

Exercise 8-27

One inventory pool

Dollar-value LIFO adopted on December 31, 2021; inventory value \$200,000

Year	Ending Inventory at Year-End Cost	Ending Inventory at Base Year Cost
2022	\$231,000	\$220,000
2023	299,000	260,000
2024	300,000	250,000

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Exercise 8-27 (continued)

Compute the December 31, 2022, 2023, and 2024 inventory using dollar-value LIFO

12/31/21 index: 1.00

12/31/22 index: $231,000 \div 220,000 = 1.05$

12/31/23 index: $299,000 \div 260,000 = 1.15$

12/31/24 index: $300,000 \div 250,000 = 1.20$

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Exercise 8-27 (continued)

Year	EI @ Base \$	Layers @ Base Year \$	Price x Index	EI @ \$ LIFO
2021	200,000	2021: \$200,000	$\times 1.00$	= \$ <u>200,000</u>
2022	220,000	2021: \$200,000	$\times 1.00$	= \$200,000
		2022: 20,000	$\times 1.05$	= <u>21,000</u>
				\$ <u>221,000</u>
2023	260,000	2021: \$200,000	$\times 1.00$	= \$200,000
		2022: 20,000	$\times 1.05$	= 21,000
		2023: 40,000	$\times 1.15$	= <u>46,000</u>
				\$ <u>267,000</u>
2024	250,000	2021: \$200,000	$\times 1.00$	= \$200,000
		2022: 20,000	$\times 1.05$	= 21,000
		2023: 30,000	$\times 1.15$	= <u>34,500</u>
				\$ <u>255,500</u>

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