

**Day F03 (Principles of Accounting):**

**Chapter # 6**

**P6.5A**

**Available goods for sale:**

Date	particulars	Details	Total Amount
June 01	Beg. Inventory	40 units @ \$40	\$1,600
June 04	Purchase	135 units @ \$43	5,805
June 18	Purchase	55 units @ \$46	2,530
June 18	Purchase Return	(10 units @ \$46)	(460)
June 28	Purchase	35 units @ \$50	1,750
Total Units =255 units; Total Amount = \$11,225			

**Net Sales or sales Revenue:**

Date	Particulars	Details	Total Amount
June 10	Sale	110 units @ \$70	\$7,700
June 11	Sale Return	(15 units @ \$70)	(1,050)
June 25	Sale	65 units @ \$76	4,940
Total Units = 160 ; Total Amount = 11,590			

**LIFO:**

Date	Units	Per unit Cost	Total Amount
June 01	40	40	1,600
June 04	55	43	2,365
Total units on hand = 95 units; Total Amount = 3,965 (i)			

$$\text{COGS} = \$11,225 - \$3,965 = \$7,260$$

$$\text{(ii) Gross Profit} = \text{Net sales} - \text{COGS} = \$11,590 - \$7,260 = \$4,330$$

$$\text{(iii) Gross profit Rate} = \text{Gross Profit/Net sales} = \$4,330/\$11,590 = 37.359\%$$

**FIFO:**

date	units	Per unit cost	Total amount
June 28	35	50	\$1750
June 18	45	46	2,070
June 04	15	43	645
Total units on hand = 95 units; Total Amount = \$4,465 (i)			

$$\text{COGS} = \$11,225 - \$4,465 = \$6,760$$

$$\text{(ii) Gross Profit} = \text{Net sales} - \text{COGS} = \$11,590 - \$6,760 = \$4,830$$

$$\text{(iii) Gross profit Rate} = \text{Gross Profit/Net sales} = \$4,830/\$11,590 = 41.673\%$$

**Moving Average:**

$$\text{Average per unit cost} = \$11,225 / 255 = \$44.019$$

$$\text{(i) On hand} = 95 * \$44.019 = \$4,181.805$$

- (ii)  $\text{COGS} = \$11,225 - \$4,181.805 = \$7,043.195$ ;  $\text{Gross profit} = \$11,590 - \$7,043.195 = \$4,546.805$
- (iii)  $\text{Gross profit Rate} = \text{Gross Profit}/\text{Net sales} = \$4,546.805/\$11,590 = 39.230\%$

**P6.8A**

**LIFO**

Date	Purchase	COGS	Balance
Jan. 01	100 @ \$15=1500		100 @ \$15=1500
Jan. 05	140 @ \$18=2,520		100 @ \$15=1500 140 @ \$18=2,520
Jan. 08		110 @ \$18=1,980	100 @ \$15=1500 30 @ \$18=540
Jan. 10		(10 @ \$18=180)	100 @ \$15=1500 40 @ \$18=720
Jan. 15	55 @ \$20=1100		100 @ \$15=1500 40 @ \$18=720 55 @ \$20=1100
Jan. 16	(5 @ \$20=100)		100 @ \$15=1500 40 @ \$18=720 50 @ \$20=1000
Jan. 20		50 @ \$20=1000 40 @ \$18=720	100 @ \$15=1500
Jan 25	20 @ \$22=440		100 @ \$15=1500 20 @ \$22=440

Ending Balance = 120 units; \$1,940

COGS = 190 units; \$3,520

Net Sales =  $100 \times 28 + 90 \times 32 = \$5,680$

Gross Profit = Net Sales – COGS =  $\$5,680 - \$3,520 = \$2,160$