## MINI ASSIGNMENT – ANSWER SET

- 1. A) FIFO Method COGS Expense (Apr. 1) = 100 X \$40 + 100 X \$50 + 100 X \$60 = \$15,000 COGS Expense (June 1) = 40 X \$60 + 60 X \$70 = \$6,600 TOTAL COGS Expense = \$15,000 + \$6,600 = \$21,600 (2 marks) Ending Inventory = 40 X \$70 = \$2,800 (1 mark) GAFS = \$24,400
  - B) LIFO Method COGS Expense (Apr. 1) = 140 X \$60 + 100 X \$50 + 60 X \$40 = \$15,800 COGS Expense (June 1) = 100 X \$70 = \$7,000 TOTAL COGS Expense = \$15,800 + \$7,000 = \$22,800 (2 marks) Ending Inventory = 40 X \$40 = \$1,600 (1 mark) GAFS = \$24,400
  - C) Average Cost Method

| Date   | #       | Cumulative | Unit Cost | Total Cost    | Cumulative  | Average Cost per Widget   |
|--------|---------|------------|-----------|---------------|-------------|---------------------------|
|        | widgets | # Widgets  |           |               | Total       |                           |
| Jan. 1 | 100     | 100        | \$40.00   | \$4,000.00    | \$4,000.00  | \$40 = \$4000 / 100       |
| Feb. 1 | 100     | 200        | \$50.00   | \$5,000.00    | \$9,000.00  | \$55 = \$9000 / 200       |
| Mar. 1 | 140     | 340        | \$60.00   | \$8,400.00    | \$17,400.00 | \$51.18 = \$17400 / 340   |
| Apr. 1 | (300)   | 40         | \$51.18   | (\$15,352.94) | \$2,047.06  | \$51.18 = \$4164.71 / 40  |
| May 1  | 100     | 140        | \$70.00   | \$7,000.00    | \$9,047.06  | \$64.62 = \$8764.71 / 140 |
| June 1 | (100)   | 40         | \$64.62   | (\$6,260.50)  | \$2,584.87  | \$64.62 = \$2584.87 / 40  |
| TOTAL  | 40      |            | TOTAL     | \$2,584.87    |             |                           |

average)

COGS Expense = \$15,352.94 + \$6,260.50 = \$21,613.44 (2 marks - 1 for each number) Ending Inventory = \$2,584.87

(3 marks – 1 for each new

(1 mark)

## 2.

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|-----------------|---|----------|----------|--|--|--|--|
| Date            | Account Titles and Explanation  | Debit    | Credit   |  |  |  |  |
| Year            |   |          |          |  |  |  |  |
| April 1         | Accounts Receivable   | \$45,000 |          |  |  |  |  |
|                 | Sales   |          | \$45,000 |  |  |  |  |
|                 | (Sold to XYZ Company)   |          |          |  |  |  |  |
|                 |   |          |          |  |  |  |  |
| April 1         | COGS Expense  | \$15,000 |          |  |  |  |  |
|                 | Inventory   |          | \$15,000 |  |  |  |  |
|                 | (Sold 300 items LIFO Method; \$15,000 = 100 X \$40 + 100 X \$50 + 100 X \$60) |          |          |  |  |  |  |