

# Inventory and Cost of Goods Sold

(Crossword Puzzle #1)

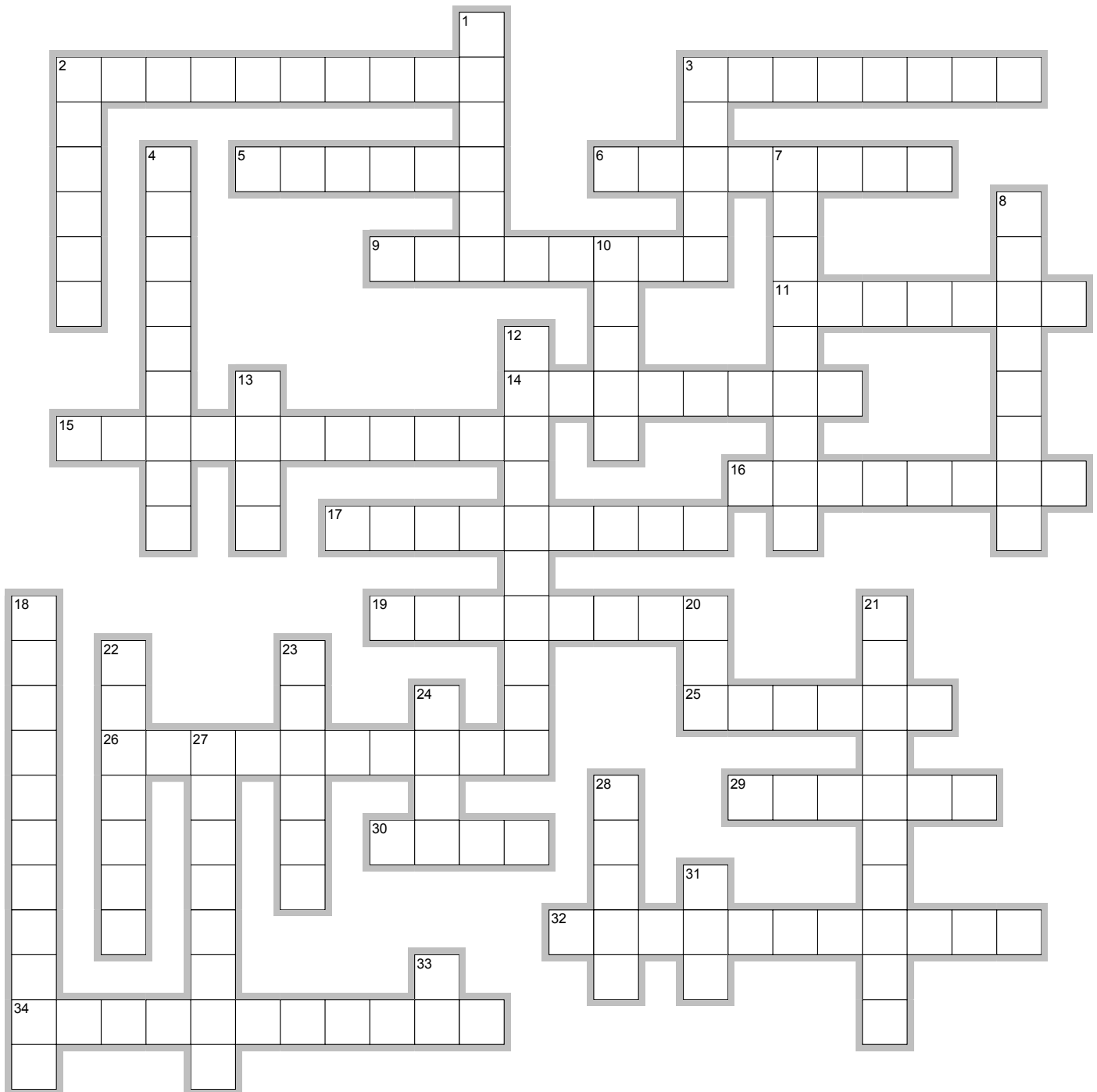


Harold Averkamp  
CPA, MBA

Accounting  
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# Crossword Puzzle (Inventory and Cost of Goods Sold #1)



