

Apply cost flow methods to perpetual records.

(LO 5)

***E6-15** Ehrhart Appliance uses a perpetual inventory system. For its flat-screen television sets, the January 1 inventory was 3 sets at \$600 each. On January 10, Ehrhart purchased 6 units at \$660 each. The company sold 2 units on January 8 and 5 units on January 15.

Instructions

Compute the ending inventory under (a) FIFO, (b) LIFO, and (c) moving-average cost.

Calculate inventory and cost of goods sold using three cost flow methods in a perpetual inventory system.

(LO 5)

***E6-16** Moath Company reports the following for the month of June.

<u>Date</u>	<u>Explanation</u>	<u>Units</u>	<u>Unit Cost</u>	<u>Total Cost</u>
June 1	Inventory	200	\$5	\$1,000
12	Purchase	400	6	2,400
23	Purchase	300	7	2,100
30	Inventory	100		

Instructions

- Calculate the cost of the ending inventory and the cost of goods sold for each cost flow assumption, using a perpetual inventory system. Assume a sale of 440 units occurred on June 15 for a selling price of \$8 and a sale of 360 units on June 27 for \$9.
- How do the results differ from E6-6 and E6-8?
- Why is the average unit cost not \$6 $[(\$5 + \$6 + \$7) \div 3 = \$6]$?