

Day F02 (Principles of Accounting):**Chapter # 6**

1. (LO 2) Englehart Company has the following inventory, purchases, and sales data for the month of March.

Inventory:	March 1	200 units @ \$4.00	\$ 800
Purchases:	March 10	500 units @ \$4.50	2,250
	March 20	400 units @ \$4.75	1,900
	March 30	300 units @ \$5.00	1,500
Sales:	March 15	500 units	
	March 25	400 units	

The physical inventory count on March 31 shows 500 units on hand.

Instructions

Under a **perpetual inventory system**, determine the cost of inventory on hand at March 31 and the cost of goods sold for March under (a) FIFO, (b) LIFO, and (c) moving-average cost.

FIFO:

Date	Purchase	COGS	Balance
March 01	200 units @ \$4.00		200 units @ \$4.00=\$800
March 10	500 units @ \$4.50		200 units @ \$4.00=800 500 units @ \$4.50=2,250
March 15		200 units @ \$4.00=800 300 units @ \$4.50=1,350	200 units @ \$4.50=900
March 20	400 units @ \$4.75		200 units @ \$4.50=900 400 units @ \$4.75=1,900
March 25		200 units @ \$4.50=900 200 units @ \$ 4.75=950	200 units @ \$4.75=950
March 30	300 units @ \$5.00		200 units @ \$4.75=950 300 units @ \$5.00=1,500
Result		COGS=\$4,000	On Hand = 500 units Total =2,450

LIFO:

Date	Purchase	COGS	Balance
March 01	200 units @ \$4.00		200 units @ \$4.00=800
March 10	500 units @ \$4.50		200 units @ \$4.00=800 500 units @ \$4.50=2,250
March 15		500 units @ \$4.50=2,250	200 units @ 4.00=800
March 20	400 units @ \$4.75		200 units @ 4.00=800 400 units @ \$ 4.75=1,900
March 25		400 units @ \$ 4.75=1,900	200 units @ 4.00=800
March 30	300 units @ \$5.00		200 units @ 4.00=800 300 units @ \$5.00=1,500
Result		COGS=\$4,150	On Hand =500 units Total =\$2,300

Moving Average Cost:

Date	Purchase	COGS	Balance
March 01	200 units @ \$ 4.00		200 units @ \$4.00=800
March 10	500 units @ \$4.50=2,250		700 units @ \$4.357=3,050
March 15		500 units @ \$4.357=2179	200 units @ \$4.357=871
March 20	400 units @ \$ 4.75=1900		600 units @ \$4.618=2771
March 25		400 units @ \$4.618=1847	200 units @ \$4.618=924
March 30	300 units @ \$5.00=1500		500 units @ \$4.848=2424
Result		COGS=\$4026	On hand =500 units Total = \$ 2424