Chapter 20: Accounting for Inventory

Learning Objectives

After studying Chapter 20, in addition to defining key terms, you will be able to:

- LO1 Prepare a stock record.
- LO2 Calculate the cost of merchandise inventory using the first-in, first-out (FIFO) inventory costing method.
- LO3 Calculate the cost of merchandise inventory using the last-in, first-out (LIFO) inventory costing method.
- LO4 Calculate the cost of merchandise inventory using the weighted-average inventory costing method.
- LO5 Estimate the cost of merchandise inventory using the gross profit method of estimating inventory.

"It's safe to come out - the auditors have gone."

Chapter 20 Accounting Inventory			
20-1 Determining The Quantity of Merchandise Inventory	✓ LO1 Prepare a stock record.	39: Maintain inventory records, using perpetual methods. 44: Identify security considerations related to inventory.	Inventory record Stock record Stock ledger
20-2 Determining the Cost of Merchandise Inventory	✓ LO2 Calculate the cost of merchandise inventory using the first-in, first-out (FIFO0 inventory costing method. ✓ LO3 Calculate the cost of merchandise inventory using the last-in, first-out (LIFO) inventory costing method. ✓ LO4 Calculate the cost of merchandise inventory using the weighted average inventory costing method.	**Understanding Accounting Concepts in Inventory** 38: Verify inventory quantities, using physical methods. 39: Maintain inventory records, using perpetual methods. 40: Determine cost of merchandise inventory valuation, using current costing methods. 41: Compare inventory costing methods. 43: Analyze obsolete, damaged, and slow-moving inventory.	First-in, first-out inventory costing method (FIFO) Last-in, first-out inventory costing method (LIFO) Weighted-average inventory costing method Market value Lower of cost or market inventory costing method (LCM)
20-3 Estimating Inventory	✓ LO5 Estimate the cost of merchandise inventory using the gross profit method of estimating inventory.	42: Calculate turnover ratios.	Gross profit method of estimating inventory