

## EXERCISE E6-5 – page 295

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
<b>May 1</b>	<b>Inventory</b>	<b>30</b>	<b>\$8</b>	<b>\$240</b>
<b>15</b>	<b>Purchases</b>	<b>25</b>	<b>11</b>	<b>275</b>
<b>24</b>	<b>Purchases</b>	<b><u>35</u></b>	<b>12</b>	<b><u>420</u></b>
	<b>Total GAFS</b>	<b><u>90</u></b>		<b><u>\$935</u></b>

		<u>Units</u>
	<b>GAFS</b>	<b>90</b>
)	<b>Sales</b>	<b><u>65</u></b>
=	<b>EI</b>	<b><u>25</u></b>

### FIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>25</b>	<b>\$12</b>	<b><u>\$300</u></b>

		<u>Amount</u>
	<b>GAFS</b>	<b>\$935</b>
)	<b>EI</b>	<b><u>300</u></b>
=	<b>COGS</b>	<b><u>\$635</u></b>

### FIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>30</b>	<b>\$8</b>	<b>\$240</b>
<b>25</b>	<b>11</b>	<b>275</b>
<b><u>10</u></b>	<b>12</b>	<b><u>120</u></b>
<b>65</b>		<b><u>\$635</u></b>

## EXERCISE E6-5 – LIFO

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
<b>May 1</b>	<b>Inventory</b>	<b>30</b>	<b>\$8</b>	<b>\$240</b>
	<b>15 Purchases</b>	<b>25</b>	<b>11</b>	<b>275</b>
	<b>24 Purchases</b>	<b><u>35</u></b>	<b>12</b>	<b><u>420</u></b>
	<b>Total GAFS</b>	<b><u>90</u></b>		<b><u>\$935</u></b>

			<u>Units</u>
	<b>GAFS</b>		<b>90</b>
)	<b>Sales</b>		<b><u>65</u></b>
=	<b>EI</b>		<b><u>25</u></b>

### LIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>25</b>	<b>\$8</b>	<b><u>\$200</u></b>

			<u>Amount</u>
	<b>GAFS</b>		<b>\$935</b>
)	<b>EI</b>		<b><u>200</u></b>
=	<b>COGS</b>		<b><u>\$735</u></b>

### LIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>35</b>	<b>\$12</b>	<b>\$420</b>
<b>25</b>	<b>11</b>	<b>275</b>
<b><u>5</u></b>	<b>8</b>	<b><u>40</u></b>
<b>70</b>		<b><u>\$735</u></b>

# EXERCISE E6-6

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		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
<b>June 1</b>	<b>Inventory</b>	<b>200</b>	<b>\$5</b>	<b>\$1,000</b>
<b>12</b>	<b>Purchases</b>	<b>300</b>	<b>6</b>	<b>1,800</b>
<b>23</b>	<b>Purchases</b>	<u><b>500</b></u>	<b>7</b>	<u><b>3,500</b></u>
	<b>Total GAFS</b>	<u><b>1,000</b></u>		<u><b>\$6,300</b></u>

## FIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>120</b>	<b>\$7</b>	<u><b>\$840</b></u>

		<b><u>Amount</u></b>
	<b>GAFS</b>	<b>\$6,300</b>
)	<b>E I</b>	<u><b>840</b></u>
=	<b>COGS</b>	<u><b>\$5,460</b></u>

## FIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>200</b>	<b>\$5</b>	<b>\$1,000</b>
<b>300</b>	<b>6</b>	<b>1,800</b>
<u><b>380</b></u>	<b>7</b>	<u><b>2,660</b></u>
<u><b>880</b></u>		<u><b>\$5,460</b></u>

## EXERCISE E6-6 – LIFO

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
<b>June 1</b>	<b>Inventory</b>	<b>200</b>	<b>\$5</b>	<b>\$1,000</b>
	<b>12 Purchases</b>	<b>300</b>	<b>6</b>	<b>1,800</b>
	<b>23 Purchases</b>	<b><u>500</u></b>	<b>7</b>	<b><u>3,500</u></b>
	<b>Total GAFS</b>	<b><u>1,000</u></b>		<b><u>\$6,300</u></b>

### LIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>120</b>	<b>\$5</b>	<b><u>\$600</u></b>

		<u>Amount</u>
	<b>GAFS</b>	<b>\$6,300</b>
)	<b>E I</b>	<b><u>600</u></b>
=	<b>COGS</b>	<b><u>\$5,700</u></b>

### LIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>500</b>	<b>\$7</b>	<b>\$3,500</b>
<b>300</b>	<b>6</b>	<b>1,800</b>
<b><u>80</u></b>	<b>5</b>	<b><u>400</u></b>
<b><u>880</u></b>		<b><u>\$5,700</u></b>

## EXERCISE E6-8 – page 295

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
<b>June 1</b>	<b>Inventory</b>	<b>200</b>	<b>\$5</b>	<b>\$1,000</b>
<b>12</b>	<b>Purchases</b>	<b>300</b>	<b>6</b>	<b>1,800</b>
<b>23</b>	<b>Purchases</b>	<u><b>500</b></u>	<b>7</b>	<u><b>3,500</b></u>
	<b>Total GAFS</b>	<u><b>1,000</b></u>		<u><b>\$6,300</b></u>

### Average

<u><b>GAFS</b></u>	<u><b>\$6,300</b></u>	<b>\$6.30</b>
units	<u><b>1,000</b></u>	

### Average Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>120</b>	<b>\$6.30</b>	<u><b>\$756</b></u>

	<u><b>Amount</b></u>
<b>GAFS</b>	<b>\$6,300</b>
) <b>E I</b>	<u><b>756</b></u>
<b>= COGS</b>	<u><b>\$5,544</b></u>

### Average COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
<b>880</b>	<b>\$6.30</b>	<b>\$5,544</b>

# EXERCISE \*E6-19 (a)

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<b>Sales</b>	<b>\$51,000</b>		<b>Beg Inv</b>	<b>\$20,000</b>
) <b>S R &amp; A</b>	<u><b>1,000</b></u>		<b>Purchases</b>	<b>\$31,200</b>
<b>= Net Sales</b>	???	)	<b>P R &amp; A</b>	<u><b>1,400</b></u>
) <b>COGS</b>	<u>???</u>		<b>Net Pur</b>	<b>\$ ???</b>
<b>= Gross Profit</b>	???	+	<b>Freight-In</b>	<u><b>1,200</b></u>
			<b>GAFS</b>	<u>???</u>
		)	<b>Ending Inventory</b>	<u>???</u>
		<b>=</b>	<b>COGS</b>	<u>???</u>

<b>Sales</b>	<b>\$51,000</b>		<b>Beg Inv</b>	<b>\$20,000</b>
) <b>S R &amp; A</b>	<u><b>1,000</b></u>		<b>Purchases</b>	<b>\$31,200</b>
<b>= Net Sales</b>	<b>\$50,000</b>	)	<b>P R &amp; A</b>	<u><b>1,400</b></u>
) <b>COGS</b>	<u>???</u>		<b>Net Pur</b>	<b>\$29,800</b>
<b>= Gross Profit</b>	???	+	<b>Freight-In</b>	<u><b>1,200</b></u>
			<b>GAFS</b>	<u><b>31,000</b></u>
		)	<b>Ending Inventory</b>	<u>???</u>
		<b>=</b>	<b>COGS</b>	<u>???</u>

## EXERCISE \*E6-19 (a) – (continued)

Sales	\$51,000
) S R & A	<u>1,000</u>
= Net Sales	\$50,000
) COGS (60%)	<u>30,000</u>
= Gross Profit (40%)	???

Beg Inv	\$20,000
) Purchases	\$31,200
) P R & A	<u>1,400</u>
) Net Pur	\$29,800
+ Freight-In	<u>1,200</u>
	<u>31,000</u>
	GAFS
) Ending Inventory	<u>???</u>
=	<b>COGS \$30,000</b>

Sales	\$51,000
) S R & A	<u>1,000</u>
= Net Sales	\$50,000
) COGS (60%)	<u>30,000</u>
= Gross Profit (40%)	???

Beg Inv	\$20,000
) Purchases	\$31,200
) P R & A	<u>1,400</u>
) Net Pur	\$29,800
+ Freight-In	<u>1,200</u>
	<u>31,000</u>
	GAFS
) Ending Inventory	<u>21,000</u>
=	<b>COGS \$30,000</b>

# EXERCISE \*E6-19 (b)

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	<b>Sales</b>		<b>\$51,000</b>				<b>Beg Inv</b>		<b>\$30,000</b>
)	<b>S R &amp; A</b>	<u>1,000</u>		)	<b>Purchases</b>	<b>\$31,200</b>			
=	<b>Net Sales</b>	???		)	<b>P R &amp; A</b>	<u>1,400</u>			
)	<b>COGS</b>	<u>???</u>			<b>Net Pur</b>	\$ ???			
=	<b>Gross Profit</b>	???		+	<b>Freight-In</b>	<u>1,200</u>		<u>???</u>	
					<b>GAFS</b>			???	
				)	<b>Ending Inventory</b>			<u>???</u>	
				=	<b>COGS</b>			???	

	<b>Sales</b>		<b>\$51,000</b>				<b>Beg Inv</b>		<b>\$30,000</b>
)	<b>S R &amp; A</b>	<u>1,000</u>		)	<b>Purchases</b>	<b>\$31,200</b>			
=	<b>Net Sales</b>	<b>\$50,000</b>		)	<b>P R &amp; A</b>	<u>1,400</u>			
)	<b>COGS</b>	<u>???</u>			<b>Net Pur</b>	<b>\$29,800</b>			
=	<b>Gross Profit</b>	???		+	<b>Freight-In</b>	<u>1,200</u>		<u>31,000</u>	
					<b>GAFS</b>			<b>\$61,000</b>	
				)	<b>Ending Inventory</b>			<u>???</u>	
				=	<b>COGS</b>			???	



## EXERCISE \*E6-19 (b)

(continued)

	<b>Sales</b>	<b>\$51,000</b>			
)	<b>S R &amp; A</b>	<u><b>1,000</b></u>	)	<b>Beg Inv</b>	<b>\$30,000</b>
=	<b>Net Sales</b>	<b>\$50,000</b>	)	<b>Purchases</b>	<b>\$31,200</b>
)	<b>COGS (70%)</b>	<u><b>35,000</b></u>	)	<b>P R &amp; A</b>	<u><b>1,400</b></u>
=	<b>Gross Profit (30%)</b>	<b>???</b>	+	<b>Net Pur</b>	<b>\$29,800</b>
				<b>Freight-In</b>	<u><b>1,200</b></u>
				<b>GAFS</b>	<u><b>31,000</b></u>
			)	<b>Ending Inventory</b>	<u><b>???</b></u>
			=	<b>COGS</b>	<b>\$35,000</b>

	<b>Sales</b>	<b>\$51,000</b>			
)	<b>S R &amp; A</b>	<u><b>1,000</b></u>	)	<b>Beg Inv</b>	<b>\$30,000</b>
=	<b>Net Sales</b>	<b>\$50,000</b>	)	<b>Purchases</b>	<b>\$31,200</b>
)	<b>COGS (70%)</b>	<u><b>35,000</b></u>	)	<b>P R &amp; A</b>	<u><b>1,400</b></u>
=	<b>Gross Profit (30%)</b>	<b>???</b>	+	<b>Net Pur</b>	<b>\$29,800</b>
				<b>Freight-In</b>	<u><b>1,200</b></u>
				<b>GAFS</b>	<u><b>31,000</b></u>
			)	<b>Ending Inventory</b>	<u><b>26,000</b></u>
			=	<b>COGS</b>	<b>\$35,000</b>

# EXERCISE \*E6-20

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## Women's Department

	<u>Cost</u>	<u>Retail</u>
Beginning Inventory	\$ 32,000	\$ 46,000
+ Purchases	<u>148,000</u>	<u>179,000</u>
= GAFS	\$180,000	\$225,000

$$\frac{\text{Cost}}{\text{Retail}} = \frac{\$180,000}{\$225,000} = 80\%$$

) Sales	<u>178,000</u>
Ending Inventory (at retail)	\$ 47,000
X	<u>80%</u>
Ending Inventory (at cost)	<u>\$ 37,600</u>

# EXERCISE \*E6-20

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## Men's Department

	<u>Cost</u>	<u>Retail</u>
Beginning Inventory	\$ 45,000	\$ 60,000
+ Purchases	<u>136,300</u>	<u>185,000</u>
= GAFS	\$181,300	\$245,000

$$\frac{\text{Cost}}{\text{Retail}} = \frac{\$181,300}{\$245,000} = 74\%$$

) Sales	<u>185,000</u>
Ending Inventory (at retail)	\$60,000
X	<u>74%</u>
Ending Inventory (at cost)	<u>\$44,400</u>

