

Name: \_\_\_\_\_

Date: \_\_\_\_\_

## Inventory Critical Thinking Questions



1. Name and describe the two systems used to determine the quantity of merchandise on hand.
2. Explain what is meant by an inventory system that is online.
3. Compute the cost of merchandise sold if the cost of the ending inventory is \$35,280 and the cost of the merchandise available for sale is \$97,200.
4. Explain why the specific identification costing method is the most accurate in determining inventory cost.
5. Explain why an ice cream stand would not use the LIFO method of inventory costing.
6. Defend the practice of most businesses to estimate the cost of their inventory using a method other than specific identification, which is most accurate.