**North East School Division**

**Unpacking Outcomes Module 16: Merchandising Inventory Accounts (Core)**

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| **Unpacking the Outcome** | | |
| Explore --> importance (inventory/accurate value) | | |
| **Outcome**(circle the verb and underline the qualifiers) | | |
| Explore the importance of inventory and its accurate value within a merchandising business. | | |
| **KNOW** | **UNDERSTAND** | **BE ABLE TO DO** |
| Vocabulary:  Inventory  Purchases  Cost of Goods Sold  Perpetual Inventory  Periodic Inventory  Freight-in | That  Cost of Goods Sold is the largest expense of a merchandising business and how to calculate it  What the different components of COGS are and how they are classified in the Chart of Accounts  There is a difference between the beginning inventory and the ending inventory and how to calculate the ending inventory.  How the financial statements are affected by Inventory and Cost of Goods Sold. | 1. Define merchandising inventory. 2. Classify and assign a number to the different types of accounts used in a merchandising business such as merchandise inventory, purchases, sales, and cost of goods sold to the chart of accounts. 3. Examine the inquiry questions:  Why is inventory reported on the balance sheet as the amount paid for the item, not the selling price? Why is the cost of goods sold reports on the income statement? 4. Discuss the relationship between beginning inventory (e.g., cost of goods on hand) and ending inventory. 5. Calculate the balance of merchandise inventory in a merchandising business. 6. Differentiate between perpetual inventory and periodic inventory, considering cost, ease of handling, computerization and labour hours. 7. Analyze the implications of inventory surplus or deficits in a business (e.g., cash flow, expenses, loss). 8. Calculate the cost of goods sold. |
| **ESSENTIAL QUESTIONS** | | |
| Why is it important to keep an accurate track of the inventory in a business?  How do we keep track of the inventory?  How do we determine the value of the inventory?  How do we calculate COGS? And how are they recorded in the financial statements? | | |