

5)

The following information is available for Moiz Company:

	<u>Debit</u>	<u>Credit</u>
Retained Earnings		\$ 50,000
Dividends	\$ 35,000	
Sales Revenue		510,000
Sales Returns and Allowances	20,000	
Sales Discounts	7,000	
Cost of Goods Sold	290,000	
Freight-out	2,000	
Advertising Expense	15,000	
Interest Expense	19,000	
Salaries and Wages Expense	55,000	
Utilities Expense	18,000	
Depreciation Expense	7,000	
Interest Revenue		23,000

Instructions

Using the above information, prepare the closing entries for Moiz Company.

Stengel company sells a snowboard, WhiteOut, that is popular with snowboard enthusiasts. Presented below is information relating to Stengel Company's purchases of WhiteOut snowboards during September. During the same month, 124 WhiteOut snowboards were sold at \$160 each. Stengel company uses a periodic inventory system.

Date	Explanation	Units	Unit Cost	Total Cost
Sept. 1	Inventory	25	\$ 100	\$ 2,500
Sept. 12	Purchases	45	106	4,770
Sept. 19	Purchases	24	110	2,640
Sept. 26	Purchases	<u>50</u>	112	<u>5,600</u>
	Total	<u>144</u>		<u>\$15,510</u>

Instructions

- Compute the ending inventory at September 30 and cost of goods sold using the FIFO and LIFO method. Prove the amount allocated to cost of goods sold under each method.
- For both FIFO and LIFO, calculate the sum of inventory and cost of goods sold. What do you notice about the answer you found for each method?
- What is gross profit under each method?
- Which method results in a larger amount reported for assets on the balance sheet? Which results in a larger amount reported for stockholders' equity on the balance sheet?