

CHAPTER 25 Inventories

Study Guide

Section Assessment

Section 1 Read Section 1 on pages 731–732 and complete the following exercises on page 733.

- Reinforce the Main Idea
- Math for Accounting
- Problem 25-1 *Preparing Inventory Reports*

Section 2 Read Section 2 on pages 734–737 and complete the following exercises on page 738.

- Reinforce the Main Idea
- Math for Accounting
- Problem 25-2 *Determining Inventory Costs*

Section 3 Read Section 3 on pages 739–740 and complete the following exercises on page 741.

- Reinforce the Main Idea
- Math for Accounting
- Problem 25-3 *Analyzing a Source Document*

Chapter Assessment

Summary Review the Chapter 25 Visual Summary on page 742 in your textbook.

- Key Concepts

Review and Activities Complete the following questions and exercises on page 743 in your textbook.

- After You Read: Answering the Essential Question
- Vocabulary Check
- Concept Check

Standardized Test Practice Complete the exercises on page 744 in your textbook.

Computerized Accounting Read the Computerized Accounting information on page 745 in your textbook.

- Making the Transition from a Manual to a Computerized System
- Peachtree Q&A
- QuickBooks Q&A

Problems Complete the following End-of-Chapter Problems for Chapter 25 in your textbook.

- Problem 25-4 *Calculating the Cost of Ending Inventory*
- Problem 25-5 *Completing an Inventory Sheet*
- Problem 25-6 *Calculating Gross Profit on Sales*
- Problem 25-7 *Reporting Ending Inventory on the Income Statement*
- Problem 25-8 *Calculating Cost of Merchandise Sold and Gross Profit on Sales*

Challenge Problem

Real-World Applications and Connections Complete the following applications on pages 750–751 in your textbook.

- Career Wise
- Global Accounting
- Analyzing Financial Reports
- H.O.T. Audit

Working Papers for Section Problems

Problem 25-1 Preparing Inventory Reports (textbook p. 733)

INVENTORY SHEET					
Date	Clerk				Page
STOCK NO.	ITEM	UNIT	QUANTITY	UNIT COST	TOTAL VALUE
1790	Greeting Cards	Doz.	32	\$6.00	
2217	Plush Toys	Each	20	2.50	
1900	Balloons	Doz.	12	0.50	
1201	Wrapping Paper	Each	30	1.12	
1205	Ribbon	Spool	25	0.75	
3495	Novelty Buttons	Doz.	12	2.50	
2722	Music Boxes	Doz.	6	60.00	
4200	Party Supplies	Doz.	10	6.50	
1907	Gift Boxes	Doz.	5	2.75	
1742	Vases	Doz.	2	12.50	
TOTAL					

Problem 25-2 Determining Inventory Costs (textbook p. 738)

- (a) Specific Identification Method _____
- (b) First-In, First-Out Method _____
- (c) Last-In, First-Out Method _____
- (d) Weighted Average Cost Method _____

Problem 25-3 Analyzing a Source Document (textbook p. 741)

1. _____

2. _____

Working Papers for End-of-Chapter Problems

Problem 25-4 Calculating the Cost of Ending Inventory (textbook p. 746)

- a. Specific Identification Method _____
- b. FIFO _____
- c. LIFO _____
- d. Weighted Average Method _____

Analyze: _____

Problem 25-5 Completing an Inventory Sheet (textbook p. 746)

INVENTORY RECORD						
ITEM NO.	ITEM	ENDING INVENTORY	COST PER UNIT	CURRENT MARKET VALUE	PRICE TO BE USED	TOTAL COST
0247	Blank CDs	24	2.67	2.88	2.67	64.08
0391	Blank CDs	36	2.80	2.74		
0388	Cable #4	21	2.91	3.05		
0379	CD Cleaner	6	6.36	8.33		
0380	CD Cleaner	19	7.49	7.51		
0274	Audio Plug	23	6.90	6.95		
0276	Dust Cover	12	8.13	7.95		
0277	Headset	14	9.25	9.57		
0181	Cable #9	18	2.06	2.52		
0193	Cable #5	9	2.29	2.74		
0419	Headset	8	8.42	8.73		
0420	Headset	14	8.98	9.19		
TOTAL COST						

Analyze: _____

Problem 25-6 Calculating Gross Profit on Sales (textbook p. 747)

	Specific Identification Method	First-In, First-Out Method	Last-In, First-Out Method	Weighted Average Cost Method
Net Sales	\$	\$	\$	\$
Cost of Merchandise Sold	\$	\$	\$	\$
Gross Profit on Sales	\$	\$	\$	\$

Analyze:

Problem 25-7 Reporting Ending Inventory on the Income Statement (textbook p. 747)

	FIFO Method	FIFO Method	Weighted Average Cost Method
Ending Inventory	\$	\$	\$
Cost of Merchandise Sold			

FIF Method

Name _____

Date

Class

Problem 25-7 (concluded)

LIFO Method

Weighted Average Cost Method

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Analyze:

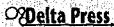
Problem 25-8 Calculating Cost of Merchandise Sold and Gross Profit on Sales (textbook p. 748)

Instructions: Use the following source documents to record the transactions for this problem.

