

Name: _____ Date: _____B

Discussion Section: _____ Row: _____ Seat: _____

PRINCIPLES OF FINANCIAL ACCOUNTING I
Chapter 6 – Inventory Procedures
Fall 2014

"As a student of ORU, I pledge my full and hearty support to the Honor Code. I agree not only to be honest myself but to report all cases of dishonesty that are observed by me."

Indicate whether the following statements are TRUE or FALSE by indicating "+" for true and "0" for false in the blank provided at the right.

1. Using periodic procedures taking an annual physical inventory would be unnecessary. _____
2. During a period of rising prices, LIFO will give the lowest balance sheet presentation for inventory. _____
3. During a period of rising prices, FIFO will result in a lower net income for a company than if they had adopted LIFO. _____
4. When perpetual inventory is used, two entries must be made to record a sale of merchandise: (1) to record the revenue and (2) to record the cost of goods sold. _____

For Autumn Company, the following items were available for sale (periodic system used):

Beginning inventory	5 units at \$10
First purchase	12 units at \$12
Second purchase	8 units at \$14

There were ten (10) items in ending inventory.

- 5-6. Determine the cost of the ENDING INVENTORY by the FIRST-IN, FIRST-OUT METHOD. (Show and label your work in good form.)

- 7-8. Determine the cost of the ENDING INVENTORY by the WEIGHTED AVERAGE METHOD. (Show and label your work in good form.)

- 9-10. Determine the COST OF GOODS SOLD by the LAST-IN, FIRST-OUT METHOD. (Show and label your work in good form.)

When you finish, please put your paper face down at the end of your row to your left.