Principles of Accounting
Assignment (Final): N02
Due Date: December 17, 2020, by 2:30 PM sharp

Problem – 01
You are provided with the following information for MSN Inc. for the month ended June 30, 2008. MSN uses the periodic method for inventory.

Date	Description	Quantity	Selling Price
June 1	Beginning inventory	40	$40.10
June 4	Purchase	135	44.20
June 10	Sale	110	70.30
June 11	Sale return	15	70.40
June 18	Purchase	55	46.50
June 18	Purchase return	10	46.60
June 25	Sale	65	75.70
June 28	Purchase	30	50.80

Instructions
Calculate (i) ending inventory, (ii) cost of goods sold, (iii) gross profit, and (iv) gross profit rate under each of the following methods.
(1) FIFO (2)LIFO and (3)Average-cost.

Problem – 02
NMD Inc. is a retailer operating in British Columbia. NMD uses the perpetual inventory method. All sales returns from customers result in the goods being returned to inventory; the inventory is not damaged. Assume that there are no credit transactions; all amounts are settled in cash. You are provided with the following information for NMD Inc. for the month of January 2020.

Date	Description	Quantity	Unit Cost or Selling Price
January 1	Beginning inventory	100	$15.15
January 5	Purchase	150	18.25
January 8	Sale	110	28.35
January 10	Sale return	10	28.45
January 15	Purchase	55	20.55
January 16	Purchase return	5	20.65
January 20	Sale	80	32.75
January 25	Purchase	30	22.85

Instructions
For each of the following cost flow assumptions, calculate (i) cost of goods sold, (ii) ending inventory, and (iii) gross profit.
(1) FIFO (2)LIFO and (3)Moving-average-cost.

Problem – 03
SPL Company had a beginning inventory of 400 units of Product MSN at a cost of $5.00 per unit. During the year, purchases were:

Feb. 20	600 units at $6	Aug. 12	300 units at $11
May 5	500 units at $7	Dec. 8	200 units at $12

SPL Company uses a periodic inventory system. Sales totaled 1,500 units.

Instructions
(a) Determine the cost of goods available for sale.
(b) Determine (1) the ending inventory, and (2) the cost of goods sold under each of the assumed cost flow methods (FIFO, LIFO, and average).
(c) Which cost flow method results in (1) the lowest inventory amount for the balance sheet, and (2) the lowest cost of goods sold for the income statement?

Problem – 04
EPL Distribution markets CDs of the performing artist Taylor Hicks. At the beginning of September, EPL had in beginning inventory 2,000 of Hicks's CDs with a unit cost of $7.50. EPL made the following purchases of Hicks's CDs.

Sept. 3	3,000 @ $8.25	Nov. 19	3,000 @ $10.25
Oct. 9	3,500 @ $9.50	Dec. 25	3,500 @ $11.75

2,543 units were sold at the last day of each month. EPL uses a perpetual inventory system.

Instructions
(a) Determine the cost of goods available for sale.
(b) Determine (1) the ending inventory and (2) the cost of goods sold under each of the assumed cost flow methods (FIFO, LIFO and average cost).

(c) Which cost flow method results in (1) the highest inventory amount for the balance sheet and (2) the highest cost of goods sold for the income statement?

Problem – 05

Various cost and sale data for Meriwell Company for the just completed year are presented below:

Finished Goods Inventory, Beginning	$20,000
Finished Goods Inventory, Ending	$40,000
Depreciation, factory……	$27,000
Administrative expenses……	$110,000
Utilities, factory……	$8,000
Maintenance, factory……	$40,000
Supplies, factory……	$11,000
Insurance, factory……..	$4,000
Purchase of raw materials…….....	$125,000
Raw Materials Inventory, Beginning….	$9,000
Raw Materials Inventory, Ending……...	$6,000
Direct labor…….	$70,000
Indirect labor…….…….	$15,000
Work In Process Inventory, Beginning..	$17,000
Work In Process Inventory, Ending…...	$30,000
Sales……..	$500,000
Selling expense……...	$80,000

