**Multiple Choice Question 45**

Fetherston Company's goods in transit at December 31 include:

|  |  |  |
| --- | --- | --- |
| sales made |  | purchases made |
| (1)   FOB destination |  | (3)   FOB destination |
| (2)   FOB shipping point |  | (4)   FOB shipping point |

Which items should be included in Fetherston's inventory at December 31?

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|  |  |
| --- | --- |
|  | (1) and (4) |

|  |  |
| --- | --- |
|  | (1) and (3) |

|  |  |
| --- | --- |
|  | (2) and (4) |

|  |  |
| --- | --- |
|  | (2) and (3) |

**Multiple Choice Question 51**

Nick's Place recorded the following data:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Units | | | | |  | Unit |
| Date |  | Received |  | Sold |  | On hand |  | Cost |
| 1/1 Inventory |  |  |  |  |  | 600 |  | $2.50 |
| 1/8 Purchased |  | 1,000 |  |  |  | 1,600 |  | 300 |
| 1/12 Sold |  |  |  | 1,200 |  | 300 |  |  |

The weighted average unit cost of the inventory at January 31 is:

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|  |  |
| --- | --- |
|  | $2.81. |

|  |  |
| --- | --- |
|  | $2.75. |

|  |  |
| --- | --- |
|  | $2.50. |

|  |  |
| --- | --- |
|  | $3.400. |

**Multiple Choice Question 52**

Inventoriable costs include all of the following **except** the

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|  |  |
| --- | --- |
|  | cost of the beginning inventory. |

|  |  |
| --- | --- |
|  | cost of goods purchased. |

|  |  |
| --- | --- |
|  | freight costs incurred when buying inventory. |

|  |  |
| --- | --- |
|  | costs of the purchasing and warehousing departments. |

**Multiple Choice Question 72**

Which of the following statements is true regarding inventory cost flow assumptions?

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|  |  |
| --- | --- |
|  | A company must use the same method for domestic and foreign operations. |

|  |  |
| --- | --- |
|  | A company may never change its inventory costing method once it has chosen a method. |

|  |  |
| --- | --- |
|  | A company may use more than one costing method concurrently. |

|  |  |
| --- | --- |
|  | A company must comply with the method specified by industry standards. |

**Multiple Choice Question 79**

Effie Company uses a periodic inventory system. Details for the inventory account for the month of January, 2014 are as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | Units |  | Per unit price |  | Total |
| Balance, 1/1/14 |  | 200 |  | $5.00 |  | $1,000 |
| Purchase, 1/15/14 |  | 100 |  | 5.30 |  | 530 |
| Purchase, 1/28/14 |  | 100 |  | 5.50 |  | 550 |

An end of the month (1/31/14) inventory showed that 160 units were on hand. If the company uses FIFO, what is the value of the ending inventory?

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|  |  |
| --- | --- |
|  | $832 |

|  |  |
| --- | --- |
|  | $848 |

|  |  |
| --- | --- |
|  | $868 |

|  |  |
| --- | --- |
|  | $800 |

**Multiple Choice Question 87**

Eneri Company's inventory records show the following data:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Units |  | Unit Cost |
| Inventory |  | January 1 |  | 10,000 |  | $9.20 |
| Purchases: |  | June 18 |  | 9,000 |  | 8.00 |
|  |  | November 8 |  | 6,000 |  | 7.00 |

A physical inventory on December 31 shows 4,000 units on hand. Eneri sells the units for $13 each. The company has an effective tax rate of 20%. Eneri uses the periodic inventory method. What is the difference in taxes if LIFO rather than FIFO is used?

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|  |  |
| --- | --- |
|  | $1,760 additional taxes |

|  |  |
| --- | --- |
|  | $786 additional taxes |

|  |  |
| --- | --- |
|  | $992 additional taxes |

|  |  |
| --- | --- |
|  | $992 tax savings |

**Multiple Choice Question 99**

Romanoff Industries had the following inventory transactions occur during 2014:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  | Units |  | Cost/unit |
| 2/1/14 |  | Purchase |  | 54 |  | $45 |
| 3/14/14 |  | Purchase |  | 93 |  | $47 |
| 5/1/14 |  | Purchase |  | 66 |  | $49 |

The company sold 150 units at $70 each and has a tax rate of 30%. Assuming that a periodic inventory system is used, what is the company’s gross profit using FIFO? (rounded to whole dollars)

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|  |  |
| --- | --- |
|  | $3,318 |

|  |  |
| --- | --- |
|  | $3,552 |

|  |  |
| --- | --- |
|  | $7,182 |

|  |  |
| --- | --- |
|  | $6,948 |

**Multiple Choice Question 127**

If beginning inventory is understated by $13,000, the effect of this error in the current period is  
Cost of Goods Sold           Net Income

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|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | |  |  |  | | --- | --- | --- | | Understated |  | Understated | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | |  |  |  | | --- | --- | --- | | Understated |  | Overstated | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | |  |  |  | | --- | --- | --- | | Overstated |  | Understated | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | |  |  |  | | --- | --- | --- | | Overstated |  | Overstated | |

**Multiple Choice Question 155**

In a period of rising prices, FIFO will have

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|  |  |
| --- | --- |
|  | lower net purchases than LIFO. |

|  |  |
| --- | --- |
|  | lower net income than LIFO. |

|  |  |
| --- | --- |
|  | lower cost of goods sold than LIFO. |

|  |  |
| --- | --- |
|  | lower income tax expense than LIFO. |

**Multiple Choice Question 156**

Under the LCM approach, the market value is defined as

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|  |  |
| --- | --- |
|  | selling price. |

|  |  |
| --- | --- |
|  | FIFO cost. |

|  |  |
| --- | --- |
|  | LIFO cost. |

|  |  |
| --- | --- |
|  | current replacement cost. |