**North East School Division**

**Unpacking Outcomes**

Module 31D: Inventory Valuation (Optional)

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| **Unpacking the Outcome** | | |
| Examine --> inventory valuation | | |
| **Outcome**(circle the verb and underline the qualifiers) | | |
| Examine different inventory valuation methods. | | |
| **KNOW** | **UNDERSTAND** | **BE ABLE TO DO** |
| Vocabulary:  LIFO, FIFO, weighted average, periodic inventory, perpetual inventory, consignment, | That  Inventory is one of the main assets of a merchandising business and an accurate account of its value is critical to accurate financial statements.  Certain businesses deal with inventory that has a great variance in price and we must account for that.  There are two methods of accounting for inventory – periodic and perpetual.  The transactions vary slight depending on whether the business uses periodic or perpetual  There are positives and negatives to both methods of handling inventory.  There are several methods of calculating the dollar value of inventory which you choose may depend on the type of inventory you have. | 1. Define terms related to pricing of inventory such as stock record, stock ledger, Last-In, First-Out (LIFO), and First-In, First-Out (FIFO). 2. Distinguish between periodic and perpetual inventory and explain the conditions under which each type of inventory may be advantageous. 3. Identify accounts affected by merchandise inventory, and used in calculating cost of goods sold. 4. Examine merchandise included in counting inventory (e.g., merchandise in transit, merchandise on consignment). 5. Describe and calculate three methods of valuing merchandise inventory including First-In, First-Out (FIFO), Last-In, Last-Out (LILO) and Weighted Average. 6. Differentiate between three methods (i.e., First-In, First-Out [FIFO], Last-In, First-Out [LIFO] and Weighted Average) for valuing inventory when reporting net income and total assets. 7. Examine the effects of increasing and decreasing market prices on inventory values. |
| **ESSENTIAL QUESTIONS** | | |
| How much is the inventory worth at the end of the fiscal period?  How do you go about counting your inventory | | |