

Problem 9-9

Retail COST METHOD:

	COST	RETAIL	% or Retail
Beg. inventory	\$ 52,000	\$ 78,000	
Purchases	262,000	423,000	
Freight in	16,600		
Purchase returns	(5,600)	(8,000)	
Markdowns, net		(3,600)	
Markups, net		7,000	
Current year additions	273,000	418,400	
Goods available for sale	325,000	496,400	65.47%
Normal spoilage		(10,000)	
Sales		(380,000)	
Ending inventory at retail		\$ 106,400	

Ending inventory at Cost:

$$\text{\$ } 106,400 \times 65.47\% = \text{\$ } 69,662$$

Retail LCM (CONVENTIONAL):

	COST	RETAIL	% or Retail
Beg. inventory	\$ 52,000	\$ 78,000	
Purchases	262,000	423,000	
Freight in	16,600		
Purchase returns	(5,600)	(8,000)	
Markups, net		7,000	
Current year additions	273,000	422,000	
Goods available for sale	325,000	500,000	65.00%
Markdowns, net		(3,600)	
Normal spoilage		(10,000)	
Sales		(380,000)	
Ending inventory at retail		\$ 106,400	

Ending inventory at Cost:

$$\text{\$ } 106,400 \times 65.00\% = \text{\$ } 69,160$$

Problem 9-9

Retail LIFO:

	COST	RETAIL	% or Retail
Beg. inventory	\$ 52,000	\$ 78,000	66.67%
Purchases	262,000	423,000	
Freight in	16,600		
Purchase returns	(5,600)	(8,000)	
Markdowns, net		(3,600)	
Markups, net		7,000	
Current year additions	273,000	418,400	65.25%
Goods available for sale	325,000	496,400	
Normal spoilage		(10,000)	
Sales		(380,000)	
Ending inventory at retail		\$ 106,400	

Ending inventory at Cost:

PY	\$ 78,000	x	66.67%	=	\$ 52,000
CY	28,400	x	65.25%	=	18,531
	\$ 106,400				\$ 70,531