

E217 – Inventory Management

Quiz for Problem 13: Cost & Profit

1. In periods of declining purchasing prices, which method should be used to minimize company's taxable income?
 - a. FIFO
 - b. LIFO
 - c. Average Cost Method
 - d. None of the above

2. What are the factors to be considered when planning the inventory movement policy?
 - a. Expiry dates
 - b. No. of vehicles
 - c. Fixed shelf life
 - d. Technology used

3. Suppose you have bought 500 units of goods at the price of \$12, 200 units of goods at the price of \$15 and 350 units of goods at the price of \$14. What is the average cost of the goods?
 - a. \$13.24
 - b. \$12.86
 - c. \$12.82
 - d. \$14.36

4. Will the fluctuation of selling price during the period of sales affect the calculation of COGS?
Yes/No