

Inventory Accounting Requirements for Supermarkets using the Simplified LIFO (IPIC) method using CPI Indexes

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October 15, 2011



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Overview of Requirements and Approach

The LIFO inventory method is used by the majority of supermarket chains in the U.S. because it provides substantial and consistent income tax savings. The tax savings occur for companies using LIFO when there is inflation because the cost of all most recently purchased goods is included in the current year cost of sales and is excluded in the inventory valuation thereby increasing cost of sales and decreasing taxable income. Consistent inflation in goods carried by supermarket chains of 2% or so annually allows these companies to reduce their taxable income by about \$40,000 per store annually assuming \$2 million per store inventory cost.

LIFO inflation indexes can either be calculated using "internal indexes" (the taxpayer's own invoice prices) or the IPIC method, a.k.a. the Simplified LIFO method for which government published CPI or PPI inflation indexes are used. The simplest (and usually producing the greatest tax benefits) method is the IPIC method using CPI or PPI indexes.

For supermarkets adopting LIFO or changing to the IPIC method using CPI indexes from another LIFO method (and they are not using the retail LIFO method), the basic requirement for using the IPIC LIFO method is to produce a schedule of year end inventory balances at cost broken down by 33 different CPI categories. The list of 33 CPI is a standard list used by a large number of supermarket chains in the U.S. and developed by LIFO-PRO, Inc. For companies already on LIFO that use retail LIFO, these CPI category breakdowns must be made for both retail and cost FIFO balances. The following factors should be considered in calculating the required inventory breakdowns.

Inventory count instructions-The inventory service should be provided the list of 33 CPI categories required for IPIC LIFO method calculations. These 33 CPI categories are referred to as "LIFO count" categories. While a few of the CPI categories may correspond to the regular physical count breakdowns, this will be a special LIFO count listing. The inventory service may or may not be instructed to make the normal count breakdowns in addition to the LIFO counts. An inventory service should be able to provide both the normal and LIFO breakdowns from the same physical count. This is accomplished by making different store layout maps (what shelf space belongs in the various breakout categories). Making LIFO counts in addition to normal counts sometimes entails an additional fee from the inventory service.

Sample size(number of LIFO count stores)-For companies having only a few stores, they may make LIFO counts for all stores. For companies with numerous stores, LIFO counts are usually made for a sample of stores and the sample stores' CPI category distribution is used for the total of all stores' inventory balances. The IRS provides no guidelines for this type of sampling. The IPIC LIFO Regs. make no mention of whether sampling is an appropriate means of obtaining the CPI category breakdowns however this type of sampling has been used by retail grocers for 20 years without IRS challenge of this practice. The sampling plan should take into account different store size, formats and location or other factors that could cause one store to have a significantly different inventory mix than another store. It is not uncommon for the same LIFO count stores for

one year to be LIFO count stores in succeeding years because this eliminates the need for the inventory service to make LIFO count layouts for more stores.

Once the physical counts have been taken and the LIFO count summaries are available, these factors should be addressed:

1. Most count categories will have retail selling price totals but some may be cost totals, so the balances at retail must be converted to cost unless retail LIFO is used in which case the cost balances will need to be converted to retail balances.
2. Some departments may not be counted and back room goods are often not counted but the inventory balances for these goods must be allocated in some manner to the applicable CPI categories.
3. There will usually be departments such as pharmacy for which the non-LIFO physical counts are broken down that correspond exactly to CPI categories. If physical counts are made for all stores at or near year end, a company may decide that the stores' total for pharmacy per all counts (LIFO or not) is more accurate than extrapolating the LIFO count breakdown percentages to the entire inventory.
4. Once the stores total balances by CPI categories have been accumulated, the warehouse balances, if applicable, should be added to these totals.

IPIC LIFO CPI Categories Applicable to Supermarket Chains

The 33 numbered CPI categories on the following pages are the standard list of the minimum number of 33 different 10% method CPI categories supermarket chains must break down their inventory by in order to use the IPIC LIFO method and CPI indexes.

Additional breakdowns are necessary for supermarkets wishing to use PPI indexes. Please contact LIFO-PRO, Inc. if you use the IPIC method with PPI indexes and need a list of the categories breakdowns required when PPI indexes are used.

