

CONCEPT: PERIODIC INVENTORY – PURCHASES SUMMARY

- Throughout the period, balances will build up in all the inventory related accounts.

☐ At the end of the period, we must calculate _____

☐ We use the standard BASE equation on the Inventory account.

- **Beginning Balance** – Inventory's beginning balance

- **Additions** – Purchases during the period

- **Subtractions** – Purchase discounts, purchase returns and allowances, and _____

- **Ending Balance** – Inventory's ending balance

> Note: The Ending Balance comes from a physical inventory count and must be _____

EXAMPLE: A company has the following inventory records from the past month's activity:

Inventory, July 1	\$55,000
Inventory, July 31	\$48,000
Purchases during July	\$25,000
Purchase discounts	\$650
Purchase returns and allowances	\$1,500
Accounts Payable, July 1	\$16,000
Accounts Payable, July 31	\$22,000

Calculate COGS for the month of July.