

P6.2A (LO 2)

a. Cost of goods available for sale:

Particulars	Date	Details	Amount
Beg inventory	October 1	2000 @ \$7	\$14000
Purchases	October 3	2,500 @ \$8	\$20000
	October 9	3,500 @ \$9	\$31500
	October 19	3,000 @ \$10	\$30000
	October 25	4,000 @ \$11	\$44000
Total units : 15,000 Total amount = \$139500			

b. FIFO

Ending inventory on hand

Date	Unit	Unit cost	Total cost
25	4000	\$11	4000@\$11= \$44000
19	100	\$10	100@\$10=\$1000
Total unit: 4100 Total amount = \$45000			

$$\text{COGS} = \$139500 - \$45000 = \$94500$$

LIFO

Ending inventory on hand

Date	Unit	Unit cost	Total cost
1	2000	\$7	\$14000
3	2100	\$8	\$16800
Total unit: 4100 Total amount = \$30800			

$$\text{COGS} = \$139500 - \$30800 = \$108700$$

Average Cost:

Cost of goods available for sale : \$139500

Total available units : 15000

$$\text{Average unit cost} = 139500 / 15000 = \$9.3$$

$$\text{Cost of Ending Inventory} = 4100 @ \$9.3 = \$38130$$

$$\text{COGS} = \$139500 - \$38130 = \$101370$$

c. Get highest cost of goods sold for the income statement in LIFO.

P6.3A (LO 2)

Cost of goods available for sale:

Particulars	Date	Details	Amount
Beg inventory	January 1	160@\$20	\$3200
Purchases	March 12	400 @\$23	\$9200
	July 20	250 @ \$24	\$6000
	September 4	330 @\$26	\$8580
	December 2	100 @\$29	\$2900
Total units : 1240 Total amount = \$29880			

FIFO

Ending inventory on hand

Date	Unit	Unit cost	Total cost
2	100	\$29	\$2900
4	140	\$26	\$3640
Total unit : 240 Total amount = \$6540			

COGS = \$29880-\$6540= \$23340

LIFO

Ending inventory on hand

Date	Unit	Unit cost	Total cost
1	160	\$20	\$3200
12	80	\$23	\$1840
Total unit : 240 Total amount = \$5040			

COGS = \$29880-\$5040= \$24840

Average Cost:

Cost of goods available for sale : \$29880

Total available units : 1240

Average unit cost = \$24.096

Cost of Ending Inventory = 240 @\$ 24.096=\$ 5783.04

$$\text{COGS} = \$29880 - \$5783.04 = 24097$$

Get highest cost of goods sold for the income statement in LIFO.