

# 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

Name \_\_\_\_\_

Date \_\_\_\_\_

Class \_\_\_\_\_

**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	
<b>TOTAL</b>					

**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:** \_\_\_\_\_



Name	Date	Class
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**Date** \_\_\_\_\_ **Class** \_\_\_\_\_

**Class** \_\_\_\_\_

**Problem 25-7** (concluded)

### LIFO Method

[illegible]

### Weighted Average Cost Method

[illegible]

**Analyze:** \_\_\_\_\_

Name

Date

Class

# **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.

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

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

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

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

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

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

<b>WOLFE TRUCKING</b> 515 Main Street Denver, CO 80208		<b>INVOICE NO. WT50557</b> DATE: May 9, 20-- ORDER NO.: SHIPPED BY: TERMS: Due upon receipt	
TO <b>Buzz Newsstand</b> Union Terminal Bldg., #101 Tacoma, WA 98402			
DATE	SERVICE	AMOUNT	
5/9	Delivered Cameras	\$4.00	

<b>WOLFE TRUCKING</b> 515 Main Street Denver, CO 80208		<b>INVOICE NO. WT50603</b> DATE: May 19, 20-- ORDER NO.: SHIPPED BY: TERMS: Due upon receipt	
TO <b>Buzz Newsstand</b> Union Terminal Bldg., #101 Tacoma, WA 98402			
DATE	SERVICE	AMOUNT	
5/19	Delivered Cameras	\$5.00	

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