Required:

1. Prepare a Schedule of Cost of Goods manufactured.
2. Prepare an income statement.

Problem – 06

Selected account balances for the year ended December 31 are provided below for Superior Company:

Salesmen's and administrative salary....	$110,000
Insurance, factory…….....	$8,000
Utilities, factory…….	$45,000
Purchase of raw materials……	$290,000
Indirect material……	$40,000
Indirect labor……..	$20,000
Direct labor…….	?
Advertising expense…….	$80,000
Cleaning supplies, factory……...	$7,000
Sales commissions…….	$50,000
Rent, factory building……...	$120,000
Maintenance, factory……	$30,000

Inventories at the beginning and end of the year were as follows:

Inventories	Beg. Inv.	End. Inv.
Raw materials	$40,000	$10,000
Work in process	?	35,000
Finished goods	$50,000	?

The total manufacturing costs for the year were $683,000; the cost of goods available for sale totaled $740,000; and the cost of goods sold totaled $660,000.

Required:

Prepare a Schedule of Cost of Goods manufactured and the cost of goods sold section of the company's income statement of the year.

Problem – 07

On January 01, 2010, Walton Company purchased a machine for use in its production process. The cash price of the machine was $38,000. Related expenditures include: sales Tax $1,700, shipping costs $150, insurance during shipping $80, installation and testing $70, and $100 of oil and lubricants to be used with the machinery during its first year of operations. Walton estimates that the useful life of the machine is 5 years with a $5000 salvage value remaining at the end of the time period.

During its useful life, the machine is expected to be used 175,900 hours. Annual hourly use was: 2010: 30,100; 2011: 50,100; 2012: 35,100; 2013: 20,500; 2014: 40,100.

Requirements:

Prepare a depreciation schedule for the machine under:

a. Straight-line
b. Units of activity
c. Double declining method

Problem – 08

Apple Company purchases a factory machine at a cost of $36,500 on January 1, 2020. Apple expects the machine to have a zero-salvage value at the end of its 4-year useful life.

During its useful life, the machine is expected to be used 160,500 hours. Actual annual hourly use was 2020, 40,200; 2021, 60,100; 2022, 35,100; and 2023, 25,100.

Instructions

Prepare depreciation schedules for the following methods:

a. straight-line
b. units-of-activity
c. declining balance using double the straight-line rate.

Problem – 09

Direct Labor Cost	70,100
Purchase of Raw Materials	118,200
Indirect Labor Cost	30,300
Maintenance, Factory Equipment	6,400
Advertising Expense	90,500
Insurance, Factory Equipment	800
Sales Salaries	50,600
Rent, Factory Facilities	20,700
Supplies	4,200
Depreciation, Office Equipment	3,800
Depreciation, Factory Equipment	19,900

	Beginning of the year	End of the year
Raw Material	7,100	15,400
Work in process	10,200	5,500
Finished Goods	20,300	35,600

Required:

1. Prepare a schedule of Cost of Goods Manufactured
2. Prepare a schedule of Cost of Goods Sold

Problem – 10

The following selected account balances for the year ended December 31 are provided for VK Company:

Sales	$1,050,100
Advertising	215,200
Insurance (40% for factory operations)	20,300
Depreciation, Sales equipment	40,400
Rent (60% for factory)	150,500
Utilities (20% for head office)	65,600
Sales Commissions	35,700
Cleaning supplies, factory	6,800
Depreciation, factory equipment	110,900
Selling & administrative salaries	85,100
Maintenance, factory	74,200
Direct labor	?
Purchase of raw materials	260,300

Total Manufacturing Cost = $683,000

Inventory balances at the beginning and end of August were:

	Beginning	Ending
Raw material	$50,100	$40,400
Work in process	30,200	33,500
Finished goods	30,300	25,600

Required:

(a) Prepare a schedule of cost of goods manufactured

(b) Prepare the cost of goods sold section of the company's income statement for the year.

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