**LIST OF 33 CPI CATEGORIES FOR PHYSICAL INVENTORY COUNTS
FOR SUPERMARKETS REQUIRED BY 2002 IRS LIFO REGULATIONS**

CPI LIFO Category	Items included in category	CPI Commodity Code
1	Cereal and Bakery Products Includes bread, flour; baking mixes; cereal & granola bars; toaster tarts; bread crumbs; fresh, frozen and refrigerated bread and bakery products, cookies, crackers, biscuits, rolls, cornmeal, cakes, doughnuts; rice & pasta	SAF111
2	Meats, Poultry & Fish	SAF1121
3	Eggs (including egg substitutes and processed eggs)	SEFH
4	Dairy Products Includes fresh, canned, & dry milk; cheese; ice cream and related products; & other dairy products; excluding butter and margarine (included in category 8)	SEFJ
5	Fruits and Vegetables: Fresh fruits & vegetables (produce) All processed including frozen, canned & dried but excluding juices (included in category 6) Canned dry beans (type of bean including Lima, Pinto, Navy & Black)	SAF113
6	Non-Alcoholic Beverages and Beverage Materials Fruit & vegetable juices whether liquid or frozen Carbonated and noncarbonated soft drinks, water, energy drinks Coffee & tea in both dry & liquid form Cocoa	SAF114
7	Sugar and Sweets: Jams, jellies and preserves Sugar & sweets except jams, jellies & preserves including candy; gum; sugar and artificial sweeteners; icings; marshmallows; molasses; syrup and honey	SEFR
8	Fats and Oils: Margarine; vegetable, corn, and other oils & shortening, mayonnaise, sandwich spread; tartar sauce and salad dressing Butter Peanut butter	SEFS
9	Other Foods: Canned soup & canned specialty foods Frozen specialties (Frozen pies & bakery goods, frozen dinners, meat pies & ethnic foods) Meat sauces (Worcestershire, A-1, Heinz 57 & other non-tomato based sauces for meat-not sauces containing meat) Baby food & formula, pickles & processed eggs Nuts Potato chips and other snacks (except nuts); salt & other seasonings & spices; flavoring extracts & agents (except chocolate); olives, relishes and other condiments; sauces (other than meat sauces) and gravies; packaged salads and desserts & jello Perishable prepared foods, macaroni & noodle products packaged w/other ingredients, dry mix preparations; ice, dairy product substitutes and cider & vinegar and other miscellaneous foods	SEFT
10	Alcoholic Beverages Includes beer and ale; liquor; wine; and other alcoholic beverages	SEFW
11	Fuel (Household) Includes propane, kerosene, firewood & Durafume	SEHE02
12	Household Furnishings & Operations Includes window & floor coverings & other linens, furniture & bedding, large & small appliances, picture frames & rugs	SAH3
13	Other Household Equipment & Furnishings: Clocks, lamps & decorator items; dishes & flatware; and nonelectric cookware & tableware Plants & flowers	SEHL
14	Tools, Hardware, Outdoor Equipment & Supplies Includes tools; hardware & supplies; outdoor equip. & supplies, and lawn & garden supplies	SEHM
15	Housekeeping Supplies: Household Cleaning Products Includes household, dishwasher & laundry detergents & other laundry products; bleach; starch; scouring pads & powder; drain cleaner; window cleaner; oven cleaner; toilet bowl cleaner; floor wax; furniture polish; upholstery & rug cleaner. Excluded are hand, face & bath soaps & body gels/washes (included in category 32).	SEHN01
16	Housekeeping Supplies: Household Paper Products Includes facial cleaning tissues; toilet tissues; paper towels; and napkins	SEHN02

**LIST OF 33 CPI CATEGORIES FOR PHYSICAL INVENTORY COUNTS
FOR SUPERMARKETS REQUIRED BY 2002 IRS LIFO REGULATIONS**

CPI LIFO Category	Items included in category	CPI Commodity Code
17	Housekeeping Supplies: Miscellaneous Household Products: Chemical products-Including charcoal, bug spray, shoe polish Rubber and plastic products-Including plastic wrap, plates, cups and flatware Paper products-Including plastic trash & food bags(for the PPI, the BLS classifies plastic bags with paper bags), baking cups, vacuum bags, coffee filters Metal products-Including aluminum foil Machinery & equipment-Including batteries, light bulbs & telephone equip. Miscellaneous products-Including insoles, brushes, brooms, matches, thermos	SEHN03
18	Apparel: Diapers Other apparel including pantyhose	SAA
19	Private Transportation: Gasoline & diesel fuel (Kerosene is included in count code 11 (SEHN02) Motor oil, coolant, brake fluid, transmission oil, and additives; tires; and automotive parts and equipment	SAT1
20	Prescription Drugs: All prescription drugs	SEMA
21	Nonprescription Drugs/over-the-counter drugs: All nonprescription drugs. Includes vitamins & food supplements	SEMB01
22	Nonprescription Medical Equipment & Supplies Includes topicals and dressings; medical equipment for general use; contraceptives & supportive and convalescent medical equipment	SEMB02
23	Recreation: Pets & Pet Products Includes pet food; pet supplies and accessories	SERB01
24	Recreation: Recreational Reading Materials Includes newspapers, magazines and recreational books	SERG
25	Recreation: Photographic Equipment & Supplies Includes film, photographic supplies; and photographic equipment	SERD01
26	Recreation: Video and Audio Includes televisions; other video equipment; video cassettes, discs & other media; blank and prerecorded video cassettes and disc; audio equipment; audio discs, tapes & other media	SERA
27	Recreation: Sporting Goods Includes sports vehicles, including bicycles; and sports equipment	SERC
28	Recreation: Other Recreational Goods Includes toys, games, hobbies and playground equipment; video game hardware; sewing machines, fabric & supplies; music instruments & accessories	SERE
29	Tobacco and Smoking Products: Cigarettes	SEGA01
30	Tobacco and Smoking Products: Tobacco products other than cigarettes	SEGA02
31	Personal Care Products: Hair, Dental, Shaving & Misc. Personal Care Products: Products for the hair Dental products including tooth paste, tooth brushes, mouth wash and dental floss Shaving products Other personal care products including deodorant Creams, oils, lotions other than bath oil	SEGB01
32	Personal Care Products: Cosmetics, Perfume, Bath, Nail Preparations & Implements: Perfume, cologne, toilet water Makeup, lipstick & lip gloss, nail polish Hand, face & bath soaps & body gels/washes	SEGB02
33	Miscellaneous Personal Goods: Stationary, Gift Wrap, Greeting Cards, and School Supplies Includes stationary; stationary supplies; calendars; gift wrap; greeting cards; paper; writing tools; desk supplies; & other school supplies; Infants' equipment	SEGE