## **ACROSS** (Inventory and Cost of Goods Sold #1)

2. A company's by-products might be carried in its inventory at their net \_\_\_\_\_ value.
3. The inventory system in which the Inventory account is adjusted at the end of an accounting period instead of increasing it at the time of each purchase of merchandise and decreasing it at the time of each sale.
5. A manufacturer assigning the actual costs of direct materials and direct labor but assigning manufacturing overhead on the basis of a predetermined rate is \_\_\_\_\_ costing.
6. The term 'FOB \_\_\_\_\_ point' means that goods in transit belong to the buyer.
9. The manufacturing costing method that excludes fixed manufacturing overhead from the product costs is direct or \_\_\_\_\_ costing.
11. Inventory is reported on the balance sheet as a \_\_\_\_\_ asset.
14. The costs included in a manufacturer's product are: direct materials, direct labor, and manufacturing (or factory) \_\_\_\_\_.
15. The seller is responsible for the delivery charges associated with goods sold FOB \_\_\_\_\_.
16. The \_\_\_\_\_-average cost is determined after all the purchases have been recorded for the year. This average is associated with the periodic system.
17. The inventory system where the Inventory account is increased whenever merchandise is purchased and is decreased whenever merchandise is sold.
19. This type of inventory should be taken at least once per year.
25. The \_\_\_\_\_-average cost is associated with the perpetual system of inventory.
26. A manufacturer assigning direct materials, direct labor, and both variable and fixed overhead to its production output is referred to as \_\_\_\_\_ (or full) costing.
29. If ending inventory is overstated, the company's net \_\_\_\_\_ for the accounting period will be overstated.
30. An increase in a merchant's inventory will likely mean that purchases of merchandise will be greater than the \_\_\_\_\_ reported on the income statement. (acronym)

## **Across** (Inventory and Cost of Goods Sold #1)

32. FIFO and LIFO are cost flow \_\_\_\_\_.
34. Goods held on \_\_\_\_\_ is merchandise held by a retailer but not owned by the retailer.

## Down (Inventory and Cost of Goods Sold #1)

1. When goods are shipped FOB Destination, the \_\_\_\_\_ will incur freight-out expense.
2. A method of estimating ending inventory when both the cost and retail amounts are known.
3. The combination of direct materials cost and direct labor cost is \_\_\_\_\_ costs.
4. If a retailer's cost of goods sold for a year is less than the purchases of merchandise for the year, the retailer's inventory must have \_\_\_\_\_ (decreased, increased).
7. If a retailer's net \_\_\_\_\_ of merchandise during an accounting period was \$200,000 and its inventory decreased by \$20,000 during that period, the income statement will report the cost of goods sold as \$220,000.
8. A manufacturer is required to report three types of inventory: raw materials, work-in-process, and \_\_\_\_\_ goods.
10. When goods are shipped FOB Shipping Point, the \_\_\_\_\_ will incur freight-in costs.
12. The combination of direct labor cost and manufacturing overhead cost is \_\_\_\_\_ cost.
13. This inventory cost flow assumption will result in lower profits when there is inflation in the cost of the inventory items. (acronym)
18. This accounting characteristic requires using the same cost flow assumption for inventory each year, unless a switch will be an improvement in accounting.
20. An inventory valuation rule resulting in the reporting of net realizable value (NRV) instead of the actual cost when the NRV is lower. (acronym)
21. Using the same cost flow assumption on the income tax return as is used on the financial statements is known as the inventory \_\_\_\_\_ rule.
22. Goods enroute from the seller to the buyer are said to be in \_\_\_\_\_.
23. In the past, inventory was reported at LCM. The 'M' in LCM is \_\_\_\_\_.
24. This inventory cost flow assumption will result in lower profits when there is deflation in the cost of the inventory items. (acronym)

## Down (Inventory and Cost of Goods Sold #1)

- 27. \_\_\_\_\_ identification might be used instead of FIFO, LIFO, and average when determining the cost of goods sold and the ending inventory.
- 28. A technique for estimating ending inventory is the \_\_\_\_\_ profit method.
- 31. The type of freight or shipping cost that is an SG&A expense instead of part of the cost of goods sold is freight-\_\_\_\_\_.
- 33. The type of freight that is added to the cost of purchases is freight-\_\_\_\_\_.

# Solutions (Inventory and Cost of Goods Sold #1)

