

## Chapter 3 Inventory (Cost Method)

### 6. 1) First Price

		Calculation	Result
a.	May	$(10*2) + (5*2.5)$	32.5
	June	$(10*2) + (5*2.5) + (5*2.5)$	45
b.	May	$(10*3)$	30
	June	$(10*3) + (5*3)$	45

### 2) Average Price

		Calculation	Result
a.	May	$(10*2) + (5*2.83)$	34.15
	June	$(10*2) + (5*2.83) + (5*2.25)$	45.4
b.	May	$(10*3)$	30
	June	$(10*3) + (5*3.125)$	45.625

### 3) Last Price

		Calculation	Result
a.	May	$(10*2) + (5*3)$	35
	June	$(10*2) + (5*3) + (5*2)$	45
b.	May	$(10*3)$	30
	June	$(10*3) + (5*3.5)$	47.5

7.

<u>March</u>		Calculation	Result
FIFO	Base Stock	1,000 @ 10	10,000
	<u>Add Surplus</u>	500 @ 10.5	5,250
	Total		15,250

LOFO	Base Stock	1,000 @ 10	10,000
	<u>Add Surplus</u>	200 @ 12	2,400
		300 @ 11	3,300
	Total		15,700

Average	Base Stock	1,000 @ 10	10,000
	<u>Add Surplus</u>	500 @ 10.82	5,410
	Total		15,410

<u>April</u>		Calculation	Result
	Base Stock	1,000 @ 10	10,000
	<u>Less Shortage</u>	300 @ 13	(3,900)
	Total		6,100

11. Standard Cost Method

$$(20 + 15 + 10 + 5) * 10,000 = 500,000$$

Direct Costing Method

$$(20 + 15 + 10) * 10,000 = 450,000$$

13. Total Sales = 600 + 400 + 200 = 1,200

		Revenue	Cost	Cost @ unit
Product a	400 @ 3	1,200	720	1.8
Product b	200 @ 4	800	480	2.4
		2,000	1,200	

Cost of Goods Sold

		Result
Product a	300 * 1.8	540
Product b	150 * 2.4	360
Total		900

Ending Inventory (March x1)

		Result
Product a	$100 * 1.8$	180
Product b	$50 * 2.4$	120
Total		300