Detailed Description List of 33 different 10% Method CPI categories to count by for supermarkets using the IPIC LIFO method

The 33 numbered categories below are the standard list of the minimum number of 33 different 10% method CPI categories supermarket chains must break down their inventory by in order to use the IPIC LIFO method and CPI indexes.

1. SAF111 Cereals & bakery products:

Flour and prepared flour mixes

- Includes all types and varieties of flour and prepared flour mixes. Examples of flour include all purpose, self-rising, barley, bran buckwheat, corn, graham, potato, rye, soybean, wheat, rice, and cake flour. Examples of prepared flour mixes include cake mixes, cookie mixes, as well as pancake, waffle, muffin, roll, bread, piecrust, pie, and biscuit prepared flour mixes.

Breakfast Cereal

- Includes all varieties and types of ready-to-eat and cooked cereals.

Rice, Pasta, and Cornmeal

- Includes rice (pre-cooked minute rice and uncooked rice, white or brown), pasta (examples are lasagna noodles, macaroni, egg noodles, vermicelli, rigatoni, chow mien noodles and the like, spinach and tomato pasta), and cornmeal items of all types and varieties.
- Excludes prepared rice dishes (e.g., pilaf or rice products with sauces, flavorings, or seasonings) and prepared pasta dishes in any form (e.g., macaroni and cheese or fresh stuffed ravioli) (included in category 9).

Bread

- Includes all bread fresh and frozen, white and otherwise.

Fresh biscuits, rolls and muffins

- Includes all fresh and frozen rolls, biscuits, and muffins regardless of the type of flour.

Cakes, cupcakes, and cookies

- Includes all cakes, cupcakes, and brownies which are fresh, refrigerated, pre-packaged, or in any other non-frozen form. Includes cakes such as cheese cake which are kept refrigerated to prevent spoilage; and bread type cakes such as canned nut breads, date breads, gingerbread, banana rum, banana nut breads, sweet breads, and raisin nut bread.
- Includes all cookies such as filled cookies, iced cookies, and frozen cookies and frozen cookie dough; also includes unfilled cones that are used for ice cream.

Other bakery products

- Includes crackers and bread and cracker products.
- Crackers: All saltine or soda, graham, and snack crackers. Also includes matzo and flavored crackers.
- Bread and cracker products: Includes breadcrumbs, cracker crumbs, corn flake crumbs, bread stuffing, cracker meal, and croutons. Also includes bread stuffing that contains corn bread and/or seasonings and boxed stuffing mixes to be baked or cooked on top of the stove.
- Includes all sweet rolls, coffeecake, and doughnuts both fresh and prepackaged. Sweet rolls include Danish pastries, cinnamon buns, etc. Coffeecakes include strudels as well as more conventional cinnamon coffeecakes. All doughnuts are included.
- Includes all fresh or prepackaged pies, tarts, turnovers, and pop tarts that are filled.
- Includes breakfast bars and protein bars.

2. SAF1121 Meats, poultry & fish:

All canned, frozen and otherwise processed fish and seafood are included.

3. SEFH Eggs:

Includes all varieties of eggs and egg substitutes. Eggs may be in or out of the shell. Examples of items are chicken eggs, quail eggs, and egg substitutes in liquid powdered or frozen form. Excludes processed eggs (included in category 9).

Detailed Description List of 33 different 10% Method CPI categories to count by for supermarkets using the IPIC LIFO method

4. SEFJ Dairy & related products:

Milk Includes all fresh ready-to-drink milk. Examples are: whole milk, low fat milk, skim milk, buttermilk, chocolate milk, lactose reduced milk, acidophilus milk, ultra high temperature (UHT) milk, and goat's milk. Excludes non dairy chocolate flavored drinks (included in category 6).

Cheese and related products Includes all natural and processed cheese, cheese foods, and cheese spreads and imitation cheeses.

Ice cream and other related products Includes all varieties of ice cream and its substitute items. Examples are ice cream, sherbet, ice milk, and frozen yogurt; cups, sandwiches, bars, slices, cakes, and pies made from ice cream, sherbet, etc.; and flavored ice products like popsicles, sorbets, and Italian ices.

Other dairy products Includes all types of milk that are not ready-to-drink such as powdered milk, evaporated milk, or condensed milk.

- Includes other milk products such as light, heavy and sour cream, half & half, whipped cream and other coffee creamers whether dairy or non-dairy based; yogurt; nonalcoholic eggnogs; and liquid milk shakes and liquid dairy based protein/diet drinks.
- Excludes prepared dips and dip mixes (included in category 9). Excludes eggnogs containing alcohol, and powdered diet beverages (included in category 6).

5. SAF113 Fruits & vegetables:

All fresh fruits and vegetables

Processed fruits and vegetables

- Includes all frozen, canned and dried.
- Excludes fruit juices (included in category 6).

