

Illustration1

Samer Company began July, 2011 with 2 DVDs (Basic Excel Training DVD) in inventory. It had 3 DVDs at the end of July. The company plans on selling each DVD for \$80 to its customers. Table below gives the inventory data for DVD:

July.1 Inventory **2 units @ \$40 each**

5 Purchase **6 units @ \$45 each**

15 Sale **4 units .**

26 Purchase **9 units @ \$47 each**

31 Sale **10 units .**

Instructions: computes the ending inventory and cost of goods sold for the month ended July, 2011, assuming the company used the following cost flow assumptions under the perpetual inventory system:

1- FIFO

2- Perpetual Inventory Record – First-in, first-out (FIFO) نظام الجرد المستمر - طريقة مايرد اولاً يصرف اولاً

Item: DVD									
Date	Purchases			Cost of Goods Sold			Inventory on Hand		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
July 1							2	\$40	\$80
5	6	\$45	\$270				2	40	80
							6	45	270
15				2	\$40	\$80			
				2	45	90	4	45	180
26	9	47	423				4	45	180
							9	47	423
31				4	45	180			
				6	47	282	3	47	141
31	15		\$693	14		\$632	3		\$141

Journal Entries under FIFO قيود اليومية وفقاً لطريقة مايرد اولاً يصرف اولاً

FIFO Journal Entries (All purchases and sales on account)

SAMER COMPANY JOURNAL			
Date 2011	Particulars	Debit	Credit
July 5	Inventory Accounts Payable (Purchased inventory on account 6 x \$45)	270	270
15	Accounts receivable Sales Revenues (Sales on account 4 x \$80)	320	320
15	Cost of Goods Sold Inventory (Cost of Goods Sold 2 x \$40 + 2 x \$45)	170	170
26	Inventory Accounts Payable (Purchased inventory on account 9 x \$47)	423	423
31	Accounts receivable Sales Revenues (Sales on account 10 x \$80)	800	800
31	Cost of Goods Sold Inventory (Cost of Goods Sold 4 x \$45 + 6 x \$47)	462	462

3- Perpetual Inventory Record – First- in, first-out (FIFO) نظام الجرد المستمر - طريقة مايرد اخرا يصرف اولاً

Date	Purchases			Cost of Goods Sold			Inventory on Hand		
	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Aug 1							40	\$10	\$400
8	50	\$11	\$550				40	10	400
							50	11	550
15				40	10	400	45	11	495
				5	11	<u>55</u>			
22	35	12	420				45	11	495
							35	12	420
28				25		275	20	11	220

					11		35	12	420
Total	85		\$970	70		\$730	55		\$640

Journal Entries under FIFO قيود اليومية وفقاً لطريقة مايرد اخرا يصرف اولاً

FIFO Journal Entries (All purchases and sales on account)

SAMER COMPANY JOURNAL			
Date 2011	Particulars	Debit	Credit
July 5	Inventory	270	
	Accounts Payable		270
	(Purchased inventory on account 50 x \$11)		
15	Accounts receivable	320	
	Sales Revenues		320
	(Sales on account 4 x \$80)		
15	Cost of Goods Sold	180	
	Inventory		180
	(Cost of Goods Sold 4 x \$45)		
26	Inventory	423	
	Accounts Payable		423
	(Purchased inventory on account 9 x \$47)		
31	Accounts receivable	800	
	Sales Revenues		800
	(Sales on account 10 x \$80)		
31	Cost of Goods Sold	468	
	Inventory		468
	(Cost of Goods Sold 9 x \$47 + 1 x \$45)		