award: 10 out of 10.00

points

- Harris Company has shipped \$20,000 of goods to Harlow Co., and Harlow Co. has arranged to sell the goods for Harris.
- a. Identify the consignor.
  - Harlow Co.
  - Harris Co.
- Identify the consignee.
  Harlow Co.
  - Harris Co.
- c. Which company should include any unsold goods as part of its inventory?
  e Harris Co.
  e Harlow Co.
- At year-end, Harris Co. had shipped \$12,500 of merchandise FOB destination to Harlow Co. Which company should include the \$12,500 of merchandise in transit as part of its year-end inventory?
  Harlow Co.
  - Harris Co.

# 2.

#### award: 10 out of 10.00

#### points

Walberg Associates, antique dealers, purchased the contents of an estate for \$75,000. Terms of the purchase were FOB shipping point, and the cost of transporting the goods to Walberg Associates' warehouse was \$2,400. Walberg Associates insured the shipment at a cost of \$300. Prior to putting the goods up for sale, they cleaned and refurbished them at a cost of \$980.

Determine the cost of the inventory acquired from the estate.

Cost of inventory (estate's conten	ts)	
Price	√\$	75,000
Transportation-in	~	2,400
Insurance on shipment	~	300~
Cleaning and refurbishing	~	980~
Total cost of inventory	\$	78,680

[The following information applies to the questions displayed below.]

Laker Company reported the following January purchases and sales data for its only product.

Date	Activities	Units Acquired at	Cos	st	Units sold at Retail
Jan. 1	Beginning Inventory	140 units @ \$6.00 =	\$	840	
Jan. 10	Sales				100 units @ \$15
Jan. 20	Purchase	60 units @ \$5.00 =		300	
Jan. 25	Sales				80 units @ \$15
Jan. 30	Purchase	180 units @ \$4.50 =		810	
	Totals	380 units	<u>s</u> 1	.950	180 units
			_	44	

Laker Company uses a perpetual inventory system. For specific identification, ending inventory consists of 200 units, where 180 are from the January 30 purchase, 5 are from the January 20 purchase, and 15 are from beginning inventory.

#### award: 10 out of 10.00

3

#### points

 Complete the table to determine the cost assigned to ending inventory and cost of goods sold using specific identification.

Specific Ide	ntification													
	Availab	le for Sale			Co	ost	of Goods S	old			End	ing Invent	огу	
Purchase Date	Activity	Units	Un	it Cost	Units Sold	U	Init Cost		COGS	Ending Inventory- Units	С	ost Per Unit		Ending Inventory- Cost
Jan. 1	Beginning Inventory	140	\$	6.00	125	\$	6.00	\$	750	15	\$	6.00	\$	90
Jan. 20	Purchase	60	\$	5.00	55 🗸	\$	5.00	\$	275	5.	\$	5.00	\$	25
Jan. 30	Purchase	180	\$	4.50	0					180	\$	4.50	\$	810
		380	1		180			\$	1,025	200	i -		\$	925



### points

 Determine the cost assigned to ending inventory and to cost of goods sold using weighted average. (Round cost per unit to 2 decimal places. Amounts to be deducted should be indicated with a minus sign.)

#### Weighted Average - Perpetual:

	Goods	chased			Cost	of Goods	Sol				In	vento	ry Balanc	e			
Date	# of units		Cost per unit	# of un sold	its	Co	ost per unit	C	ost of Sc	Goods Id	# of units		Co	ost per unit	Inve	ntory	Balance
January 1											140	@	\$	6.00	=	\$	840.00
January 10				100	@	\$	6.00	Ξ	\$	600.00	40~	@	\$	6.00	Ξ	\$	240.00
January 20	60~	@	\$ 5.00	1							40	@	\$	6.00	=	\$	240.00
											60	@	\$	5.00	=		300.00
Average cost	a.										100	@	\$	5.40		\$	540.00
January 25				80~	@	\$	5.40	Ξ	\$	432.00	20 🗸	@	\$	5.40	Ξ	\$	108.00
January 30	180~	@	\$ 4.50	•							20	@	\$	5.40	=	\$	108.00
111											180	@	\$	4.50	=		810.00
Totals				) – j					\$	1,032.00	200	@	\$	4.59	2	\$	918.00

1

5.