Canned dry beans

- Includes all types of dry beans such as Lima, Pinto and Navy beans.

6. SAF114 Nonalcoholic beverages & beverage materials:

Fruit & vegetable juices whether liquid or frozen

- Includes all types and varieties of juice drinks whether carbonated or non-carbonated and whether frozen, canned, fresh, refrigerated or not. Examples are frozen juices like orange juice, frozen ades such as lemonade, frozen vegetable juices, frozen drinks, frozen fruit-flavored drinks, frozen tea, and frozen coffee drinks.

Carbonated and non carbonated soft drinks, water, energy drinks

- Includes carbonated cola drinks (both regular and diet, and flavored colas such as cherry cola).
- Includes carbonated drinks other than cola such as carbonated waters, energy drinks and fruity tasting drinks that do not contain fruit juice.
- Includes non carbonated drinks (both regular and diet).
- Includes non carbonated drinks other than cola such as waters, energy drinks and fruity tasting drinks that do not contain fruit juice.

Coffee & tea in both dry and liquid form

- Includes roasted coffee such as whole bean or ground coffee in both regular and decaffeinated and in all flavors such chocolate, orange, almond, cinnamon, etc.
- Includes instant and freeze dried coffee in both regular and decaffeinated and in all flavors such chocolate, orange, almond, cinnamon, etc.
- Includes all forms and varieties of tea except ready-to-drink tea. Examples are loose tea, tea bags, powders/crystals, and herbal teas.

Cocoa

- Includes both powder and liquid cocoa used for baking and to give milk a chocolate flavoring.

Detailed Description List of 33 different 10% Method CPI categories to count by for supermarkets using the IPIC LIFO method

7. SEFR Sugar & sweets:

Jams, jellies and preserves

- Includes all types and varieties of jams, jellies and preserves.

Sugar and sweets

- Includes candy and gum.
- Includes sugar and artificial sweetener.
- Includes icings, marshmallows, molasses, syrup and honey.

8. SEFS Fats & oils:

SEFS Fats and oils

- Includes margarine, vegetable, corn and other oils.
- Includes lard and shortening.
- Includes mayonnaise and sandwich spread.
- Includes butter substitutes that do not contain real butter.
- Includes tarter sauce and salad dressing.

SEFS Butter

- Includes butter whether salted or unsalted, etc.

SEFS Peanut butter

- Includes all varieties of peanut butter.

9. SEFT Other foods:

Other foods

- Includes canned soup & canned specialty foods.
- Includes frozen specialties such as pies, bakery goods, frozen dinners, meat pies and ethnic foods. Does not include ice cream, frozen bread and biscuits, frozen dough including cookie dough.
- Includes meat sauces that are used for meat such as A-1, Heinz 57, other non tomato based sauces for meat – not sauces containing meat.
- Includes all types of baby food and formula however packaged.
- Includes pickles and processed eggs.

Nuts and seeds

- Includes all varieties of nuts and seeds.

Other miscellaneous foods

- Includes potato chips and other snacks.
- Includes seasonings and spices.
- Includes olives, relishes and other condiments.
- Includes sauces (other than meat sauces such as A-1 and Heinz 57 type meat sauces).
- Includes gravies, packaged salads, desserts and Jell-O.
- Includes perishable prepared foods (other than deli meat), macaroni & noodle products w/other ingredients, dry mix preparations, ice, dairy product substitutes and cider & vinegar.
- Includes all other miscellaneous foods.

10. SEFW Alcoholic beverages at home:

Beer, ale & other malt beverages at home Includes all malt beverages and all low-alcohol refreshers and “coolers”.

Distilled Spirits Includes all distilled spirit products purchased for home use except distilled spirit-based low-alcohol refreshers and “coolers”. In addition to whiskies, this includes “white goods” (vodka, gin, rum, tequila, etc.) and “specialties” (brandy, cordials/liqueurs, cocktails/mixed drinks, etc.).

Detailed Description List of 33 different 10% Method CPI categories to count by for supermarkets using the IPIC LIFO method

Wine Includes all wine and all low-alcohol refreshers such as coolers purchased for home use. Low-alcohol refreshers such as coolers may be made using malt, distilled spirits, or wine.

11. SEHE02 Other household fuels:

Kerosene, propane bottles, firewood, Dura flame type logs.

12. SAH3 Household furnishings & operations:

- Includes window and floor coverings.
- Includes furniture, bedding, rugs and other linens.
- Includes appliances, large & small.
- Includes picture frames & mirrors.

13. SEHL Other household equipment & furnishings:

Household items

- Includes Clocks, lamps and decorator items
- Includes all types of indoor lighting, including floor and table lamps, pole lights, chandeliers and other ceiling and wall lights.
- Includes paintings, pictures, picture frames, mirrors, figurines, planters, ash trays, wall hangings, book ends, wine racks, vases, decorative candles, and all types and styles of clocks including alarm, wall, table, cuckoo, travel, and floor models.
- Includes dishes and flatware that are non non-disposable dishes, serving pieces, glassware and flatware. Excludes disposable items such as plastic picnic fork, plates and cups (included in category 17).
- Includes all varieties of non-electric pots and pans, including tea kettles. Items such as casserole dishes used to cook, serve, and store food are included here.
Non-electric items used in a kitchen, including canister sets, can and bottle openers, chopping boards, utility knives, measuring cups and spoons, rolling pins, & spice racks.

