

ABC Company sells a product called Magic Eraser and uses a perpetual inventory system. The beginning balance and transactions during April were as follows:

Apr 1	Balance: 450 units costing \$1.95 each.
Apr 3	Purchased 75 units costing \$2.10 each.
Apr 9	Sold 315 units.
Apr 15	Sold 118 units.
Apr 18	Purchased 150 units costing \$2.15 each.
Apr 22	Sold 63 units.
Apr 30	Sold 125 units.

Required:

1. Assuming the FIFO basis, enter the beginning balance and the transactions on the following subsidiary inventory card.
2. Assuming the Weighted Average basis, enter the beginning balance and the transactions on the following subsidiary inventory card.
3. Assume the 125 units sold on April 30 were sold on credit to B. Jones at \$2.50 each and prepare General Journal entries to record the sale on a FIFO basis.

Worksheet

Item: _____

Inventory Basis: **FIFO**

	PURCHASED			SOLD			BALANCE		
Date	Units	Cost	Total	Units	Cost	Total	Units	Cost	Total

Item: _____

Inventory Basis: **WEIGHTED AVERAGE**

	PURCHASED			SOLD			BALANCE		
Date	Units	Cost	Total	Units	Cost	Total	Units	Cost	Total

GENERAL JOURNAL

DATE	ACCOUNT	DEBIT	CREDIT

Answer

Item: Magic EraserInventory Basis: **FIFO**

	PURCHASED			SOLD			BALANCE		
Date	Units	Cost	Total	Units	Cost	Total	Units	Cost	Total
Apr 1							450	1.95	877.50
Apr 3	75	2.10	157.50				450	1.95	877.50
							75	2.10	157.50
Apr 9				315	1.95	614.25	135	1.95	263.25
							75	2.10	157.50
Apr 15				118	1.95	230.10	17	1.95	33.15
							75	2.10	157.50
Apr 18	150	2.15	322.50				17	1.95	33.15
							75	2.10	157.50
							150	2.15	322.50
Apr 22				17	1.95	33.15	29	2.10	60.90
				46	2.10	96.60	150	2.15	322.50
Apr 30				29	2.10	60.90	0	2.10	0.00
				96	2.15	206.40	54	2.15	116.10

Item: Magic EraserInventory Basis: **WEIGHTED AVERAGE**

	PURCHASED			SOLD			BALANCE		
Date	Units	Cost	Total	Units	Cost	Total	Units	Cost	Total
Apr 1							450	1.95	877.50
Apr 3	75	2.10	157.50				525	1.97	1035.00
Apr 9				315	1.97	620.55	210	1.97	414.45
Apr 15				118	1.97	232.46	92	1.97	181.99
Apr 18	150	2.15	322.50				242	2.08	504.49
Apr 22				63	2.08	131.04	179	2.08	373.45
Apr 30				125	2.08	260.00	54	2.08	113.45

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DATE	ACCOUNT	DEBIT	CREDIT
Apr 30	A/R – B Jones	312.50	
	Sales		312.50
	Cost of Goods Sold	267.30	
	Inventory		267.30
	Explain: Sold 125 units under FIFO		