#### award:

10 out of

10.00

points

3. Determine the cost assigned to ending inventory and to cost of goods sold using FIFO.

Perpetual FIFO:																		
	Goods	s purc	hased	E I		Q	ost o	f Goods S	old				Inv	vento	y Balanc	<u>ce</u>		
Date	# of units		Co	st per unit	# of units	sold	Co	ost per unit	Cost	of Go	ods Sold	# of unit	s	Co	st per unit	ln F	iven Bala	itory ince
January 1												140	@	\$	6.00	=	\$	840.00
January 10					100 🗸	@	\$	6.00	=	\$	600.00	40~	@	\$	6.00	=	\$	240.00
January 20	60~	@	\$	5.00								40~	@	\$	6.00	= \$ 240	240.00	
												60~	0	\$	5.00	8 <u>-</u> 20		300.00
							1										\$	540.00
January 25		1			40~	@	\$	6.00	=	\$	240.00	0	@	\$	6.00	=		
				1	40~	@	\$	5.00	=	- 10	200.00	20	@	\$	5.00	=	\$	100.00
										\$	440.00						\$	100.00
January 30	180~	@	\$	4.50								0	@	\$	6.00	1		
												20~	@	\$	5.00	3 <b>7</b> 5		100.00
												180~	@	\$	4.50	=		810.00
Totals										\$	1,040.00						\$	910.00

\*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

award: 10 out of

6.

10.00 points

4. Determine the cost assigned to ending inventory and to cost of goods sold using LIFO.

Perpetual LIFO:																		
	Goods	s purc	hased	L		C	ost o	f Goods S	Sold				Inv	vento:	y Baland	e		
Date	# of units		Co	ost per unit	# of units	sold	Co	ost per unit	Cost	of Go	ods Sold	# of unit	s	Co	ost per unit	lr I	iven Bala	tory nce
January 1												140	@	\$	6.00	=	\$	840.00
January 10					100	@	\$	6.00	=	\$	600.00	40~	@	\$	6.00	=	\$	240.00
January 20	60~	@	\$	5.00								40~	@	\$	6.00	()=(	\$	240.00
												60~	@	\$	5.00	::=:		300.00
																	\$	540.00
January 25					20 🗸	@	\$	6.00	=	\$	120.00	201	@	\$	6.00	=	\$	120.00
					60~	@	\$	5.00	=		300.00	0	@	\$	5.00	=		
							Ĩ			\$	420.00						\$	120.00
January 30	180 🗸	@	\$	4.50							-	20	@	\$	6.00	=	\$	120.00
												0	@	\$	5.00			
												180~	@	\$	4.50			810.00
Totals										\$	1,020.00						\$	930.00

\*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

Laker Company reported the following January purchases and sales data for its only product.

Date	Activities	Units Acquired at	Cost		Units Sold at Retail
Jan. 1	Beginning inventory	140 units @ \$6.00	) =	\$ 840	
Jan. 10	Sales	100000 0000 T C 2000			100 units @\$15
Jan. 20	Purchase	60 units @ \$5.00	) =	300	107.
Jan. 25	Sales	-			80 units @\$15
Jan. 30	Purchase	180 units @ \$4.50	) =	810	
	Totals	380 units		\$1,950	180 units
			-	-	7 <u></u> 7

Laker uses a perpetual inventory system. For specific identification, ending inventory consists of 200 units, where 180 are from the January 30 purchase, 5 are from the January 20 purchase, and 15 are from beginning inventory.

 Complete comparative income statements for the month of January for Laker Company for the four inventory methods. Assume expenses are \$1,250, and that the applicable income tax rate is 40%. (Round your Intermediate calculations to 2 decimal places.)

		LAKEF	RCO	MPANY		
		Income	e Stat	tements		
		For Month E	Inde	d January 31		
	Sp	ecific	١	Weighted		
	Identi	fication		Average	FIFO	LIFO
Sales	\$	2,700	\$	2,700	\$ 2,700	\$ 2,700
Cost of goods sold		1,025		1,032	1,040	1,020
Gross profit		1,675		1,668	 1,660	 1,680
Expenses		1,250		1,250	1,250	1,250
Income before taxes		425		418	410	430
Income tax expense		170		167 🗸	164	172
Net income	\$	255	\$	251	\$ 246	\$ 258

- 2. Which method yields the highest net income?
  - LIFO
  - Specific identification
  - ◎ FIFO
  - Weighted average
- 3. Does net income using weighted average fall between that using FIFO and LIFO?