Plants and flowers

- Includes all live plants and flowers.

14. SEHM Tools, hardware, equipment & supplies:

Includes all tools, outdoor equipment, hardware and supplies.

15. SEHN01 Household cleaning products:

Soaps, detergents, bleach, fabric softener, starch, water softener, fabric dye, scouring pads, oven cleaners, window cleaners, bathroom cleaners, and spot removers for dishwashing, laundry, and general household use. Also included are all types of household waxes and polishes. Excluded are hand, face & bath soaps & body gels/washes (included in category 32).

16. SEHN02 Household paper products:

- Includes all household paper products such as facial tissue, toilet tissue, paper towels, paper napkins and wet wipes.
- Includes feminine products such as sanitary napkins and tampons
- Excludes writing paper, gift paper and reading material (included in category 33).

17. SEHN03 Miscellaneous household products:

Chemical products

- Includes chemical products such as charcoal, bug spray, shoe polish, fertilizer, etc.

Rubber and plastic products

- Includes plastic wrap.

Detailed Description List of 33 different 10% Method CPI categories to count by for supermarkets using the IPIC LIFO method

- Includes disposal plastic plates, cups, forks, etc. (picnic type items).
- Includes plastic disposable food containers.

Paper products

- Includes plastic trash & food bags, baking cups, vacuum bags, coffee filters.

Metal products

- Includes household aluminum foil.

Machinery & equipment

- Includes batteries and light bulbs.

Miscellaneous products

- Includes insoles, brushes, brooms and matches and other miscellaneous items other than miscellaneous food items.

18. SAA Apparel:

Diapers

- Includes all diapers and Depend type products.

Apparel including hosiery

- Includes apparel items such as hats, gloves, mittens and clothing.
- Includes hosiery and socks.

19. SAT1 Private transportation:

- Includes gasoline, motor oil, coolant, brake fluid, transmission oil, and additives.
- Includes tires, automotive parts and equipment.

20. SEMA Prescription drugs & medical supplies

Includes all prescription drugs

21. SEMB01 Non prescription drugs and over-the-counter drugs:

- Includes vitamins and food supplements.
- Excludes protein supplements that contain milk such as protein shakes (included in category 4).
- Excludes breakfast bars and protein bars (included in category 1).

22. SEMB02 Non-prescription medical equipment and supplies:

- Includes all non prescription dressings and supports such as bandages, ace bandages, ankle supports, etc.
- Includes medical equipment for general use, supportive equipment and convalescent medical equipment.
- Includes all non drug contraceptives.
- Excludes feminine hygiene products such as sanitary pads, tampons and panty liners (included in category 31).
- Excludes feminine health care products such as wash, cleanser, etc. whether prescription or OTC (included in category 31).

23. SERB 01 Pets and pet products:

All types of pet supplies and pet accessories including pet food.

24. SERG Recreational reading materials:

- Includes all types of newspapers and magazines (all single copies sold).
- Includes all comic books.
- Includes all recreational books purchased individually.

Detailed Description List of 33 different 10% Method CPI categories to count by for supermarkets using the IPIC LIFO method

- Excludes textbooks, sets of reference books, and books purchased through book clubs (included in category 33).

25. SERD01 Photographic equipment & supplies:

- Includes all supplies and equipment for all types of cameras and video recorders.
- Includes all varieties of film.

26. SERA Video & audio:

- Includes all televisions, video equipment, video cassettes, discs and other video media.
- Includes audio equipment, audio disc, tapes and other audio media.
- Includes blank and prerecorded video cassettes, disc and CD's.
- Includes video game hardware and game software.

27. SERC Sporting goods:

- Includes all types of sporting goods.
- Includes bicycles.

28. SERE Other recreational goods:

- Includes all toys, games, hobbies and playground equipment.
- Includes sewing machines, fabric and supplies.
- Includes music instruments and accessories.
- Excludes bicycles and sporting equipment (included in category 27).

29. SEGA01 Cigarettes:

All types of cigarettes.

30. SEGA02 Tobacco products other than cigarettes:

All other tobacco products, specifically, all types and varieties of cigars, loose tobaccos for cigarettes, pipes, chewing tobaccos, and snuffs.

31. SEGB01 Hair, dental, shaving, and misc. personal care products:

Hair, dental and shaving products

- Includes all products for the hair such as gel, mouse, hairspray, anti frizz, shampoo, conditioner, leave on conditioners, hot oil treatments, etc.
- Includes all dental products such as tooth paste, tooth brushes, mouth wash and dental floss.
- Includes shaving products such as shaving cream and gel.
- Includes non electric razors.

Other personal care products

- Includes deodorant.
- Includes all lotions, oils and creams.
- Includes sunscreen and after sun lotion.
- Includes feminine products such as sanitary napkins and tampons.
- Includes other miscellaneous personal care products that are not prescribed by a doctor.

32. SEGB02 Cosmetics, perfume, bath, nail preparations & implements:

Perfume, cologne, toilet water

- Includes all perfume, cologne, toilet water (excluding shaving and after shave products).

