c. Viking has seven cameras in stock that have been used as demonstration models. The cameras cost $380 and normally sell for $480. Because these cameras are in used condition, Viking has set the selling price at $360 each. Expected selling costs are $15 per camera.

Homework MBC **LO2** **E6-7A. Inventory Costing Methods—Periodic Method** The following information is for the Bud Company; the company sells just one product:

		Units	Unit Cost
Beginning inventory		200	$10
Purchases:	Feb. 11	500	14
	May 18	400	16
	October 23	100	22

At year-end, there was an ending inventory of 340 units. Assume the use of the periodic inventory method. Calculate the value of ending inventory and the cost of goods sold for the year using (a) first-in, first-out, (b) last-in, first-out, and (c) the weighted-average cost method.

Homework MBC **LO2** **E6-8A. Inventory Costing Methods—Periodic Method** The following data are for the Vista Company, which sells just one product:

		Units	Unit Cost
Beginning inventory, January 1		200	$10
Purchases:	February 11	500	14
	May 18	400	17
	October 23	100	18
Sales	March 1	400	
	July 1	380	

Calculate the value of ending inventory and cost of goods sold using the periodic method and (a) first-in, first-out, (b) last-in, first-out, and (c) weighted-average cost method. Round your final answers to the nearest dollar.

Homework MBC **LO4, 5** **E6-9A. Applying IFRS** LVMH is a Paris-based manufacturer of luxury goods that prepares its financial statements using IFRS. During the year, the management of the company undertook a review of the fair value of its inventory and found that the inventory had appreciated above its book value of 12 million euros. According to the company's management, the inventory was undervalued by 3 million euros. (*Hint:* Credit Asset, revaluation reserve. Prepare the journal entry to revalue the company's inventory. How would the revaluation immediately affect the company's (a) current ratio, (b) inventory turnover, and (c) days' sales in inventory?

Homework MBC **LO4** **E6-10A. Lower-of-Cost-or-Net Realizable Value Method** The following data are taken from the Browning Corporation's inventory accounts:

Item Code	Quantity	Unit Cost	Net Realizable Value
ACE	100	$27	$25
BDF	300	29	31
GHJ	400	22	18
MBS	200	23	27

Calculate the value of the company's ending inventory using the lower-of-cost-or-net realizable value method applied to each item of inventory.

Homework MBC **LO5** **E6-11A. Inventory Turnover and Days' Sales in Inventory** Shown below are data from the Northern Company's accounting records:

	Year 1	Year 2
Sales revenue	$8,000,000	$11,000,000
Cost of goods sold	4,000,000	4,800,000
Beginning inventory	510,000	$\boxed{550,000}$
Ending inventory	550,000	600,000

ANSWERS TO SELF-STUDY QUESTIONS:

1. c 2. d 3. c 4. a 5. c 6. c 7. c 8. c

YOUR TURN! SOLUTIONS

Solution 23.1

Budgeted returns	750
Actual returns	800
Returns processed variance	[(50) F]

	Actual Results for 800 Returns Processed	Budget Based on 750 Returns	Variances
Revenue	$80,000	$75,000	$ 5,000 F
Variable costs	36,000	37,500	[1,500 F]
Fixed costs	12,500	12,000	500 U
Net income	$31,500	$25,500	[$ 6,000 F]

Solution 23.2

	Actual Results	Flexible Budget	Variance
Sales units	100,000	100,000	
Sales dollars	$190,000	$200,000	[$10,000 U]
Variable costs	125,000	120,000	5,000 U
Fixed costs	50,000	45,000	5,000 U
Operating income	$ 15,000	$ 35,000	[$20,000 U]

Solution 23.3

PACCAR Trucks segment, Parts segment, and Financial Services segment.

Solution 23.4

Revenue		$600,000
Traceable departmental expenses:		
Direct materials	$30,000	
Direct labor	25,000	
Other traceable expenses	40,000	
Department contribution		$505,000
Common expenses		**155,000**
Departmental operating income		$350,000