

14.7 Valuing Inventory (Pg 536)

$$\text{avg Cost} = \frac{\text{Total cost}}{\# \text{ Received}}$$

$$\text{Inventory Value} = \text{AC} \times \# \text{ on hand}$$

Ex#1 Avg. Cost Method. 88 rtes on hand.

$$\text{avg Cost} = \frac{542}{246} = 2.258 = \underline{\underline{\$2.26}} \quad \text{IV} = 2.26 \times 88$$

$$\text{In. Value} = \underline{\underline{198.88}}$$

①

100 pk @ 4.00 = 400	
60 pk @ 3.80 = 228	
160	\$ 628

$$\text{AC} = \frac{\text{TC}}{\#} = \frac{628}{160} = \underline{\underline{\$3.93}}$$

② Value = AC × #

$$3.93 \times 50 = \underline{\underline{\$196.50}}$$

~~FIFO~~ FIFO - First In, First out - old is sold 1st
 Milk, Bread, (expired)
 LIFO - Last In, 1st out - newest is sold 1st

③

1st	100 pk @ 4.00	2nd	60 pk @ 3.80	100
FIFO	100 @ 4.00 + 10 * 3.80			60
	400 + 38 = 438	T. Cost of goods sold		160
In. Value = 50 * 3.80				50
	\$ 190.00			110 sold
				60
				50

④ LIFO

$$60 \times 3.80 + 50 \times 4 = 228 + 200 = \underline{\underline{428}} \text{ Cost of Goods sold}$$

⑤ a) $\text{AC} = \frac{\text{TC}}{\#} = \frac{3278.60}{148} = \underline{\underline{22.15}}$ b) Inv = 22.15 × 23 =

⑥

50 × 17.99 =	⑨ 5/1 100 · 9.65 = 965.00 ✓
50 × 19.79 =	5/8 65 · 9.75 = 633.75
40 × 18.48 =	145 · 9.90 =
Total 140	
2628.20	

⑩ a) (100 · 9.65) + (50 · 9.75) =

b) (5 · 9.75) + (145 · 9.90) =

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$$\text{Inventory Value} = \text{AC} \times \# \text{ on hand}$$

Ex #1 Avg. Cost Method. 88 roles on hand.

$$\text{avg Cost} = \frac{542}{246} = 2.258 = \underline{\underline{\$2.26}} \quad \text{IV} = 2.26 \times 88$$

$$\text{In. Value} = \underline{\underline{198.88}}$$

①

100 pk @ 4.00 = 400	AC = $\frac{TC}{\#}$ = $\frac{628}{160}$ = <u>\$3.93</u>
60 pk @ 3.80 = 228	
160 <u>\$628</u>	

② Value = AC x #
3.93 x 50 = \$196.50

~~FIFO~~ FIFO - First In, First out - old is sold 1st
milk, Bread, (expired)
LIFO - Last In, 1st out - newest is sold 1st

③

1st	100 pk @ 4.00	2nd	60 pk @ 3.80	100
FIFO	100 * 4.00 + 10 * 3.80			60
	400 + 38 = 438 T. Cost of goods sold			<u>160</u>
	In. Value = 50 * 3.80 = <u>\$190.00</u>			<u>50</u>
				<u>110</u> sold
				<u>60</u>
				<u>50</u>

④ LIFO 60 x 3.80 + 50 * 4 = 428 Cost of Goods sold
228 + 200 = 428

⑤ a) $AC = \frac{TC}{\#} = \frac{3278.60}{148} = \underline{\underline{22.15}}$ Inv. value End inventory = 22.15 x 23 = 509.45

⑥

50 x 17.99 =	⑨	5/1 100 * 9.65 = 965.00 ✓
50 x 19.79 =		5/8 65 * 9.75 = 633.75
40 x 18.48 =		145 * 9.90 =

Total 140 2628.20

⑩ a) (100 * 9.65) + (50 * 9.75) = 1467.50

b) (100 * 9.65) + (60 * 9.75) = 1540.00

c) (5 * 9.75) + (145 * 9.90) = 1440.75