10/10 Excellent!

ACCT 101 Quiz 6 Name: Nea Torniainen Date: Nov. 25

Value Corp. has the following information for the month of June. Assuming that Value Corp. uses a periodic inventory system.

		Units	Unit Cost	Total Cost
June 1	B Inventory	200	$5	$1,000
June 12	Purchase	300	$6	1,800
June 23	Purchase	500 =1000	$7	3,500
June 30	E Inventory	120		=6300

1) What is the ending inventory and cost of goods sold under FIFO, LIFO and WA?

FIFO

120 × $7 = $840 (ending inventory)

Total cost of goods available for sale = $6,300

C.G.S = 6,300 − 840 = $5,460

LIFO

120 × $5 = $600 (ending inventory)

Total GAS = $6,300

C.G.S = 6,300 − 600 = $5,700

WA

6,300 : 1000 = $6.3/unit

120 × $6.3 = $756 (ending inventory)

Total GAS = $6,300

C.G.S = 6,300 − 756 = $5,544

2) Which Costing method gives the higher ending inventory? And which method results in the higher cost of goods sold? Why?

FIFO gives the highest ending inventory. Highest cost of goods sold is in LIFO, because the price of one unit was lower in the beginning of June and higher at the end. In LIFO the products purchased last (higher price) are sold first.

for Inflationary economy.