

Due Date :

Student Name:

Student ID:

Plagiarism – a Zero mark will be given if you copy someone else's work or you let someone copy your work.

Town & Country began 20x6 with 60,000 units of inventory that cost \$36,000. During 2016, Town & Country purchased merchandise on account for \$352,500 as follows:

Purchase 1 (100,000 units costing) \$ 65,000

Purchase 2 (270,000 units costing) \$175,500

Purchase 3 (160,000 units costing) \$112,000

Requirements

.1 Determine the cost of Town & Country's ending inventory at December 31, 20x6, by

a. FIFO

b. LIFO

c. Average

Show your working.

2. If Town & Country's sales during 20X6 consisted of 520,000 units of inventory for \$660,000, all on the account. Show how Town & Country would compute the cost of goods sold for 2016 with FIFO.

3. Completed the Income Statement for Town & Country in 2016. Show totals for the gross profit and income before tax.

4. Determine Town & Country's gross profit percentage, rate of inventory turnover, and net income as a percentage of sales for the year. In Town & Country's industry, a gross profit percentage of 40%, an inventory turnover of six times per year are considered excellent. How well does Town & Country compare to these industry averages?