

Inventory Questions

1. Why does a company need a control system for its merchandise inventory?
2. What information does tracking inventory provide to a business?
3. What is the difference between a periodic and perpetual inventory system?
4. What is the advantage to using a perpetual inventory system? Why is it difficult for some businesses to use it?
5. When is the best time for a business to take a physical inventory?
6. Which tracking system requires a physical inventory count for financial reporting purposes?
7. How does the consistency principle help owners, creditors, and the general public?
- 8.

Read the following memorandum and complete the assigned task.



Instructions

1. What is the new value of the ending inventory?
2. Assume that all 36 dolls were sold for \$21.95. What is the gross profit for this item?