

COST OF GOODS AVAILABLE FOR SALE:

<u>Date</u>	<u>Explanation</u>	<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Oct. 1	Beginning inventory	1,500	\$5	\$ 7,500
3	Purchase	4,000	6	24,000
9	Purchase	3,000	7	21,000
19	Purchase	2,000	8	16,000
25	Purchase	<u>2,500</u>	9	<u>22,500</u>
	UAFS**	13,000	*COGAFS	\$91,000
	Less Units Sold	<u>< 9,000 ></u>		
	Ending Inventory Units	<u>4,000</u>		

FIFO:

(1) Ending Inventory

<u>Date</u>	<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Oct. 25	2,500	\$9	\$22,500
19	<u>1,500</u>	8	<u>12,000</u>
	<u>4,000</u>		<u>\$34,500</u>

(2) Cost of Goods Sold

*Cost of goods available for sale	\$91,000
Less: Ending inventory	<u>34,500</u>
Cost of goods sold	<u>\$56,500</u>

LIFO:

(1) Ending Inventory

<u>Date</u>	<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
Oct. 1	1,500	\$5	\$ 7,500
3	<u>2,500</u>	6	<u>15,000</u>
	<u>4,000</u>		<u>\$22,500</u>

(2) Cost of Goods Sold

*Cost of goods available for sale	\$91,000
Less: Ending inventory	<u>22,500</u>
Cost of goods sold	<u>\$68,500</u>

AVERAGE COST:

(1) Ending Inventory

COGAFS/UAFS = Average cost per unit
 $\$91,000 \div 13,000 = \underline{\$7.00}$

<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
<u>4,000</u> @	\$7.00	= <u>\$28,000</u>

(2) Cost of Goods Sold

*Cost of goods available for sale	\$91,000
Less: Ending inventory	<u>28,000</u>
Cost of goods sold	<u>\$63,000</u>

- (1) FIFO results in the highest inventory amount for the balance sheet, \$34,500.
 (2) LIFO results in the highest cost of goods sold, \$68,500.

*COGAFS = Cost of goods available for sale

**UAFS = Units available for sale