# Practices

1.Ali's Department Store uses a perpetual inventory system. Data for product E2-D2 include the following purchases.

| Date | Number of Units | Unit Price |
|---|---|---|
| May 7 | 50 | $10 |
| July 28 | 30 | 13 |

On June 1, Pierre's sold 30 units, and on August 27, 40 more units. Prepare the perpetual inventory schedule for the above transactions using (a) FIFO, (b) LIFO, and (c) WA.

2. Baghdad Co. uses a periodic inventory system. Its records show the following for the month of May, in which 65 units were sold.

| | | Units | Unit Cost | Total Cost |
|---|---|---|---|---|
| May 1 | Inventory | 30 | $ 8 | $240 |
| 15 | Purchases | 25 | 11 | 275 |
| 24 | Purchases | 35 | 12 | 420 |
| | Totals | 90 | | $935 |

**Instructions**

Compute the ending inventory at May 31 and cost of goods sold using the FIFO and LIFO methods.

Prove the amount allocated to cost of goods sold under each method.

3. Flanagan Company reports the following for the month of June.

| | | Units | Unit Cost | Total Cost |
|---|---|---|---|---|
| June 1 | Inventory | 200 | $5 | $1,000 |
| 12 | Purchase | 300 | 6 | 1,800 |
| 23 | Purchase | 500 | 7 | 3,500 |
| 30 | Inventory | | 120 | |

**Instructions**

**(a)** Compute the cost of the ending inventory and the cost of goods sold under (1) FIFO and (2) LIFO.

**(b)** Which costing method gives the higher ending inventory? Why?

**(c)** Which method results in the higher cost of goods sold? Why?

4. AL- Iraqi Co. uses a perpetual inventory system. For its flat-screen television sets, the January 1 inventory was 3 sets at $600 each. On January 10, Hiroyuki purchased 6 units at $660 each. The company sold 2 units on January 8 and 4 units on January 15.

**Instructions**

Compute the ending inventory under (1) FIFO, (2) LIFO, and (3) WA.