Detailed Description List of 33 different 10% Method CPI categories to count by for supermarkets using the IPIC LIFO method

Cosmetics

- Includes all types of make up such as lip stick, lip gloss, eye make up, foundation, etc.
- Includes all varieties of nail polish and other nail products.

Hand, face & bath soaps & body gels/washes

33. SEGE Miscellaneous personal goods:

Includes writing paper and envelopes, in sets or separately, all varieties of note paper, greeting cards, gift wrapping paper, accessories used with these implements, desk accessories, and other stationary supplies such as loose-leaf binders and filler, index cards, spiral notebooks, transparent tape, staples, glue, and paste. Includes infants' equipment.

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	A	B	C	D	E	F	G	H
1	Sample Supermarket							
2	Schedule calculating year end cost FIFO by 33 CPI categories using physical inventory counts at retail for non-perishable depts.							
3								
4	CPI CODE	CATEGORY DESCRIPTION	Non-Perishable Physical Inventory Counts @ Retail	Categories used to calculate allocation ratios excluding tobacco & Rx	% of Total Non-perishable excluding Rx & tobacco Inv.	Allocation of Non-Perishable inv. excluding Rx & tobacco Cost to 33 Categories	Perishable Inv., Rx & cigarettes @ Cost by Category	Total Y/E Inv. @ Cost by 33 CPI Categories
5	1	--Cereals & bakery products:	35,060.75	35,060.75	2.17%	26,579.60	16,683.00	43,262.60
6	2	---Meats, poultry & fish:	35,551.00	35,551.00	2.20%	26,951.26	82,050.00	109,001.26
7	3	---Eggs	4,972.00	4,972.00	0.31%	3,769.28		3,769.28
8	4	--Dairy & related products:	138,183.00	138,183.00	8.55%	104,756.72		104,756.72
9	5	--Fruits & vegetables:	135,187.00	135,187.00	8.36%	102,485.45	31,043.00	133,528.45
10	6	--Nonalcoholic beverages & beverage materials:	-	-	0.00%	-	-	-
11	7	---Sugar & sweets:	27,296.81	27,296.81	1.69%	20,693.75		20,693.75
12	8	---Fats & oils:	25,695.79	25,695.79	1.59%	19,480.01		19,480.01
13	9	---Other foods:	686,840.00	686,840.00	42.49%	520,694.35	61,843.00	582,537.35
14	10	-Alcoholic beverages at home:	-	-	0.00%	-	-	-
15	11	-Other household fuels	39,319.52	39,319.52	2.43%	29,808.18		29,808.18
16	12	HOUSEHOLD FURNISHINGS & OPERATIONS:	19,992.28	19,992.28	1.24%	15,156.18		15,156.18
17	13	-Other household equipment & furnishings:	15,017.72	15,017.72	0.93%	11,384.95	6,979.00	18,363.95
18	14	-Tools, hardware, outdoor equipment & supplies:	16,433.04	16,433.04	1.02%	12,457.91		12,457.91
19	15	--Household cleaning products	37,209.42	37,209.42	2.30%	28,208.51		28,208.51
20	16	--Household paper products	26,288.71	26,288.71	1.63%	19,929.51		19,929.51
21	17	--Miscellaneous household products	122,299.00	122,299.00	7.57%	92,715.04		92,715.04
22	18	APPAREL:	5,518.00	5,518.00	0.34%	4,183.20		4,183.20
23	19	--Vehicle accessories other than tires	12,378.00	12,378.00	0.77%	9,383.78		9,383.78
24	20	-Prescription drugs & medical supplies	191,627.00		0.00%	-	205,101.00	205,101.00
25	21	--Internal & respiratory over-the-counter drugs	25,748.05	25,748.05	1.59%	19,519.63		19,519.63
26	22	--Nonprescription medical equipment & supplies	3,271.83	3,271.83	0.20%	2,480.38		2,480.38
27	23	-Pets & pet products	9,221.04	9,221.04	0.57%	6,990.48		6,990.48
28	24	-Recreational reading materials:	-	-	0.00%	-	-	-
29	25	-Photographic equipment & supplies	5,900.00	5,900.00	0.36%	4,472.80		4,472.80
30	26	-Video & audio:	2,197.00	2,197.00	0.14%	1,665.55		1,665.55
31	27	-Sporting goods:	-	-	0.00%	-	-	-
32	28	-Other recreational goods:	-	-	0.00%	-	-	-
33	29	-Cigarettes	24,321.00		0.00%	-	21,946.00	21,946.00
34	30	-Tobacco products other than cigarettes	-	-	0.00%	-	-	-
35	31	-Hair, dental, shaving & misc. personal care products	109,060.11	109,060.11	6.75%	82,678.62		82,678.62
36	32	-Cosmetics, perfume, bath, nail preparations & implement	5,992.19	5,992.19	0.37%	4,542.69		4,542.69
37	33	MISCELLANEOUS PERSONAL GOODS	71,889.00	71,889.00	4.45%	54,499.15		54,499.15
38			1,832,469.26	1,616,521.26	100.00%	1,225,487.00	425,645.00	\$ 1,651,132.00
39								
40	YEAR END INVENTORY @ COST BY DEPT							
41	Non-Perishables:				CPI CODE			
42		GROCERY @ COST	692,668					
43		NON-FOODS @ COST	119,101					
44		HABA @ COST	213,864					
45		DAIRY @ COST	99,984					
46		FROZEN @ COST	99,870					
47		PHARMACY @ COST	205,101		20			
48		CIGARETTES @ COST	21,946		29			
49			\$ 1,452,534					
50		Non-perishable depts. less pharmacy & cigarettes	\$ 1,225,487					
51	Perishable:				CPI CODE			
52		MEAT @ COST	42,032.00		2			
53		PRODUCE @ COST	31,043.00		5			
54		BAKERY @ COST	16,683.00		1			
55		APPY @ COST	47,107.00		9			
56		FISH @ COST	40,018.00		2			
57		HORTICULTURE @ COST	6,979.00		13			
58		PREPARED FOODS @ COST	14,736.00		9			
59			\$ 198,598.00					
60								
61			\$ 1,651,132.00					
62		Total of perishables, pharmacy & cigarettes	\$ 425,645.00					
63	This schedule show how the RGIS physical inventory count summary schedules are used in calculating the year end inventory breakdown by the 33 LIFO CPI categories. The							
64	approach taken is to use the physical inventory counts made at retail for the non-perishables excluding Rx & tobacco to calculate the mix to spread the cost g/l balances							
65	corresponding to these department. The cost g/l balances for all perishable depts. and the pharmacy & cigarettes depts. are assigned a single CPI code, so the balances for those							
66	depts. are excluded from the mix used to spread the balances applicable to the other depts. The steps used are:							
67	1. Rows 8-43 of column C show the RGIS physical inventory counts at retail by the 33 CPI LIFO categories. Backroom goods are typically not counted by RGIS (at least not using							
68	the CPI category breakdowns) nor are any of the perishable departments & usually not the pharmacy department.							
69	2. The column D balances are the same as the column C balances except that the balances are excluded for the two tobacco CPI categories.							
70	3. Rows 8-43 of column E show the percentage each of the column D balances is to the row 44 total.							
71	4. Rows 48-66 of column C show the year end inventory balances by general ledger sub accounts (which correspond to merchandise departments) at cost with subtotals by							
72	perishables v. non-perishables departments with a subtotal shown also on row 57 for the non-perishable departments total less balances for pharmacy & cigarettes.							
73	5. Rows 8-43 of column F show the calculation of the non-perishable, non-pharmacy & non-tobacco inventory at cost breakdown by the 33 CPI categories. These balances are							
74	calculated by multiplying the column E percentages times the cell C57 total.							
75	6. Column G shows the allocation of the perishables, Rx & cigarettes inventory at cost (per the cells C53:C66) to the applicable CPI categories.							
76	7. Rows 8-43 of column H show the total inventory at cost by the 33 CPI categories. This column is the sum of the columns F & G.							

