

Inventory and Cost of Goods Sold

(Crossword Puzzle #2)

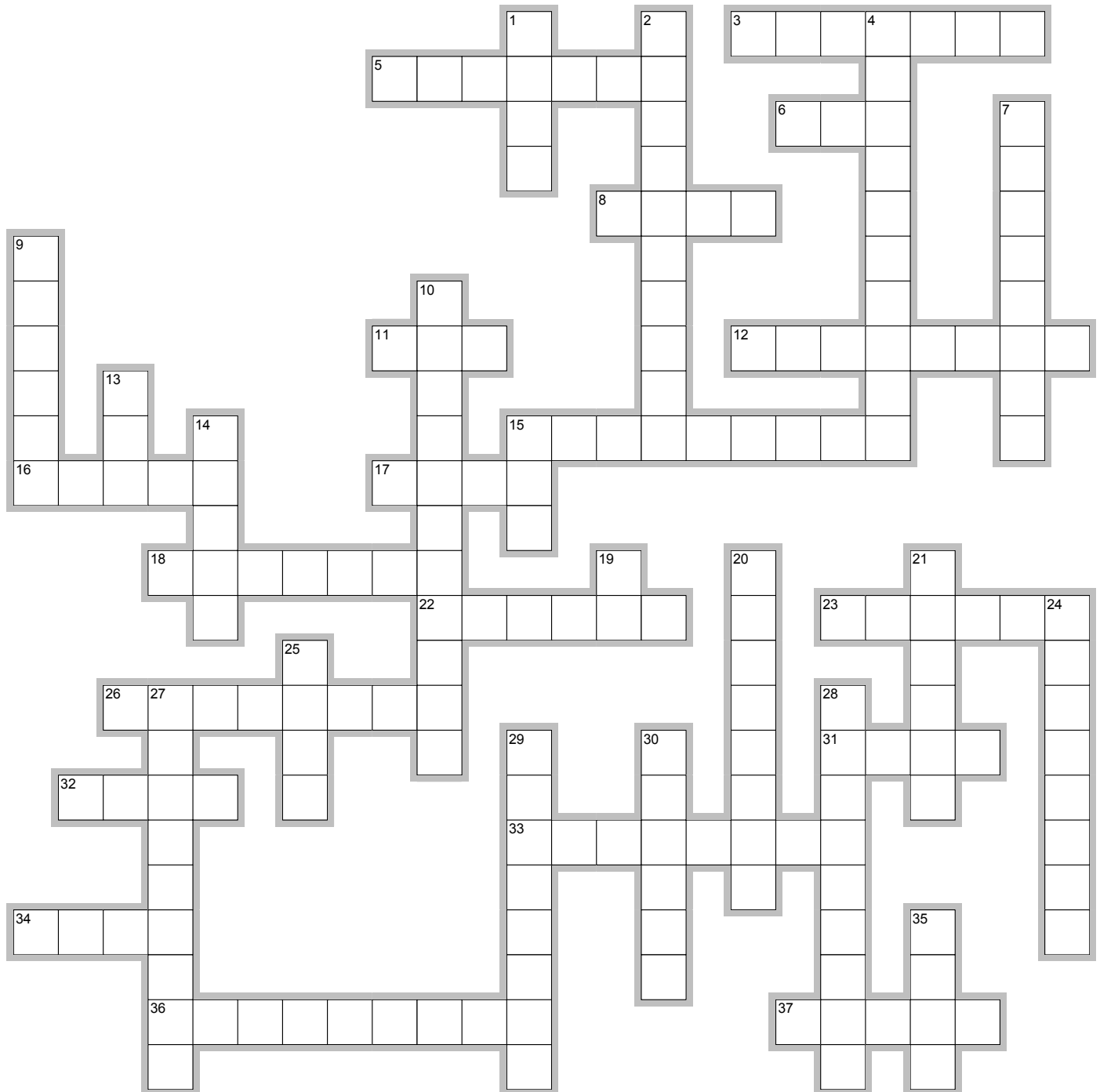


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Crossword Puzzle (Inventory and Cost of Goods Sold #2)



