



Accounting

Ex 1`

Selling Price	Cost Price	Gross Profit
250	150	100
126	86	40
80	56	24
150	75	75
300	195	105
225	162	63

Ex 3.

Sales	Goods Available for Sale		Ending Inventory	Cost of Goods Sold	Gross Profit	
	Beginning Inventory	Purchases				
125,000	32,000	74,250	106,250	33,500	72,750	52,250
750,585	85,600	410,360	495,960	88,300	407,660	342,925
288,635	65,550	110,357	175,907	60,548	115,359	173,276
174,000	33,800	82,640	116,440	33,500	82,940	91,060
255,324	48,500	150,650	199,150	50,300	148,850	106,474

Beginning Inventory + Purchases = Goods Available for Sale

Goods Available for Sale - Ending Inventory = Cost of Goods Sold

Sales - Cost of Goods Sold = Gross Profit

Exercise 4:

- Beginning Inventory?
- Purchases?
- Cost of Goods Available for Sale?
- Ending Inventory?
- **Cost of Goods Sold ?**

Inventory

The **Purchases** account is where we keep track of the \$ we've spent on inventory.

Purchases

\$100

Cash

\$100

Purchased \$100 worth of inventory.

‘Freight-In’

- We also keep track of delivery expenses (associated with purchasing inventory) in a special account called ‘**Freight-In**’

Freight-In

\$20

Cash

\$20

Transportation charges for merchandise.

example..... purchasing \$900 worth of merchandise from Ralph Lauren, with \$100 delivery charge, plus HST, on account...

Purchases	900
Freight-In	100
HST Recoverable	130

A/P- Ralph Lauren 1130

Purchased merchandise on account.

Exercises

1. Do the 6 journal transactions on page 433.
(Instead of the GST & PST – calculate HST of 13%.)
2. Complete the chart on page 434. (# 3)
3. Recreate the income statement on page 438 in a spreadsheet.
 1. What would your Gross Profit be if your beginning inventory had been \$99, 662 ?