

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.

$$\text{Inventory_Turnover} = \frac{\text{Total_Cost_of_Goods_Sold}}{\text{Average_Value_of_Inventory}}$$

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	\$511,758	\$210,600	
Bodega Bonanza	565,400	220,000	
Basic Buys	165,264	62,600	
Bailey's Bracelets	487,971	174,900	

- a. Bailey's Bracelets c. Box-O-Bargains
b. Basic Buys d. Bodega Bonanza
- _____ 2. Inventory turnover expresses the number of times in a year that a business sells the amount of merchandise in its inventory.

$$\text{Inventory_Turnover} = \frac{\text{Total_Cost_of_Goods_Sold}}{\text{Average_Value_of_Inventory}}$$

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	\$410,550	\$172,500	
Bodega Bonanza	84,405	33,100	
Basic Buys	417,384	158,100	
Bailey's Bracelets	555,968	204,400	

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

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

$$\text{Inventory_Turnover} = \frac{\text{Total_Cost_of_Goods_Sold}}{\text{Average_Value_of_Inventory}}$$

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	\$380,070	\$154,500	2.46
Bodega Bonanza	416,518	184,300	2.34
Basic Buys	87,024	39,200	2.22
Bailey's Bracelets	325,755	114,300	2.85

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

$$\text{Inventory_Turnover} = \frac{\text{Total_Cost_of_Goods_Sold}}{\text{Average_Value_of_Inventory}}$$

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	\$366,091	\$144,700	2.53
Bodega Bonanza	676,192	248,600	2.72
Basic Buys	618,550	222,500	2.78
Bailey's Bracelets	368,790	129,400	2.79

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

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 Get'n Grab maintains a \$124,200 inventory. The cost of having the merchandise available is 23 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 Evil Emporium maintains a \$271,900 inventory. The cost of having the merchandise available is 25 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.

$$\text{Inventory_Turnover} = \frac{\text{Total_Cost_of_Goods_Sold}}{\text{Average_Value_of_Inventory}}$$

Annual Cost of Carrying Inventory = Percent x Inventory Value

The Megalo-Rama maintains an average of \$109,100 in inventory. The cost of having the merchandise available is 24 percent of the inventory's value. If the total cost of goods sold during the year is \$490,950, what is inventory turnover for the Megalo-Rama? 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.

$$\text{Inventory_Turnover} = \frac{\text{Total_Cost_of_Goods_Sold}}{\text{Average_Value_of_Inventory}}$$

Annual Cost of Carrying Inventory = Percent x Inventory Value

The Megalo-Rama maintains an average of \$219,500 in inventory. The cost of having the merchandise available is 29 percent of the inventory's value. If the total cost of goods sold during the year is \$482,900, what is inventory turnover for the Megalo-Rama? Round your answer to the nearest hundredth.



Inventory Answer Section

MULTIPLE CHOICE

- | | |
|-----------|--------|
| 1. ANS: A | PTS: 1 |
| 2. ANS: B | PTS: 1 |
| 3. ANS: D | PTS: 1 |
| 4. ANS: A | PTS: 1 |

NUMERIC RESPONSE

5. ANS: 28,566

PTS: 1

6. ANS: 67,975

PTS: 1

7. ANS: 4.50

PTS: 1

8. ANS: 2.20

PTS: 1