IPIC REPRESENTATION CHECKLIST			
Is the category represented?		Indicate with X in column A or B whether these goods are carried	
Yes	No		
Category #1 - Cereal & Bakery Products			
X		1)	Flour & Prepared Flour Mixes
X		2)	Breakfast Cereal
X		3)	Rice, Pasta, Cornmeal
X		4)	Bread
X		5)	Fresh Biscuits, Rolls & Muffins
X		6)	Cookies, Fresh Cakes & Cupcakes
X		7)	Other Bakery Products
Category #2 - Meats, Poultry Fish & Eggs			
X		8)	Uncooked Ground Beef
X		9)	Uncooked Beef Roasts
X		10)	Uncooked Beef Steaks
X		11)	Uncooked Other Beef & Veal
X		12)	Bacon, Breakfast Sausage & Related Products
X		13)	Ham
X		14)	Pork Chops
X		15)	Other Pork, Including Roasts & Picnics
X		16)	Other Meats
X		17)	Chicken
X		18)	Other Poultry Including Turkey
X		19)	Fresh Fish & Seafood
X		20)	Processed Fish & Seafood
X		21)	Eggs
Category #4 - Dairy Products			
X		22)	Milk
X		23)	Cheese & Related Products
X		24)	Ice Cream & Related Products
X		25)	Other Dairy & Related Products
Category #5 - Fruits & Vegetables			
Fresh Fruits			
X		26)	Apples
X		27)	Bananas
X		28)	Citrus Fruits
X		29)	Other Fresh Fruits
Fresh Vegetables			
X		30)	Potatoes
X		31)	Lettuce
X		32)	Tomatoes
X		33)	Other Fresh Vegetables
Processed			
X		34)	Canned Fruits & Vegetables
X		35)	Frozen Fruits & Vegetables
X		36)	Other Processed Fruits & Vegetables Including Dried
Category #6 - Nonalcoholic Beverages & Beverage Materials			
X		37)	Carbonated Drinks
X		38)	Frozen Noncarbonated Juices & Drinks
X		39)	Nonfrozen Noncarbonated Juices & Drinks
X		40)	Coffee
X		41)	Other Beverage Materials Including Tea
Category #7 - Sugar & Sweets			
X		42)	Sugar & Artificial Sweeteners
X		43)	Candy & Chewing Gum
X		44)	Other Sweets
Category #8 - Fats & Oils			