Yes

- 4. If costs were rising instead of falling, which method would yield the highest net income?
  - **○LIFO**
  - FIFO
  - Weighted average
  - Specific identification

[The following information applies to the questions displayed below.]

Hemming Co. reported the following current-year purchases and sales data for its only product.

Date	Activities	Units Ac	quired a	t Cos	it	Units Sold at Retail	
Jan. 1	Beginning inventory	200 units	@\$10	=	\$ 2,000		
Jan. 10	Sales		-			150 units @\$40	
Mar. 14	Purchase	350 units	@ \$15	=	5,250	-	
Mar. 15	Sales		-			300 units @\$40	
July 30	Purchase	450 units	@ \$20	=	9,000		
Oct. 5	Sales		-			430 units @\$40	
Oct. 26	Purchase	100 units	@ \$25	=	2,500		
				1	www.www.	3	
	Totals	1,100 units			\$18,750	880 units	
				27			

Hemming uses a perpetual inventory system.

# 10 out of 10.00

points

award:

Determine the costs assigned to ending inventory and to cost of goods sold using FIFO.

Perpetual FIFO:																		
	Good	s purcl	hase	d		<u>c</u>	Cost	of Goods	Sold				l	nvent	ory Bala	nce		
Date	# of units		C	ost per unit	# of units s	old	C	ost per unit	Cost	of Go	ods Sold	# of unit	s	C	ost per unit	Inve	ntor	y Balance
January 1												200	@	\$	10.00	E	\$	2,000.00
January 10					150-	@	\$	10.00	=	\$	1,500.00	50~	@	\$	10.00	=	\$	500.00
March 14	350	@	\$	15.00								50~	@	\$	10.00	=	\$	500.00
												350	@	\$	15.00	=		5,250.00
																	\$	5,750.00
March 15					50~	@	\$	10.00	=	\$	500.00	0	@	\$	10.00	=		
	Ì				250	@	\$	15.00	=		3,750.00	100~	@	\$	15.00	=	\$	1,500.00
				1						\$	4,250.00						\$	1,500.00
July 30	450	0	\$	20.00								0	@	\$	10.00			
												100~	@	\$	<mark>15.00</mark>	=		1,500.00
												450	@	\$	20.00	=		9,000.00
																	\$	10,500.00
October 5					0	@	\$	10.00	=	\$	0.00	0	@	\$	10.00			
					100	@	\$	15.00	=		1,500.00	0	@	\$	15.00			
					330	@	\$	20.00	: =		6,600.00	120	@	\$	20.00	=		2,400.00
										\$	8,100.00						\$	2,400.00
October 26	100	@	\$	25.00								0	@	\$	10.00			
												0	@	\$	15.00			
												120	@	\$	20.00	=		2,400.00
			_							_		100~	@	\$	25.00	_		2,500.00
Totals										\$	13,850.00						\$	4,900.00

\*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

## award: 10 out of 10.00

points Determine the costs assigned to ending inventory and to cost of goods sold using LIFO.

Per	netual	LLIEO:	
- CI	petua	LII U.	

Perpetual LIFU:	10																	
	Good	s purcl	hase	<u>d</u>		9	Cost	of Goods	Sold				1	nvent	ory Bala	nce		
Date	# of units		C	ost per unit	# of units s	old	C	ost per unit	Cost	of Go	ods Sold	# of unit	s	C	ost per unit	Inve	ntor	y Balance
January 1								- 11				200	@	\$	10.00	=	\$	2,000.00
January 10					150~	@	\$	10.00	=	\$	1,500.00	50~	@	\$	10.00	=	\$	500.00
March 14	350~	@	\$	15.00								50~	@	\$	10.00	=	\$	500.00
												350~	@	\$	15.00	=		5,250.00
l.	1		1														\$	5,750.00
March 15					0	@	\$	10.00	=	\$	0.00	50~	@	\$	10.00	=	\$	500.00
					300~	@	\$	15.00	=		4,500.00	50~	@	\$	15.00	=	\$	750.00
										\$	4,500.00						\$	1,250.00
July 30	450	@	\$	20.00								50~	@	\$	10.00	=	\$	500.00
											1	50~	@	\$	15.00	=		750.00
												450	@	\$	20.00	=		9,000.00
		ļ.	1														\$	10,250.00
October 5					0	@	\$	10.00	=	\$	0.00	50~	@	\$	10.00	=	\$	500.00
	1				0	@	\$	15.00	=		0.00	50~	@	\$	15.00	=		750.00
					430	@	\$	20.00	=		8,600.00	20~	@	\$	20.00	=		400.00
							1			\$	8,600.00						\$	1,650.00
October 26	100~	0	\$	25.00								50~	0	\$	10.00	=	\$	500.00
												50~	@	\$	15.00	=		750.00
												20~	@	\$	20.00	=		400.00
												100~	@	\$	25.00			2,500.00
Totals										\$	14,600.00						\$	4,150.00

#### 10. <sup>award:</sup> 10 out of 10.00 points

Compute the gross margin for FIFO method.

