

Dollar Value LIFO Example 3 (Company C)

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

Date	Ending inventory at current year cost	Cost Index	
1/1/2006	\$ 300,000	1.00	Base year
12/31/2006	\$ 430,000	1.10	
12/31/2007	\$ 480,000	1.20	
12/31/2008	\$ 485,000	1.26	
12/31/2009	\$ 550,000	1.35	

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	\$ 300,000	1.00/1.00	\$ 300,000		\$ 300,000	Base Layer	1.00	\$ 300,000	\$ 300,000
12/31/2006	\$ 430,000	1.00/1.10	\$ 390,909	\$ 90,909	\$ 300,000	Base Layer	1.00	\$ 300,000	\$ 400,000
					\$ 90,909	2006	1.10	\$ 100,000	
12/31/2007	\$ 480,000	1.00/1.20	\$ 400,000	\$ 9,091	\$ 300,000	Base Layer	1.00	\$ 300,000	\$ 410,909
					\$ 90,909	2006	1.10	\$ 100,000	
					\$ 9,091	2007	1.20	\$ 10,909	
12/31/2008	\$ 485,000	1.00/1.26	\$ 384,921	\$ (15,079)	\$ 300,000	Base Layer	1.00	\$ 300,000	\$ 393,413
					\$ 84,921	2006	1.10	\$ 93,413	
12/31/2009	\$ 550,000	1.00/1.35	\$ 407,407	\$ 22,487	\$ 300,000	Base Layer	1.00	\$ 300,000	\$ 423,770
					\$ 84,921	2006	1.10	\$ 93,413	
					\$ 22,487	2009	1.35	\$ 30,357	