Question:

Hull Company's record of transactions concerning part X for the month of April was as follows.

Purchases Sales

April 1 (balance on hand) 100 @ $5.00 April 5 300

4 400 @ 5.10 12 200

11 300 @ 5.30 27 800

18 200 @ 5.35 28 150

26 600 @ 5.60

30 200 @ 5.80

Instructions

(a) Compute the inventory at April 30 on each of the following bases. Assume that perpetual inventory records are kept in units only. Carry unit costs to the nearest cent.

(1) First-in, first-out (FIFO).

(2) Last-in, first-out (LIFO).

(3) Average-cost.

(b) If the perpetual inventory record is kept in dollars, and costs are computed at the time of each withdrawal, what amount would be shown as ending inventory in (1), (2), and (3) above? (Carry average unit costs to four decimal places.)

Answer:

(a)

Purchases	Total Units	Sales	Total Units
April 1 (balance on hand)	100	April 5	300
April 4	400	April 12	200

April 11	300	April 27	800
April 18	200	April 28	150
April 26	600	Total units	1,450
April 30	200		
Total units	1,800		
Total units sold	1,450		
Total units (ending inventory)	350		

Assuming costs are not computed for each withdrawal:

1. First-in, first-out.

Date of Invoice	No. Units	Unit Cost	Total Cost
April 30	200	$5.80	$1,160
April 26	150	5.60	840
			$2,000

2. Last-in, first-out.

Date of Invoice	No. Units	Unit Cost	Total Cost
April 1	100	$5.00	$ 500
April 4	250	5.10	1,275
			$1,775