

Inventory and Cost of Goods Sold

(Crossword Puzzle #3)

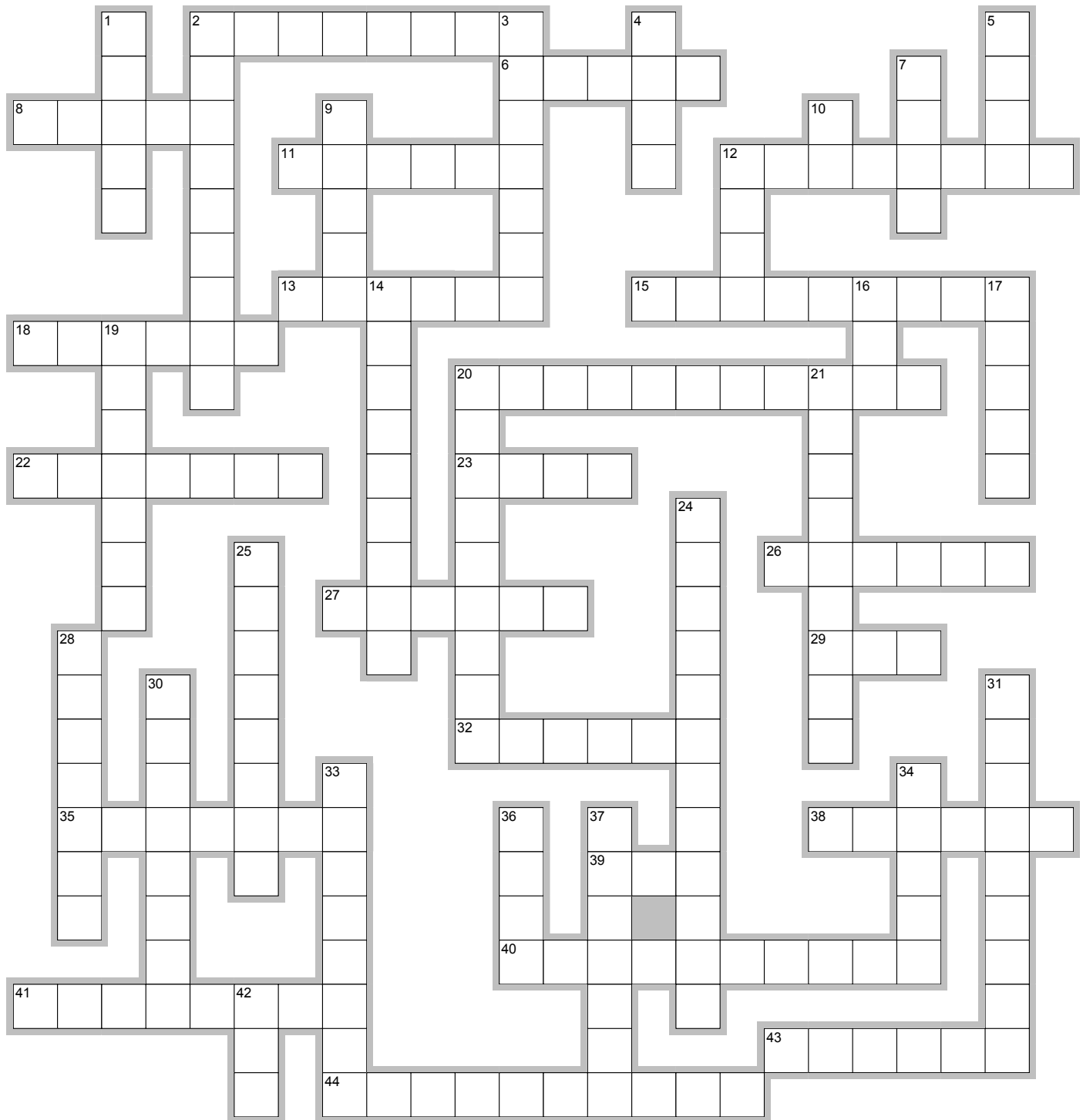


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Crossword Puzzle (Inventory and Cost of Goods Sold #3)



ACROSS (Inventory and Cost of Goods Sold #3)

