

Assignment

Principles of Accounting

FIFO and Average Cost Flow Methods periodic and perpetual inventory systems

Submitted to

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Exercise 14.6
Required : A

Power Ltd
Ending Inventory & Cost of Goods Sold
Weighted Average Method
Under Periodic Inventory System
Calculation Cost of Goods Available for Sale

Date	Unit	Unit Cost (\$)	Total Cost (\$)
July-01	8	35	280
Aug-14	11	38	418
Jan-08	10	40	400
March-10	5	42	210
Total	<u>34</u>		<u>1308</u>

Calculation of Sold Unit

Date	Sales (\$)
Sep-25	9
April-13	11
June-10	3
Total	<u>23</u>

Average Cost Per Unit = Cost of Goods Available for Sale / Unit Available Sale
 = 1308/34
 = \$ 38.47

Ending Inventory (Unit) = Total Available for Sale Unit – Sales Unit
 = 34-23
 = 11 (Unit)

Ending Inventory (Taka) = Ending Inventory * Average Cost Per Unit
 = 11*38.47
 = \$ 423.17

Cost of Sales = Sales Unit * Average Cost Per Unit
 = 23*38.47
 = 885 (Approximate)

Required : B

Power Ltd
Ending Inventory & Cost of Goods Sold
Moving Average Method
Under Perpetual Inventory System

Date	Explanation	Purchase			Sales			Balance		
		Unit	Unit cost (\$)	Total (\$)	Unit	Unit cost (\$)	Total (\$)	Unit	Unit cost (\$)	Total (\$)
July-1	Beginning Inventory							8	38	280
Aug-14	Purchase	11	38	418				19	36.74	698
Sep-25	Sold				9	36.74	331	10	36.74	367
Jan-08	Purchase	10	40	400				20	38.35	767
March-03	Purchase	5	42	210				25	39.08	977
April-13	Sold				11	39.08	430	14	39.08	547
June-10	Sold				3	39.08	117	11	39.08	430
	Total				<u>23</u>		<u>878</u>	11		<u>430</u>

Answer

Cost of Goods Sold = Tk. 878

Ending Inventory = Tk. 430