

1990	Purchases	Sales
January	280 @ \$65 each	
February		140 @ \$82 each
March	100 @ \$69 each	
April		190 @ \$85 each
May	220 @ \$72 each	
June		200 @ \$90 each

**(a) FIFO (First In First Out)**

[7]

**(b) LIFO (Last In First Out)**

[4]

**(c) AVCO (Weighted Average Cost).** Calculate to 2 decimal places.

.....[5]

Janice's Trading and Profit and Loss Account for the year ended 30 April 2001 was as follows:

	\$	\$
Sales		290 000
less Cost of Sales		
Opening Stock	31 000	
Purchases	<u>169 000</u>	
	200 000	
less Closing Stock	<u>26 000</u>	<u>174 000</u>
		116 000
Expenses		<u>87 000</u>
Net Profit		<u>29 000</u>

At 1 May 2001 Janice reduced all selling prices by 10%, which increased her sales volume for the following year by  $7\frac{1}{2}\%$ . She also decreased her expenses by  $2\frac{1}{2}\%$ . Her purchases for the year ended 30 April 2002 were \$170 000 and closing stock was valued at \$21 000.

- (d) Calculate Janice's net profit ratio for the year ended 30 April 2001 and for year ended 30 April 2002. Show all calculations.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....[8]

- (e) Discuss the consequences of the changes in Janice's policy.

.....

.....

.....

.....

.....

.....[3]

(f) Janice achieved her decrease in expenses by altering her method of depreciation.

Comment on this change.

.....

.....

.....

.....

.....

.....[3]