FIFO:	
Sales revenue	\$ 35,200
Less: Cost of goods sold	13,850
Gross margin	\$ 21,350

#### Compute the gross margin for LIFO method.

LIFO:	
Sales revenue	\$ 35,200
Less : Cost of goods sold	14,600
Gross margin	\$ 20,600

11.

#### award: 10 out of 10.00

#### points

Martinez Company's ending inventory includes the following items.

		Per Unit					
Product	Units	Cost	Market				
Helmets	24	\$ 50	\$ 54				
Bats	17	78	72				
Shoes	38	95	91				
Uniforms	42	36	36				

Compute the lower of cost or market for ending inventory applied separately to each product.

			Per	Unit		Tot	al			
Product	Units	С	ost	Ma	irket	Cost		Market	LCM Pi	applied to: roducts
Helmets	24	\$	50	\$	54	\$ 1,200	\$	1,296	\$	1,200
Bats	17	\$	78	\$	72	1,326		1,224		1,224
Shoes	38	\$	95	\$	91	3,610		3,458		3,458
Uniforms	42	\$	36	\$	36	1,512		1,512		1,512
						\$ 7,648	\$	7,490	\$	7,394

Warnerwoods Company uses a perpetual inventory system. It entered into the following purchases and sales transactions for March.

Date Activities	Units Acquired at Cost	Units Sold at Retail
Mar. 1 Beginning inventory	100 units @ \$50 per unit	
Mar. 5 Purchase	400 units @ \$55 per unit	
Mar. 9 Sales		420 units @ \$85 per unit
Mar. 18 Purchase	120 units @ \$60 per unit	
Mar. 25 Purchase	200 units @ \$62 per unit	
Mar. 29 Sales		160 units @ \$95 per unit
	350 L	
Totals	820 units	580 units
	<u>Ya</u>	2 <u>4</u> 2

# 12.

10 out of 10.00

award:

points

Required.

1. Compute cost of goods available for sale and the number of units available for sale.

	Cost of Goods Available for Sale										
	# of units	Cost per unit	Cost of Goods Available for Sale								
Beginning Inventory	100~	\$ 50.00	\$ 5,000								
Purchases:											
March 5	400~	55.00	22,000								
March 18	120~	60.00	7,200								
March 25	200	62.00	12,400								
Total	820		\$ 46,600								



14. <sup>sward:</sup> 10 out of 10.00 points

3. Compute the cost assigned to ending inventory using (a) FIFO, (b) LIFO, (c) weighted average, and (d) specific identification. For specific identification, the March 9 sale consisted of 80 units from beginning inventory and 340 units from the March 5 purchase; the March 29 sale consisted of 40 units from the March 18 purchase and 120 units from the March 25 purchase. (Round your average cost per unit to 2 decimal places.)

Perpetual FIFO:																			
	Good	s purc	hase	ed		(	Cost	of Goods	Sold		Inventory Balance								
Date	# of units		C	ost per unit	# of units	# of units sold Cost per Cost of Goods Sold		# of unit	# of units Cost per unit				Inventory Balance						
March 1											100	0	\$	50.00	=	\$ 5,000.	00		
March 5	400~	0	\$	55.00			1				100~	0	\$	50.00	=	\$ 5,000.	00		
											400~	@	\$	55.00	=	22,000.	00		
																\$ 27,000.	00		
March 9					100~	0	\$	50.00	=	\$ 5,000.00	0	0	\$	50.00	=	1			
					320~	@	\$	55.00	=	17,600.00	80~	@	\$	55.00	=	\$ 4,400.	00		
										\$ 22,600.00	i j					\$ 4,400.	00		
March 18	120~	@	\$	60.00	l I		1				0	@	\$	50.00					
											80~	@	\$	55.00	=	4,400.	00		
											120	@	\$	60.00	=	7,200.0	00		
																\$ 11,600.	00		
March 25	200~	@	\$	62.00							0	0	\$	50.00		1			
											80~	@	\$	55.00	=	4,400.	00		
											120	@	\$	60.00	=	7,200.	00		
											200~	@	\$	62.00		12,400.	00		
	li li				i ji						i					\$ 24,000.	00		
March 29			1		0	@	\$	50.00	=	\$ 0.00	0	0	\$	50.00	1				
					80~	@	\$	55.00	=	4,400.00	0	@	\$	55.00					
					80~	@	\$	60.00	=	4,800.00	40~	@	\$	60.00	=	2,400.0	00		
					0	@	\$	62.00	=	0.00	200~	@	\$	62.00	=	12,400.	00		
										\$ 9,200.00						\$ 14,800.	00		
Totals										\$ 31,800.00						\$ 14,800.0	00		

