

Exercise – Moving Average Solution

Date	Purchases	COGS	Inventory Balance
3/2	2,000@\$4		2,000 units @ \$4.00 = \$8,000
3/15	6,000@\$4.40		2,000 units @ \$4.00 = \$8,000 6,000 units @ \$4.40 = \$26,400 8,000 units @ \$4.30 = \$34,400
3/19		4,000@\$4.30	4,000 units @ \$4.30 = \$17,200
3/30	2,000@\$4.75		4,000 units @ \$4.30 = \$17,200 2,000 units @ \$4.75 = \$9,500 6,000 units @ \$4.45 = \$26,700

- So EI = \$26,700 and then COGS = \$43,900 - \$26,700 = \$17,200
- GM = \$20,000 - \$17,200 = \$2,800

