

Demonstration Problems

Chapter 6

The Demonstration Problem below includes an Action Plan and electronic Working Papers (in Excel). Download the Working Papers and complete the problem, using the Action Plan (be sure to save your work). Once you've completed the problem, you can compare to the Solution, also available below.

Demonstration Problem 1

Scott Company had a beginning inventory on January 1 of 100 units of Product CRV at a cost of \$200 per unit. During the year, the following purchases and returns were made:

Mar. 15	300 units	at \$224
July 20	250 units	at \$235
Sept. 4	200 units	at \$238
Sept. 5	50 units returned	at \$238
Dec. 2	100 units	at \$250

By year end, 700 units were sold. Scott Company uses a periodic inventory system.

Instructions

- A** Determine the cost of goods available for sale.
- B** Determine (1) the cost of the ending inventory and (2) the cost of goods sold under each of the three cost flow assumptions (FIFO, weighted average, and LIFO). Prove the cost of goods sold calculation for each of the three assumptions.