Quiz 6 & 7

1. List the 4 inventory cost flow methods:

1-

2-

3-

4-

1. Digital enterprises uses a perpetual inventory system and has the following data available from inventory, purchases, and sales for the month of January:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Date | Activity | Units | Purchase Price | Sale price |
| Jan. 01 | Beg. Inventory | 110 | 8.40 |  |
| Jan. 07 | Purchase 1 | 640 | 9.10 |  |
| Jan. 16 | Sale 1 | 530 |  | 9.45 |
| Jan. 24 | Purchase 2 | 850 | 9.90 |  |
| Jan. 30 | Sale 2 | 920 |  | 11.00 |

* Using the FIFO inventory method calculate the total cost of goods sold for the month, and the cost of ending inventory after the last sale including the number of units in the ending inventory

Cost of gold sold = 13678

Cost of ending inventory = 1485

Number of units in ending INV = 150

* Using the weighted average inventory method calculate te total cost of goods sold for the month, and the cost of ending inventory after he last sale including the number of units in the ending inventory.

(\*note: for calculations, round average cost out to four decimal places and total cost to nearest whole dollar)

Cost of goods sold = 13,702

Cost of ending inventory = 1,457

Number of units in ending INV = 150

* Using Lifo inventory method calculate the total cost of goods sold for the month, and the cost of ending inventory after the last sale including the number of units in the ending inventory

Cost of goods sold : 13,875

Cost of ending inventory: 1,288

Number of units in ending Inv: 150

1. Explain the Lifo conformity rule:
2. Suppose a company purchased land and a building for 19000000$ cash. The appraised value of the building was 13000000$ and the land wass appraised at 8000000$.

(note: for calculations round the nearst whole precentag before caucting the allocation of the purchase price)

* What dolar amount o the purchase price will be allocated to the building account ?

11780000

* What dollar amount o the purchase price will be allocated to the land account ?

7220000

1. At the beginning of 2013, Apu purchases a new squishee machine for the Kwik-E-Mart with a cost of 2000000$. The new machine has an estimated life of 10 years or 100000 units. The estimated salvage value is 20000$. During 2013, 11225 units were made with the new machine and during 2014, 13,500 units were made.

* Calcualte the accumulated depreciation on December 31,2014 using units of production depreciation?

44505

* What is the net book value at the end of 2015, using straight line depreciation?

146000

1. The galactic Federation purchases a new X-wing at the beginging of 2014 for 280000. The federation decided to depreciate the X-wing over a 5 yearr period using the double-declining-balance method. The federation estimated the X-wing’s salvage value at 50000.

* What is the depreciation xpense for December 31, 2015?

67200

1. The Empire is in desperate need of cash to fund the continuing war with the Rebellion so the Emperor and imperial officers decide to sell the death star and they put it on Craiglist.com. The death star has a fair market value of 375 millins and they are able to find a buyer who pays them 400$ million. At the time of sale, the death star is listed on the emppire’s balance sheet for 418$ millions. The empire had purchased the death star for 550$ millions and was depreciating it over 25 years using the straight line method.

* Record the Journal entry for the sale of the death star on December 18.2015.

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Account description | Debi | Credit |
|  | Death star |  | 550 |
|  | Accum dep | 132 |  |
|  | cash | 400 |  |
|  | loss on sale |  | 18 |
|  |  |  |  |

Quiz 1

1. Ute company reported the following items in its statement of cash flows presentd using the indirect method. Indicate whether each item should be classified as cash flow from operating activities, a cash flow from investing activities,, or cash flow from financing activites?

* Issuance of common stock: Cash flow from financing activities.
* Sold equipment for cash: I
* Receipit of cash dividend on investment: O
* Repayment of principal on long term debt: F
* Loss on disposal of equipment: O
* Decrease in inventory: O
* Paid a cash dividend to stockholders: F
* Purchased equipment for cash: I
* Issued long term debt: F
* Depreciaton expense: F
* Proceeds from sale of building: I
* Interest paid on long term note payable: O
* Increase in accounts payable: O
* Taxes paid to the deeral government: O

1. An analysis of the balance sheet and income statement of Bacca Company revealed the following: net income $12750, Depreciation expense 32600$, Decrease in accounts receivable 21500$, increase in inventory 18300$, increase in accounts payable 19800, A decrease in wages payable of 1200, and an increase in common stock 50000$

* Calculate the net cash flow from operating activities using the indirect method?

12750

32600

+21500

-18300

19800

-1200

= 67150

So its 67150

1. Record the following activities into the journal entry format:

* Your company has just made a sale for 375000$. The gross margin on this sale was 40%. The customer is paying you $200000 now and the rest at some later date.

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Description | Deit | Credit |
|  | Cash | 200000 |  |
|  |  |  | 375000 |
|  | Revenune | 175000 |  |
|  | COGS | 225000 |  |
|  | Inventory |  | 225000 |

* You have purchased a building for 675000, and you paid cash

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Description | Debit | Credit |
|  | Cash |  | 675000 |
|  | Purchase a buliding | 675000 |  |
|  |  |  |  |

* Pay an attorney for work that she will do at some later date. Pay her $50000

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Description | Debit | Credit |
|  | Prepaid legal or attorney service | 50000 |  |
|  | cash |  | 50000 |
|  |  |  |  |

* Your ustomers are paying you $500000 for work that you will do at some later date.

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Description | Debit | Credit |
|  | Cash | 500000 |  |
|  | Unearned Revenune |  | 500000 |
|  |  |  |  |

* Your customers that owed you are now paying you, $300000

|  |  |  |  |
| --- | --- | --- | --- |
| Date | Description | Debit | Credit |
|  | Cash | 300000 |  |
|  | Account recievable |  | 300000 |
|  |  |  |  |