2. The amount that a company is allowed to deduct from a purchase invoice amount because the invoice is being paid in 10 days instead of 30 days is recorded as a purchase _____.
6. A key component in the calculation for estimating a retailer's ending inventory cost is the cost to retail _____.
8. The income statement amount that is matched with the sales revenue is the Cost of _____ Sold.
11. The gross profit as a percentage of net sales is also referred to as gross _____.
12. A manufacturer's balance sheet must disclose the amount of raw materials, work-in-process, and _____ goods inventories.
13. The account Purchase Discounts will likely have a _____ balance or zero balance.
15. The inventory system that keeps the Inventory account balance up-to-date by recording the amounts purchased and sold is the _____ inventory system.
18. In LCM, "M" represents the _____ that the company buys in—as well as the one in which the company sells in.
20. The seller is responsible for the shipping charges when it sells goods with terms of FOB _____.
22. _____-In or Transportation-In is considered to be a part of the cost of the goods purchased.
23. FIFO and LIFO are _____ flow assumptions.
26. If a company's _____ inventory is overstated, its net income will be overstated for the period.
27. The _____ method might be used by a merchandiser to estimate the cost of its ending inventory.
29. The account Freight-_____ is an operating expense and is not included in the cost of goods sold section of the income statement.

ACROSS (Inventory and Cost of Goods Sold #3)

- 32. _____-value LIFO uses pools of merchandise to provide the benefits of LIFO without having to track individual units.
- 35. The market amount in LCM is the cost to _____ an item whether by purchase or production.
- 38. The gross _____ or gross margin method is used to estimate the dollar amount of ending inventory.
- 39. The word represented by "n" in 2/10, n/30.
- 40. If a company's Dec. 31, 2022 ending inventory is understated, the company's net income for 2022 will be understated and its net income for 2023 will be _____.
- 41. The periodic average method of costing inventory uses a _____-average.
- 43. The perpetual average method of costing inventory uses a _____-average.
- 44. The inventory _____ rule requires that if LIFO is used for tax purposes, LIFO must also be used for financial reporting.

Down (Inventory and Cost of Goods Sold #3)

1. Net sales minus the cost of goods sold is _____ profit.
2. The consistency characteristic or guideline requires that a company be consistent in its use of a cost flow. However, a one-time change to LIFO from FIFO is acceptable if it is clearly _____ to the readers of the financial statements.
3. Merchandise shipped by the seller on Dec. 30 and received by the buyer on Jan. 2 is said to be in _____ on Dec. 31.
4. Will FIFO or LIFO report more phantom or illusory profits during periods of inflation?
5. The inventory cost flow used by a corporation is usually disclosed in the first _____ to the financial statements.
7. The inventory at the time that LIFO is adopted is referred to as the _____ layer.
9. Under a LIFO cost assumption when the end-of-the-year inventory quantity is greater than the quantity one year earlier, a LIFO _____ is added.
10. The account Freight-_____ is part of the cost of goods purchased.
12. The number of general ledger accounts affected by a sale of merchandise for credit under a perpetual inventory system.
14. The amount of inventory reported on interim financial statements is probably an _____ amount.
16. The minimum number of periods that will report the incorrect profit when a company misstates its ending inventory.
17. The _____ of cost or net realizable value rule can result in a write-down of inventory.
19. Companies using LIFO often disclose the difference between the cost of inventory at LIFO and what the cost of inventory would be under FIFO. This difference is often referred to as a LIFO _____.
20. If the cost of goods sold is greater than the cost of the goods purchased, ending inventory probably _____ (decreased, increased).

Down (Inventory and Cost of Goods Sold #3)

- 21. At the time of a sale of merchandise under the perpetual inventory system, this account is credited with the cost of the merchandise sold.
- 24. The lower of cost or net realizable value rule is often associated with this accounting principle or guideline.
- 25. At the end of the accounting year, the employees count all of the items held in inventory. This is referred to as a _____ inventory.
- 28. Purchase _____ and Allowances is credited when goods are returned to a supplier.
- 30. The buyer is responsible for the shipping charges when it purchases goods with terms of FOB _____ point.
- 31. The cost of the current period's ending inventory is expected to become the cost of next period's _____ inventory.
- 33. The inventory system that updates the Inventory account only at the end of an accounting period is the _____ inventory system.
- 34. FOB is the acronym for free on _____.
- 36. Will FIFO or LIFO result in less profit during periods of continuous inflation?
- 37. Accounting periods within the official annual accounting year are referred to as _____ periods.
- 42. A significant advantage of using LIFO during periods of inflation is the income _____ benefit.

Solutions (Inventory and Cost of Goods Sold #3)

