

Dollar Value LIFO Example 2 (Company B)

Company B adopted Dollar Value LIFO on January 1, 2006.

Date	Ending inventory at current year cost	Cost Index	
1/1/2006	\$ 650,000	1.00	Base year
12/31/2006	\$ 760,000	1.04	
12/31/2007	\$ 810,000	1.08	
12/31/2008	\$ 830,000	1.16	
12/31/2009	\$ 960,000	1.22	

Date	Ending inventory at current year cost	Conversion factor (Current --> Base)	Ending inventory at base year cost	Increase (Decrease)	Inventory layers	Year	Conversion factor (Base --> Added year)	Inventory layers at added year cost	Ending inventory (Dollar Value LIFO)
1/1/2006	\$ 650,000	1.00/1.00	\$ 650,000		\$ 650,000	Base Layer	1.00	\$ 650,000	\$ 650,000
12/31/2006	\$ 760,000	1.00/1.04	\$ 730,769	\$ 80,769	\$ 650,000	Base Layer	1.00	\$ 650,000	\$ 734,000
					\$ 80,769	2006	1.04	\$ 84,000	
12/31/2007	\$ 810,000	1.00/1.08	\$ 750,000	\$ 19,231	\$ 650,000	Base Layer	1.00	\$ 650,000	\$ 754,769
					\$ 80,769	2006	1.04	\$ 84,000	
					\$ 19,231	2007	1.08	\$ 20,769	
12/31/2008	\$ 830,000	1.00/1.16	\$ 715,517	\$ (34,483)	\$ 650,000	Base Layer	1.00	\$ 650,000	\$ 718,138
					\$ 65,517	2006	1.04	\$ 68,138	
12/31/2009	\$ 960,000	1.00/1.22	\$ 786,885	\$ 71,368	\$ 650,000	Base Layer	1.00	\$ 650,000	\$ 805,207
					\$ 65,517	2006	1.04	\$ 68,138	
					\$ 71,368	2009	1.22	\$ 87,069	