

Name: _____

Date: _____

Inventory Case Study

Merchandising Business: Home Building and Supply

Remodeling a kitchen? Adding a deck to your home? Home Helper is a building supply store that sells everything from lightbulbs to lumber, cabinet fixtures to appliances. Because it stocks many sizes and varieties of building products, the store has a huge inventory.

You work for a local CPA firm hired to evaluate the store's inventory procedures. The store manager wants to make sure the store is using the most appropriate inventory costing method.

INSTRUCTIONS

Think about the types of products stocked by such a store. Of the four inventory costing methods you studied in this chapter, recommend the best method for Home Helper. Assume that costs are expected to remain stable over the next few years. Explain the reasons for your recommendation.

Answer: