3 At 1 January 2013, Brahms had opening inventory of 50 teddy bears at a purchase price of \$30 each.

His transactions for the first three months of 2013 were:

Date		Purchases (units)	Purchase price (per unit)	Sales (units)
Jan	8	, ,	* ,	30 ´
	10	100	\$30.00	00
	12 21	120	\$30.50	80
	28	120	φ30.30	90
Feb	1 14 23	450	004.00	50
		150	\$31.00	100
March	1 4 19	400	004.50	30
		120	\$31.50	120
	23	100	\$32.00	
	27			120

No other transactions took place during these months. Each teddy bear was sold for \$50.

REQUIRED

(a)	Calculate the	value of	the inver	ntory at 31	March	2013	using the	e following	methods	of
	valuation.									

IFO	
	[3]
	FO

	(ii)	AVCO.
		[3]
(b)	Usi 31 I	ng each method of valuation, calculate the gross profit for the three months ending March 2013.
	(i)	FIFO
		[5]
	(ii)	AVCO.
		[2]

(c)		ate one advantage and one disadvantage of using the following methods of inventory uation:			
	(i)	FIFO			
		[2]			
	(ii)	AVCO.			
		[2]			
(d)	met	hms currently uses FIFO to value his inventory. He is considering changing the thod to show a lower profit each year. State two reasons why he should not do this. We reference to any relevant accounting principles, concepts and conventions.			
	1				
	2				
		[4]			

Charlie runs a similar business and also completes his financial year on 31 March 2013. He is unable to value his inventory at that date. The stock count takes place on 7 April 2013. The value at that date is \$1000. Between the two dates the following transactions had occurred.

Sold goods at a selling price of \$120. (Charlie normally marks up his goods for sale at 25%. These goods were in stock on 31 March 2013.)

Purchased goods at an invoice price of \$70.

Goods sold to a customer for \$80 had been returned by them. (The sale took place on 28 March 2013.)

Damaged goods were discovered which had been included at a cost of \$30. Charlie could only sell them for \$20.

REQUIRED

(e)	Calculate the value of Charlie's closing inventory at 31 March 2013.