 Delta Press 440 Dodge Drive Brooklyn, NY 10112		INVOICE NO. DP1033 DATE: May 2, 20-- ORDER NO.: SHIPPED BY: Rizzo's Trucking TERMS: net 30	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402		
QTY.	ITEM	UNIT PRICE	TOTAL
10	#4931 Cameras	\$8.45	\$84.50

 Delta Press 440 Dodge Drive Brooklyn, NY 10112		INVOICE NO. DP1052 DATE: May 14, 20-- ORDER NO.: SHIPPED BY: Rizzo's Trucking TERMS: net 30	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402		
QTY.	ITEM	UNIT PRICE	TOTAL
5	#9265 Cameras	\$8.25	\$41.25

 Delta Press 440 Dodge Drive Brooklyn, NY 10112		INVOICE NO. DP1041 DATE: May 4, 20-- ORDER NO.: SHIPPED BY: Rizzo's Trucking TERMS: net 30	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402		
QTY.	ITEM	UNIT PRICE	TOTAL
5	#4850 Cameras	\$7.80	\$39.00

 Delta Press 440 Dodge Drive Brooklyn, NY 10112		INVOICE NO. DP1058 DATE: May 17, 20-- ORDER NO.: SHIPPED BY: Rizzo's Trucking TERMS: net 30	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402		
QTY.	ITEM	UNIT PRICE	TOTAL
8	#4931 Cameras	\$8.60	\$68.80

 American Trend Publishers 766 Goldrush Way Denver, CO 80207		INVOICE NO. ATP317 DATE: May 9, 20-- ORDER NO.: SHIPPED BY: Wolfe Trucking TERMS: 2/10, n/30	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402		
QTY.	ITEM	UNIT PRICE	TOTAL
6	#3845 Cameras	\$9.95	\$59.70

 American Trend Publishers 766 Goldrush Way Denver, CO 80207		INVOICE NO. ATP324 DATE: May 19, 20-- ORDER NO.: SHIPPED BY: Wolfe Trucking TERMS: 2/10, n/30	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402		
QTY.	ITEM	UNIT PRICE	TOTAL
4	#3845 Cameras	\$10.10	\$40.40

 WOLFE TRUCKING 615 Main Street Denver, CO 80208		INVOICE NO. WT50557 DATE: May 9, 20-- ORDER NO.: SHIPPED BY: TERMS: Due upon receipt	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402		
DATE	SERVICE	AMOUNT	
5/9	Delivered Cameras	\$4.00	

 WOLFE TRUCKING 615 Main Street Denver, CO 80208		INVOICE NO. WT50603 DATE: May 19, 20-- ORDER NO.: SHIPPED BY: TERMS: Due upon receipt	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402		
DATE	SERVICE	AMOUNT	
S/19	Delivered Cameras	\$5.00	

Problem 25-8 (continued)

Delta Press 440 Dodger Drive Brooklyn, NY 10112		INVOICE NO. DP1067 DATE: May 27, 20— ORDER NO.: SHIPPED BY: Rizzo's Trucking TERMS: net 30	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402	QTY	ITEM
8	#9265 Cameras	UNIT PRICE	TOTAL
		\$8.30	\$66.40

Delta Press 440 Dodger Drive Brooklyn, NY 10112		INVOICE NO. DP1071 DATE: May 29, 20— ORDER NO.: SHIPPED BY: Rizzo's Trucking TERMS: net 30	
TO	Buzz Newsstand Union Terminal Bldg., #101 Tacoma, WA 98402	QTY	ITEM
4	#4931 Cameras	UNIT PRICE	TOTAL
		\$8.85	\$35.40

Problem 25-8 (concluded)

(1)

#3845 _____

#4931 _____

#9265 _____

#4850 _____

(2)

	Item			
	3845	4931	9265	4850
Sales for Month				
Value of Beginning Inventory				
Purchases for May				
Transportation Costs				
Net Purchases for May				
Goods Available for Sale				
Value of Ending Inventory				
Cost of Merchandise Sold				
Gross Profit on Sales				

Analyze: _____