

B-08.05

Tom Pryor is conducting an audit of the computerized inventory system used by Zix Corporation. Tom has inserted hypothetical data into the computer program that tracks inventory on a perpetual basis. Below are the hypothetical data inserted by Tom:

<u>Transaction</u>	<u>Units</u>	<u>Cost per unit</u>
Beginning inventory	10	\$10
Purchase, day 1	5	\$11
Sale, day 2	6	
Purchase, day 3	8	\$12
Sale, day 4	9	

The computer program returned the following ending inventory values:

- FIFO Perpetual, \$96
- LIFO Perpetual, \$80
- Moving average, \$88

Which of the three values appears to be incorrect, and what "error" might be causing this condition?