Unit 5 - Inventories

Content Area: **Business Education**
Course(s): **Accounting 1**
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Enduring Understandings

Samples

For any company that makes or sells merchandise, inventory is an extremely important asset.

Essential Questions

Samples

Why is the relationship between accrual accounting and valuation important for inventory accounting?

How do decisions about inventory valuation and inventory levels affect operating results?

Content

Average-cost method

Consignment

Cost flow

First-in, first-out method (FIFO)

Goods flow

Gross profit method

Inventory accounting

Inventory cost

Just-in (JIT) operating --- - -environment

LIFO liquidation

Last-in, first out(LIFO) method

Lower-of-cost-or-market (LCM) rule

Market

Retail market

Specific identification method

Supply-chain management

Ratios:

Days' inventory on hand

Inventory turnover

Skills

Bloom's Taxonomy

Explain the concepts underlying inventory accounting.

Calculate inventory cost under periodic inventory system using various costing methods.

Explain the effects of inventory costing methods on income determination and income taxes.

Calculate inventory cost under the perpetual inventory system using various costing methods.

Use the retail method and gross profit method to estimate the cost of ending inventory.

Evaluate inventory level, and demonstrate the effects of inventory misstatements on income measurement.

Resources

Standards

NJ: 2014 CCCS: 21st Century Life and Careers
NJ: Grade 12
9.1 Personal Financial Literacy
Strand D: Planning, Saving, And Investing
9.1.12.D.4 Assess factors that influence financial planning.
Strand E: Becoming A Critical Consumer
9.1.12.E.2 Analyze and apply multiple sources of financial information when prioritizing financial decisions.
9.1.12.E.3 Determine how objective, accurate, and current financial information affects the prioritization of financial decisions.
Strand G: Insuring And Protecting
9.1.12.G.1 Analyze risks and benefits in various financial situations.