\*Red text indicates no response was expected in a cell or a formula-based calculation is incorrect; no points deducted.

#### Perpetual LIFO:

	Goods	s purc	hase	d	Cost of Goods Sold								h	nvent	tory Bala	<u>1Ce</u>		
Date	# of units		C	ost per unit	# of units s	old	C	ost per unit	Cost	of G	oods Sold	# of unit	s	C	ost per unit	Inve	ntory	/ Balance
March 1												100	@	\$	50.00	=	\$	5,000.00
March 5	400~	@	\$	55.00								100~	0	\$	50.00	=	\$	5,000.00
										i.		400~	@	\$	55.00	=	13	22,000.00
																	\$	27,000.00
March 9			Ĩ		20 🗸	@	\$	50.00	=	\$	1,000.00	80~	@	\$	50.00	=	\$	4,000.00
1					400~	@	\$	55.00	=		22,000.00	0	@	\$	55.00	=		
										\$	23,000.00						\$	4,000.00
March 18	120	@	\$	60.00								80~	@	\$	50.00	=	\$	4,000.00
												0	@	\$	55.00			
(												120	@	\$	60.00	= =	1_	7,200.00
																	\$	11,200.00
March 25	200~	@	\$	62.00 🗸								80~	@	\$	50.00	=	\$	4,000.00
												0	@	\$	55.00			
										_		120	@	\$	60.00	=		7,200.00
												200	0	\$	62.00		1	12,400.00
																	\$	23,600.00
March 29					0	@	\$	50.00	(#)	\$	0.00	80~	@	\$	50.00	= =	\$	4,000.00
					0	@	\$	55.00	=		0.00	0	@	\$	55.00			
					0	@	\$	60.00	(#)		0.00	120	@	\$	60.00	= =		7,200.00
					160 🗸	@	\$	62.00	=		9,920.00	40~	@	\$	62.00	=		2,480.00
										\$	9,920.00						\$	13,680.00
Totals										\$	32,920.00						\$	13,680.00

#### Weighted Average Perpetual:

	Goods	purc	hase	d		0	Cost o	of Goods	Sold				1	nven	tory Balar	ice		
Date	# of units		C	ost per unit	# of units s	old	Co	ost per unit	Cost	of Go	oods Sold	# of unit	s	C	ost per unit	Inv	ento	y Balance
March 1										1		100	@	\$	50.00	=	\$	5,000.00
March 5	400 🗸	@	\$	55.00								100	@	\$	50.00	=	\$	5,000.00
												400~	@	\$	55.00	=		22,000.00
Average												500	@	\$	54.00	=	\$	27,000.00
March 9					420	@	\$	54.00	=	\$	22,680.00	80~	@	\$	54.00	=	\$	4,320.00
March 18	120	@	\$	60.00			1			î.		80	@	\$	54.00	=	\$	4,320.00
												120	@	\$	60.00	=		7,200.00
Average												200	@	\$	57.60	=	\$	11,520.00
March 25	200 🗸	@	\$	62.00						1		80~	@	\$	54.00	=	\$	4,320.00
1												120	@	\$	60.00			7,200.00
												200	@	\$	62.00	=		12,400.00
												400	@	\$	59.80	=	\$	23,920.00
March 29					160	@	\$	59.80	2 <b>2</b> )	\$	9,568.00	240	@	\$	59.80	=	\$	14,352.00
Totals										\$	32,248.00							

