**BE7.2**

Stallman Company took a physical inventory on December 31 and determined that goods costing $200,000 were on hand.

Not included in the physical count were $25,000 of goods purchased from Pelzer Corporation, FOB, shipping point

And $22,000 of goods sold to Alvarez Company for $30,000, FOB destination.

Both the Pelzer purchase and the Alvarez sale were in transit at year-end.

What amount should Stallman report as its December 31 inventory?

Compute **ending inventory** using FIFO and LIFO.

**BE7.3**

In its first month of operations, McLanie Company made three purchases of merchandise in the following sequence:

(1) 300 units at $6

(2) 400 units at $8

(3) 600 units at $9

Assuming there are 200 units on hand at the end of the period, compute the cost of the ending inventory under

(a) the FIFO method

(b) the LIFO method.

McLanie uses a periodic inventory system.

Compute the **ending inventory** using average-cost.

**BE7.4**

In its first month of operations, McLanie Company made three purchases of merchandise in the following sequence:

(1) 300 units at $6

(2) 400 units at $8

(3) 600 units at $9

Assuming there are 200 units on hand at the end of the period, compute the cost of the ending inventory under the average-cost method.

McLanie uses a periodic inventory system.

Compute **cost of goods sold** using FIFO, LIFO, and average-cost.

**BE7.5**

Sunnyside Marine Products began the year with 10 units of marine floats at a cost of $11 each.

During the year, it made the following purchases:

May 5 30 units at $16

July 16 15 units at $19

December 7 20 units at $23

Assuming there are 25 units on hand at the end of the period, determine the **cost of goods sold** under (a) FIFO, (b) LIFO, and (c) average-cost.

Sunnyside uses the periodic approach.

Record write-off and determine cash realizable value.

**BE7.11**

At the end of 2021, Safer Co. has

Accounts receivable of $700,000

An allowance for doubtful accounts of $25,000

On January 24, 2022, it is learned that the company’s receivable from Madonna Inc. is not collectible and therefore management authorizes a write-off of $4,300.

1. Use a tabular summary to record the write-off. Enter 2021 amounts as beginning balances.
2. What is the cash realizable value of the accounts receivable (1) before the write-off and (2) after the write-off?

Record receivables transactions.

**E7.9**

At the beginning of the current period, Rose Corp. had balances in

Accounts Receivable of $200,000

Allowance for Doubtful Accounts of $9,000.

During the period, it had

Net credit sales of $800,000

Collections of $763,000

It wrote off as uncollectible accounts receivable of $7,300

Uncollectible accounts are estimated to total $25,000 at the end of the period.

(Omit recording cost of goods sold.)

**Instructions**

Enter the beginning balances for Accounts Receivable and Allowance for Doubtful Accounts in a tabular summary. Use the summary to record transactions (a), (b), and (c) below.

1. Record sales and collections during the period.
2. Record the write-off of uncollectible accounts during the period.
3. Record bad debt expense for the period.
4. Determine the ending balances in Accounts Receivable and Allowance for Doubtful Accounts.
5. What is the net realizable value of the receivables at the end of the period?Determine bad debt expense.

Determine bad debt expense.

**E7.10**

The records of Macarty Company at the end of the current year show

Accounts Receivable $78,000

Credit Sales $810,000

Sales Returns and Allowances $40,000.

**Instructions**

1. If Macarty uses the direct write-off method to account for uncollectible accounts and Macarty determines that Matisse’s $900 balance is uncollectible, what will Macarty record as bad debt expense?
2. If Allowance for Doubtful Accounts has a balance of $1,100 and Macarty concludes bad debts are expected to be 10% of accounts receivable, what will Macarty record as bad debt expense?