07/08/2019

- intangible are nott physical
- Amortization: depresiation of intangible assets
  - expected life
  - legal life

thirteen. Inventory and cost of goods

Perpetual Method of inventory:
- allows to know whatt they have and track the cost
- accurate record keeping
- disadvantage cost of implementation

Periodic Method of inventory:
- at the begining or end of the month
- cheap.
- assumptions made

Calculating CoGS under periodic method

Begining inventory + inventory ~~purchases~~ - Ending invento = cost of goods sold.

- Asumbtions = business is dealing with changing per unit cost assumptions have to be mad
- First in First out: ~~Oldest~~ ~~newest~~ oldest are sold first.
- Last in First out: newest is sold first
- Both result in diferent inventory balance.
- Average ~~to determine~~ balance an purchaes over the period a average cost per unit.

$$\frac{\text{Beginn} + \text{purchases}}{\text{End inv.} + \text{purc unt}} = \text{Avg cost}$$