Is the category represented?		Indicate with X in column A or B whether these goods are carried				
Yes	No					
X		45)	Butter & Margarine			
X		46)	Salad Dressing			
X		47)	Other Fats & Oils Including Peanut Butter			
			Category #9 - Other Foods			
X		48)	Soups			
X		49)	Frozen & Freeze Dried Prepared Foods			
X		50)	Snacks			
X		51)	Spices, Seasonings, Condinments, Sauces			
X		52)	Baby Food			
X		53)	Other Miscellaneous Foods			
			Category #10 - Alcoholic Beverages			
X		54)	Beer, Ale & Other Malt Beverages At Home			
X		55)	Distilled Spirits At Home			
X		56)	Wine At Home			
			Category #11 - Fuel Oil & Other Fuels			
	X	57)	Fuel Oil			
X		58)	Other Household Fuels			
			Category #12 - Household Furnishings & Operations			
	X	59)	Floor Coverings			
	X	60)	Window Coverings			
X		61)	Other Linens			
	X	62)	Bedroom Furniture			
	X	63)	Living Room, Kitchen & Dining Room Furniture			
	X	64)	Other Furniture			
	X	65)	Major Appliances			
X		66)	Other Appliances			
			Category #13 - Other Household Equipment & Furnishings			
X		67)	Clocks, Lamps & Decorator Items			
X		68)	Indoor Plants & Flowers			
X		69)	Dishes & Flatware			
X		70)	Nonelectric Cookware & Tableware			
			Category #14 - Tools, Hardware, Outdoor equip. & supplies			
X		71)	Tools, Hardware & Supplies			
X		72)	Outdoor Equipment & Supplies			
			Category #15 - Housekeeping Supplies-Household cleaning			
X		73)	Household Cleaning Products			
			Category #16 - Housekeeping Supplies-Household paper products			
X		74)	Household Paper Products			
			Category #17 - Housekeeping Supplies-Misc. household products			
X		75)	Miscellaneous Household Products			
			Category #18 - Apparel			
	X	76)	Men's Suits, Sport Coats & Outerwear			
	X	77)	Men's Furnishings			
	X	78)	Men's Shirts & Sweaters			
	X	79)	Men's Pants & Shorts			
	X	80)	Boy's Apparel			
	X	81)	Women's Outerwear			
	X	82)	Women's Dresses			
	X	83)	Women's Suits & Seperates			
X		84)	Women's Underwear, Nightwear, Sportwear & Accessories			
	X	85)	Girl's Apparel			
	X	86)	Men's Footwear			
	X	87)	Boy's & Girl's Footwear			
	X	88)	Women's Footwear			

Is the category represented?		Indicate with X in column A or B whether these goods are carried			
Yes	No				
X		89)	Infant's & Toddlers' Apparel		
	X	90)	Jewelry		
	X	91)	Watches		
<u>Category #19 - Private Transportation</u>					
	X	92)	Gasoline		
	X	93)	Other Motor Fuels		
	X	94)	Tires		
X		95)	Vehicle Accessories Other Than Tires		
<u>Category #20 - Prescription Drugs & Medical Supplies</u>					
X		96)	Prescription Drugs & Medical Supplies		
<u>Category #21 - Nonprescription Drugs</u>					
X		97)	Internal & Respiratory Over-The-Counter Drugs		
<u>Category #22 - Nonprescription Medical Equipment & Supplies</u>					
X		98)	Nonprescription Medical Equipment & Supplies		
<u>Category #23 - Recreation-Pets & pet products</u>					
X		104)	Pets & pet products		
<u>Category #24 - Recreation Reading materials</u>					
X		111)	Newspapers & Magazines		
X		112)	Recreational Books		
<u>Category #25 - Recreation-Photo equip. & supplies</u>					
X		107)	Photographic Equipment & Supplies		
<u>Category #26 - Recreation-Video & audio</u>					
	X	99)	Televisions		
	X	100)	Other Video Equipment		
X		101)	Video Cassettes, Discs & Other Media		
	X	102)	Audio Equipment		
X		103)	Audio Discs, Tapes & Other Media		
<u>Category #27 - Recreation-Sporting goods</u>					
	X	105)	Sports Vehicles, Including Bicycles		
	X	106)	Sports Equipment		
<u>Category #28 - Recreation-Other recreational goods</u>					
X		108)	Toys		
	X	109)	Sewing Machines, Fabric & Supplies		
	X	110)	Music Instruments & Accessories		
<u>Category #29 - Tobacco & Smoking Products-Cigarettes</u>					
X		113)	Cigarettes		
<u>Category #30 - Tobacco & Smoking Products-Tobacco other than cigarettes</u>					
X		114)	Tobacco Products Other Than Cigarettes		
<u>Category #31 - Personal Care Products-Hair, dental, shaving & misc. personal care products</u>					
X		115)	Hair, Dental, Shaving & Misc. Personal Care Products		
<u>Category #32 - Personal Care Products-Cosmetics, perfume, bath, nail preparations & implement</u>					
X		116)	Cosmetics, Perfume, Bath, Nail Preparations & Implements		
<u>Category #33 - Miscellaneous Personal Goods</u>					
X		117)	Miscellaneous Personal Goods		

The purpose of this schedule is to indicate which categories are actually present in inventory.