

Nssmr:_____

Date:_____

Analyzing a Source Document

Read the following memorandum and complete the assigned task:

 **MEMORANDUM**

Toys & Things

TO: Accounting Clerk
FROM: Accounting Manager
DATE: June 30, 20--
SUBJECT: Change in Inventory Method

We have received approval to change from the LIFO to the FIFO method of determining our inventory costs. Please calculate the cost of the Walk-A-Long Dolls using the FIFO method. There are 36 dolls in inventory.

Walk-A-Long Dolls	Beginning inventory	8@ \$15.45
	Purchases 6/11	12@ \$15.95
	6/17	10@ \$16.25
	6/22	6@ \$16.40

1. What is the new value of the ending inventory?
2. Assume that all 36 dolls were sold for \$21.95. What is the gross profit for this item?