

Qno 3-Ali Company

Quantity Schedule					
Date		Description	Units	Unit Cost	Total Cost
2001					
Jan	1	Beginning Inventory	300	2.75	825
	5	Purchases	500	3.00	1,500
Mar	10	Purchases	600	3.50	2,100
July	15	Purchases	700	3.75	2,625
Sep	4	Purchases	1,000	4.00	4,000
Oct	5	Purchases	500	4.25	2,125
Dec	20	Purchases	400	4.50	1,800
		Available for Sale	4,000		14,975
Less: Ending Units			(1,150)		
Units Sold			2,850		

By FIFO

Computation for Cost of Ending Inventory

250 units from purchases of Sep 4 @ Rs.4.00 each	1,000
500 units from purchases of Oct 5 @ Rs.4.25 each	2,125
400 units from purchases of Dec 20 @ Rs.4.50 each	1,800
Cost of Ending Inventory	4,925

Computation for Cost of Goods Sold

Cost of Goods available for Sale	14,975
Less: Cost of Ending Inventory	(4,925)
Cost of Goods Sold	10,050

Computation for Gross Profit

Sales (2,850 x Rs.5.50)	15,675
Less: Cost of Goods Sold	(10,050)
Gross Profit	5,625

By LIFO:				
Computation for Cost of Ending Inventory				
300 units from beginning inventory @ Rs.2.75 each				825
500 units from purchases of Jan 5 @ Rs.3.00 each				1,500
350 units from purchases of Mar. 10 @ Rs.3.50 each				1,225
Cost of Ending Inventory				3,550
Computation for Cost of Goods Sold				
Cost of Goods available for Sale				14,975
Less: Cost of Ending Inventory				(3,550)
Cost of Goods Sold				11,425
Computation for Gross Profit				
Sales (2,850 x Rs.5.50)				15,675
Less: Cost of Goods Sold				(11,425)
Gross Profit				4,250

By Weighted Average Method:				
Computation for Weighted Average Unit Cost				
Weighted Average Unit Cost	=	Cost of Goods available for Sale		
		Units available for Sale		
	=	<u>14975/4,000</u>		
	=	3.7438		
Computation for Cost of Ending Inventory				
Cost of Ending Inventory	=	Ending Units	x	Weighted Average Unit Cost
	=	1,150	x	3.7438

Computation for Cost of Goods Sold					
Cost of Goods available for Sale					14,975
Less: Cost of Ending Inventory					(4,305)
Cost of Goods Sold					10,670
Computation for Gross Profit					
Sales (2,850 x Rs.5.50)					15,675
Less: Cost of Goods Sold					(10,670)
Gross Profit					5,005