



Accounting II - Simplified for You



First-In, First-Out (FIFO)

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First-In, First-Out

Cost of units sold are associated with first units purchased.

Item 123V -Floor Mats			
Purchases			
Date	Quantity	Unit Cost	Total Cost
7/1/2014	5	20	100
7/15/2014	10	23	230
7/27/2014	8	25	200
	23		\$ 530
Quantity (Units) available for sale:			23
Cost of Goods Available for sale:			\$530

First-In, First-Out

- Assume we sold 1 unit at \$50 selling price, unit sold is from purchase made

Cost of Goods Sold = \$20
1 unit x \$23 = \$20

Merchandise Ending Inventory = \$510

Item 123V -Floor Mats			
Purchases			
Date	Quantity	Unit Cost	Total Cost
7/1/2014	5	20	100
7/15/2014	10	23	230
7/27/2014	8	25	200
	23		\$ 530
Quantity (Units) available for sale:			23
Cost of Goods Available for sale:			\$530

Item 123V -Floor Mats			
Purchases			
Date	Quantity	Unit Cost	Total Cost
7/1/2014	5	20	100
7/15/2014	10	23	230
7/27/2014	8	25	200
	22		\$ 510
Quantity (Units) available for sale:			22
Cost of Goods Available for sale:			\$ 510

Income Statement

Unique Designs	
Income Statement	
For the Month Ended July 31, 20XX	
Sales Revenues	\$ 50
Cost of Goods Sold	\$ (20)
Gross Profit	\$ 30
Operating Expenses	XX
Net Income	XX

Item 123V -Floor Mats			
Purchases			
Date	Quantity	Unit Cost	Total Cost
7/1/2014	5	20	100
7/15/2014	10	23	230
7/27/2014	8	25	200
	23		\$ 530
Quantity (Units) available for sale:			23
Cost of Goods Available for sale:			\$530

Balance Sheet

Unique Designs
Balance Sheet
July 31, 20XX

Assets		Liabilities	
Cash	XXX	Accounts Payable	XXX
Accounts Receivable	XXX	Salaries Payable	XXX
Merchandise Inventory	\$ 510	Owner's Equity	
Office Equipment	XXX	Mary Smith, capital	XXX
Total Assets	XXX	Total liabilities and	XXX

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Item 123V - Floor Mats

Date	Quantity	Unit Cost	Total Cost
7/1/2014	4	20	80
7/15/2014	16	23	230
7/27/2014	8	25	200
	22		\$ 510

Quantity (Units) available for sale: 22

Cost of Goods Available for sale: \$ 510


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Keep
Educating
Yourself



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