# BRIEF EXERCISE BE6-3 (1) – page 292

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
(1)	Purchase	300	\$6	\$1,800
(2)	Purchase	400	7	2,800
(3)	Purchase	<u>200</u>	8	<u>1,600</u>
	<b>Total GAFS</b>	<b><u>900</u></b>		<b><u>\$6,200</u></b>

## FIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
200	\$8	\$1,600
<u>160</u>	7	<u>1,120</u>
<b><u>360</u></b>		<b><u>\$2,720</u></b>

		<b>Amount</b>
	<b>GAFS</b>	<b>\$6,200</b>
)	<b>E I</b>	<b><u>2,720</u></b>
=	<b>COGS</b>	<b><u>\$3,480</u></b>

## FIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
300	\$6	\$1,800
<u>240</u>	7	<u>1,680</u>
<b><u>540</u></b>		<b><u>\$3,480</u></b>

# BRIEF EXERCISE BE6-3 (2) – page 292

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
(1)	Purchase	300	\$6	\$1,800
(2)	Purchase	400	7	2,800
(3)	Purchase	<u>200</u>	8	<u>1,600</u>
	<b>Total GAFS</b>	<b><u>900</u></b>		<b><u>\$6,200</u></b>

### LIFO Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
300	\$6	\$1,800
<u>60</u>	7	<u>420</u>
<b><u>360</u></b>		<b><u>\$2,220</u></b>

	<u>Amount</u>
GAFS	\$6,200
) EI	<u>2,220</u>
= COGS	<b><u>\$3,980</u></b>

### LIFO COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
200	\$8	\$1,600
<u>340</u>	7	<u>2,380</u>
<b><u>540</u></b>		<b><u>\$3,980</u></b>

## BRIEF EXERCISE BE6-4 – page 292

		<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
(1)	Purchase	300	\$6	\$1,800
(2)	Purchase	400	7	2,800
(3)	Purchase	<u>200</u>	8	<u>1,600</u>
	<b>Total GAFS</b>	<b><u>900</u></b>		<b><u>\$6,200</u></b>

### Average

$$\frac{\text{GAFS}}{\text{units}} = \frac{\$6,200}{900} = \$6.88889$$

### Average Ending Inventory

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
360	\$6.88889	<u>\$2,480.00</u>

	<u>Amount</u>
GAFS	\$6,200.00
) EI	<u>2,480.00</u>
= COGS	<u>\$3,720.00</u>

### Average COGS (proof)

<u>Quantity</u>	<u>Price</u>	<u>Amount</u>
540	\$6.8889	\$3,720.00

## BRIEF EXERCISE \*BE6-11 – page 292

	\$ ???		Beg Inv	\$ ???
) COGS	<u>???</u>	+	Purchases	<u>???</u>
= Gross Profit	\$ ???		GAFS	???
			) Ending Inventory	<u>???</u>
			= COGS	\$ ???

	\$330,000		Beg Inv	\$ ???
) COGS	<u>???</u>	+	Purchases	<u>???</u>
= G P (35%)	???		GAFS	\$230,000
			) Ending Inventory	<u>???</u>
			= COGS	???

	\$330,000		Beg Inv	\$ ???
) COGS (65%)	<u>214,500</u>	+	Purchases	<u>???</u>
= G P (35%)	???		GAFS	\$230,000
			) Ending Inventory	<u>???</u>
			= COGS	\$214,500

	\$330,000		Beg Inv	\$ ???
) COGS (65%)	<u>214,500</u>	+	Purchases	<u>???</u>
= G P (35%)	???		GAFS	\$230,000
			) Ending Inventory	<u>15,500</u>
			= COGS	\$214,500

# BRIEF EXERCISE \*BE6-12

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	<u>Cost</u>	<u>Retail</u>
Beginning Inventory	\$ ???	\$ ???
+ Purchases	<u>???</u>	<u>???</u>
= GAFS	\$ 35,000	\$ 50,000

$$\frac{\text{Cost}}{\text{Retail}} = \frac{\$35,000}{\$50,000} = 70\%$$

) Sales	<u>40,000</u>
Ending Inventory (at retail)	\$10,000
X	<u>70%</u>
Ending Inventory (at cost)	<u>\$ 7,000</u>