Name: _____ **Class:** _____ **Date:** _____ **ID: A**

Inventory

Multiple Choice
Identify the choice that best completes the statement or answers the question.

____ 1. Inventory turnover expresses the number of times in a year that a business sells the amount of merchandise in its inventory.

$$Inventory\_Turnover = \frac{Total\_Cost\_of\_Goods\_Sold}{Average\_Value\_of\_Inventory}$$

Which company has the highest inventory turnover in the chart below?

Company	Total Cost of Goods Sold	Average Value of Inventory	Inventory Turnover
Box-O-Bargains	$852,339	$292,900	
Bodega Bonanza	688,996	223,700	
Basic Buys	763,970	241,000	
Bailey's Bracelets	466,375	143,500	

a. Bodega Bonanza
b. Basic Buys
c. Bailey's Bracelets
d. Box-O-Bargains

____ 2. Inventory turnover expresses the number of times in a year that a business sells the amount of merchandise in its inventory.

$$Inventory\_Turnover = \frac{Total\_Cost\_of\_Goods\_Sold}{Average\_Value\_of\_Inventory}$$

Which company has the highest inventory turnover in the chart below?

Company	Total Cost of Goods Sold	Average Value of Inventory	Inventory Turnover
Box-O-Bargains	$421,104	$169,800	
Bodega Bonanza	101,660	39,100	
Basic Buys	67,044	30,200	
Bailey's Bracelets	447,675	190,500	

a. Bodega Bonanza
b. Basic Buys
c. Bailey's Bracelets
d. Box-O-Bargains

___ 3. Inventory turnover expresses the number of times in a year that a business sells the amount of merchandise in its inventory.

$$Inventory\_Turnover = \frac{Total\_Cost\_of\_Goods\_Sold}{Average\_Value\_of\_Inventory}$$

Which company has the inventory turnover miscalculated in the chart below?

Company	Total Cost of Goods Sold	Average Value of Inventory	Inventory Turnover
Box-O-Bargains	$769,113	$264,300	2.91
Bodega Bonanza	217,930	70,300	3.1
Basic Buys	385,906	122,900	3.09
Bailey's Bracelets	255,060	98,100	2.6

a. Bailey's Bracelets
b. Basic Buys
c. Box-O-Bargains
d. Bodega Bonanza

___ 4. Inventory turnover expresses the number of times in a year that a business sells the amount of merchandise in its inventory.

$$Inventory\_Turnover = \frac{Total\_Cost\_of\_Goods\_Sold}{Average\_Value\_of\_Inventory}$$

Which company has the inventory turnover miscalculated in the chart below?

Company	Total Cost of Goods Sold	Average Value of Inventory	Inventory Turnover
Box-O-Bargains	$869,913	$292,900	3.07
Bodega Bonanza	217,288	69,200	3.14
Basic Buys	545,181	199,700	2.73
Bailey's Bracelets	952,512	290,400	3.28

a. Box-O-Bargains
b. Basic Buys
c. Bodega Bonanza
d. Bailey's Bracelets

Numeric Response

5. Storage fees, taxes, insurance, and handling charges should all be considered when finding the cost of carrying inventory.

   Annual Cost of Carrying Inventory = Percent x Inventory Value

   The Evil Emporium maintains a $179,400 inventory. The cost of having the merchandise available is 28 percent of the inventory's value. What is the annual cost of carrying the inventory? Round your answer to the nearest dollar.

6. Storage fees, taxes, insurance, and handling charges should all be considered when finding the cost of carrying inventory.

   Annual Cost of Carrying Inventory = Percent x Inventory Value

   The Big Bargain Box maintains a $203,000 inventory. The cost of having the merchandise available is 20 percent of the inventory's value. What is the annual cost of carrying the inventory? Round your answer to the nearest dollar.

7. Inventory turnover expresses the number of times in a year that a business sells the amount of merchandise in its inventory.

   $$Inventory\_Turnover = \frac{Total\_Cost\_of\_Goods\_Sold}{Average\_Value\_of\_Inventory}$$

   Annual Cost of Carrying Inventory = Percent x Inventory Value

   The Shop-2-Save maintains an average of $197,200 in inventory. The cost of having the merchandise available is 30 percent of the inventory's value. If the total cost of goods sold during the year is $455,532, what is inventory turnover for the Shop-2-Save? Round your answer to the nearest hundredth.

8. Inventory turnover expresses the number of times in a year that a business sells the amount of merchandise in its inventory.

$$Inventory\_Turnover = \frac{Total\_Cost\_of\_Goods\_Sold}{Average\_Value\_of\_Inventory}$$

Annual Cost of Carrying Inventory = Percent x Inventory Value

The Shop-2-Save maintains an average of $237,000 in inventory. The cost of having the merchandise available is 30 percent of the inventory's value. If the total cost of goods sold during the year is $682,560, what is inventory turnover for the Shop-2-Save? Round your answer to the nearest hundredth.

Inventory
Answer Section

MULTIPLE CHOICE

1. ANS: C PTS: 1
2. ANS: A PTS: 1
3. ANS: B PTS: 1
4. ANS: A PTS: 1

NUMERIC RESPONSE

5. ANS: 50,232

   PTS: 1
6. ANS: 40,600

   PTS: 1
7. ANS: 2.31

   PTS: 1
8. ANS: 2.88

   PTS: 1