

Inventories and the cost of the goods sold

*Determining COGS, Ending Inventory and recording related transactions

Leone, Inc. uses a perpetual inventory system and maintains an inventory record of each type of product in stock. The following transactions show beginning inventory, purchases and sales of CD-500, a Cup Cake Oven for the month of March:

March 1	Balance on hand, 30 units, cost \$40 each
March 5	Sale, 12 units, Sales price \$55 each
March 8	Purchase 10 units, cost \$45 each
March 15	Sale, 7 units, Sales price \$65 each
March 30	Sale, 12 units, Sales price \$60 each

Leone Inc. uses the FIFO method of maintaining inventory:

Part A

1. What was the COGS on March 5? What was the value of the ending inventory?
2. What was the COGS on March 15? What was the value of the ending inventory?
3. What was the COGS on March 30? What was the value of the ending inventory?

Part B

Record the transactions for the above purchases and sales of inventory for Leone Inc. in a general journal.

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Part A

1. What was the COGS on March 5? What was the value of the ending inventory?

$\overset{!}{480}$
 $\overset{!}{720}$

2. What was the COGS on March 15? What was the value of the ending inventory?

$\overset{!}{280}$
 890

3. What was the COGS on March 30? What was the value of the ending inventory?

$\overset{!}{485}$
 1405

Part B

Record the transactions for the above purchases and sales of inventory for Leone Inc. in a general journal.

3/5 AIR 660 660
 sales
 COGS 480 480
 Inventory

3/15 AIR 455 455
 Sales
 COGS 280 280
 Inventory

3/8 Inventory 450
 A/P 450

3/30 AIR 720 720
 Sales
 COGS 485 485
 Inventory

