method

Cost of the unit sold is specifically identified with the purchase made.

Item 123V -Floor Mats			
Purchases			
Date	Quantity	Unit Cost	Total Cost
7/1/2014	5	20	100
7/15/2014	10	23	230
7/27/2014	8	25	200
	23		\$ 530

Quantity (Units) available for sale: 23

Cost of Goods Available for sale: \$530

Specific Identification Method

- Assume we sold 1 unit at \$50 selling price, unit sold is from purchase made

Cost of Goods Sold = \$23
1 unit x \$23 = \$23

Merchandise Ending Inventory = \$507

Item 123V -Floor Mats			
Purchases			
Date	Quantity	Unit Cost	Total Cost
7/1/2014	5	20	100
7/15/2014	10	23	230
7/27/2014	8	25	200
	23		\$ 530

Quantity (Units) available for sale: 23

Cost of Goods Available for sale: \$530

Item 123V -Floor Mats			
Purchases			
Date	Quantity	Unit Cost	Total Cost
7/1/2014	5	20	100
7/15/2014	9	23	207
7/27/2014	8	25	200
	21		\$ 507

Quantity (Units) available for sale: 21

Cost of Goods Available for sale: \$ 507

Income Statement

Unique Designs	
Income Statement	
For the Month Ended July 31, 20XX	
Sales Revenues	\$ 50
- Cost of Goods Sold	\$ (23)
Gross Profit	\$ 27
- Operating Expenses	XX
Net Income	XX

Cost of Goods Sold = \$23
1 unit x \$23 = \$23

Item 123V -Floor Mats			
Purchases			
Date	Quantity	Unit Cost	Total Cost
7/1/2014	5	20	100
7/15/2014	10	23	230
7/27/2014	8	25	200
	23		\$ 530

Quantity (Units) available for sale: 23

Cost of Goods Available for sale: \$530

Balance Sheet

Unique Designs Balance Sheet July 31, 20XX			
Assets		Liabilities	
Cash	XXX	Accounts Payable	XXX
Accounts Receivable	XXX	Salaries Payable	XXX
Merchandise Inventory	\$ 507	Owner's Equity	
Office Equipment	XXX	Mary Smith, capital	XXX
Total Assets	XXX	Total liabilities and	XXX


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Merchandise Ending Inventory = \$507

Purchases			
Date	Quantity	Unit Cost	Total Cost
7/1/20XX	10	20	200
7/15/20XX	5	21	105
7/27/20XX	5	21	105
	20		410
Quantity (Units) available for sale			25
Cost of Goods Available for sale			\$ 507

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K Keep
E Educating
Y Yourself



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