Specific Identific	ation:																			
	Goods	s purc	hase	bid	Cost of Goods Sold							Inventory Balance								
Date	# of units		С	ost per unit	# of units s	of units sold Cost per unit Cost of Goods Sold					# of units Cost per unit				Inventory Balance					
March 1				]			Į.				100	@	\$	50.00	=	\$	5,000.00			
March 5	400~	@	\$	55.00		Í.					100	@	\$	50.00	=	\$	5,000.00			
											400 🗸	@	\$	55.00	=		22,000.00			
																\$	27,000.00			
March 9		l	1		80~	@	\$	50.00	=	\$ 4,000.00	20 🗸	@	\$	50.00	=	\$	1,000.00			
					340	@	\$	55.00	=	18,700.00	60~	@	\$	55.00	=	\$	3,300.00			
							- Li			\$ 22,700.00						\$	4,300.00			
March 18	120	@	\$	60.00							20 🗸	@	\$	50.00	=	\$	1,000.00			
											60 🗸	@	\$	55.00	=		3,300.00			
											120	@	\$	60.00	=		7,200.00			
																\$	11,500.00			
March 25	200~	@	\$	62.00							20 🗸	@	\$	50.00	=	\$	1,000.00			
											60 🗸	@	\$	55.00	=		3,300.00			
											120	@	\$	60.00	=		7,200.00			
											200	@	\$	62.00			12,400.00			
																\$	23,900.00			
March 29					0	@	\$	50.00	=	\$ 0.00	20	@	\$	50.00	=	\$	1,000.00			
					0	@	\$	55.00		0.00	60 🗸	@	\$	55.00			3,300.00			
					40~	@	\$	60.00	- ±	2,400.00	80~	@	\$	60.00	=		4,800.00			
					120	@	\$	62.00	()=)	7,440.00	80~	@	\$	62.00	=		4,960.00			
										\$ 9,840.00						\$	14,060.00			
Totals										\$ 32,540.00						\$	14,060.00			

#### 5. <sup>award:</sup> 10 out of 10.00

### points

4. Compute gross profit earned by the company for each of the four costing methods. For specific identification, the March 9 sale consisted of 80 units from beginning inventory and 340 units from the March 5 purchase; the March 29 sale consisted of 40 units from the March 18 purchase and 120 units from the March 25 purchase. (Round average cost per unit to 2 decimal places.)

Gross Margin		FIFO	LIFO	Avg. Cost	Spec. ID
Sales	~	\$ 50,900	\$ 50,900	\$ 50,900	\$ 50,900
Cost of Goods Sold	~	\$ 31,800	32,920	32,248	32,540
Gross Margin	~	\$ 19,100 🗸	\$ 17,980	\$ 18,652	\$ 18,360

#### points

A physical inventory of Liverpool Company taken at December 31 reveals the following.

		Per	r Unit
Item	Units	Cost	Market
Audio equipment			
Receivers	345	\$ 90	\$ 98
CD players	260	111	100
MP3 players	326	86	95
Speakers	204	52	41
Video equipment			
Handheld LCDs	480	150	125
VCRs	291	93	84
Camcorders	212	310	322
Car audio equipment			
Satellite radios	185	70	84
CD/MP3 radios	170	97	105
Contra Stadios	170	91	105

#### **Required:**

1. Calculate the lower of cost or market for the inventory applied separately to each item.

Item	Units	Per Unit		<u>Total</u>		LCM applied to:	
		Cost	Market	Cost	Market	Entire Inventory	Individual Items
Audio equipment							
Receivers	345	90.00	98.00	31,050	33,810		31,050
CD players	260	111.00	100.00	28,860	26,000		26,000
MP3 players	326	86.00	95.00	28,036	30,970		28,036
Speakers	204	52. <mark>0</mark> 0	41.00	10,608	8,364		8,364
Video equipment							
Handheld LCDs	480	150.00	125.00	72,000	60,000		60,000
VCRs	291	93.00	84.00	27,063	24,444		24,444
Camcorders	212	310.00	322.00	65,720	68,264		65,720
Car audio equipment							
Satellite radios	185	70.00	84.00	12,950	15,540		12,950
CD/MP3 radios	170	97.0 <mark>0</mark>	105.00	16,490	17,850		16,490
Total				\$ 292,777	\$ 285,242	\$ 285,242	\$ 273,054

2. If the market amount is less than the recorded cost of the inventory, then record the LCM adjustment to the Merchandise Inventory account.

Date	General Journal	Debit	Credit	
Dec.31	Cost of goods sold	~	19,723	
	Merchandise inventory	~		19,723

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