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ACROSS (Inventory and Cost of Goods Sold #2)

3. A manufacturer's inventory has three classes of inventory: raw materials, work-in-_____, and finished goods.
5. When a company's accounting system uses FIFO, but its financial statements use LIFO, the difference in amount is often reported in the account LIFO _____.
6. If a credit sale has terms of "1/10 net 30" the discount can be taken if the invoice is paid within _____ days.
8. Will FIFO or LIFO report higher profits when costs and selling prices are continually increasing?
11. Cox orders goods from Coy with terms FOB shipping point. On December 30, Coy ships the goods to Cox. Cox receives the goods on January 3. Should Cox or Coy report the goods as inventory on December 31?
12. The general ledger account Inventory is not updated for each purchase when the _____ inventory system is used.
15. Cost includes all costs that are _____ to get an asset in place and ready for use.
16. The retail method for estimating a retailer's ending inventory uses the cost to retail _____.
17. JIT is the acronym for just-in-_____.
18. Merchandise that has been shipped FOB shipping point but has not yet been received by the buyer is referred to by the buyer as goods in _____.
22. The difference between the cost of goods available and the cost of goods sold is _____ inventory (of finished goods).
23. One method of estimating the ending inventory is the gross _____ method.
26. In certain situations the _____ identification method is used instead of a cost flow assumption.
31. If a buyer purchases \$45,000 of goods with terms "2/10 net 30" the buyer can deduct _____ hundred dollars if the invoice is paid within the discount period.

ACROSS (Inventory and Cost of Goods Sold #2)

- 32. If the cost of ending inventory is miscalculated and results in an overstatement of the value of ending inventory, the reported profits of the company are _____ (more, less) than the true profits.
- 33. Assuming that costs have been continually increasing, the removal of an old layer of LIFO cost will cause the reported net income to _____ (increase, decrease) more than average.
- 34. FIFO and LIFO are _____ flow assumptions.
- 36. Beginning inventory plus net purchases equals the cost of goods _____.
- 37. Sales minus the cost of goods sold is _____ profit.

Down (Inventory and Cost of Goods Sold #2)

1. Generally, inventory is reported on the balance sheet at its cost or at an amount that is _____ (more, less) than its cost.
2. Net _____ value of an inventory item is the selling price in the ordinary course of business minus the cost to complete and dispose.
4. The inventory _____ rule states that the inventory cost flow assumption used for financial reporting must be the same as the cost flow for income tax reporting.
7. Title passes at the seller's location when the terms are FOB _____ point.
9. The _____ value method can be used for LIFO costing instead of tracking the units of products.
10. The basic accounting guideline or characteristic that does not allow a company to change from FIFO to LIFO to FIFO at will.
13. The freight cost incurred by the seller of goods with terms FOB Destination is freight-_____.
14. FOB is the acronym for free on _____.
15. _____ purchases is the remainder after subtracting purchase discounts and purchase returns and allowances from the amount of gross purchases.
19. The freight cost incurred by the buyer of goods purchased FOB Shipping Point is known as freight-_____.
20. Under the periodic system of inventory, the correct balance for the inventory account is computed by using the quantities of items determined through a _____ inventory.
21. Under the perpetual method of inventory, the average cost per unit of goods in inventory is a _____ average.
24. The inventory _____ ratio is the cost of goods sold divided by the average inventory during the same period of time.
25. Will FIFO or LIFO result in less taxable income when costs are continuously increasing.

Down (Inventory and Cost of Goods Sold #2)

- 27. The inventory account is updated with each purchase when the _____ inventory system is used.
- 28. The cost of a retailer's net purchases plus or minus the change in the cost of the retailer's _____ equals the cost of goods sold.
- 29. Under the periodic system of inventory, the average cost per unit is a _____-average cost.
- 30. Conservatism is associated with the lower of cost or _____.
- 35. The _____-in, first-out cost flow assumption results in a better matching of costs with sales on the income statement.

Solutions (Inventory and Cost of Goods Sold #2)

