

Problem 8-13

Dollar-value LIFO adopted on January 1, 2021; inventory pool \$400,000

| Year | Ending Inventory at Year-End Costs | Cost Index | Ending Inventory at Base Cost |
|------|---------------------------------------|------------|----------------------------------|
| 2021 | \$441,000 | 1.05 | \$420,000 |
| 2022 | 487,200 | 1.12 | 435,000 |
| 2023 | 510,000 | 1.20 | 425,000 |

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Problem 8-12(continued)

| Year | EI @ Base \$ | Layers @ Base Year \$ | Price x Index | EI @ = \$ LIFO |
|--------|-----------------|--------------------------|------------------|-------------------|
| 1/1/21 | 400,000 | | \$400,000 x 1.00 | = \$400,000 |
| 2021 | 420,000 | 2021: | \$400,000 x 1.00 | = \$400,000 |
| | | 2021: | 20,000 x 1.05 | = <u>21,000</u> |
| | | | | <u>\$421,000</u> |
| 2022: | 435,000 | 2021: | \$400,000 x 1.00 | = \$400,000 |
| | | 2021: | 20,000 x 1.05 | = 21,000 |
| | | 2022: | 15,000 x 1.12 | = <u>16,800</u> |
| | | | | <u>\$437,800</u> |
| 2023: | 425,000 | 2021: | \$400,000 x 1.00 | = \$400,000 |
| | | 2021: | 20,000 x 1.05 | = 21,000 |
| | | 2022: | 5,000 x 1.12 | = <u>5,600</u> |
| | | | | <u>\$426,600</u> |

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