

ACC 201 Cheat Sheet

by kmell via cheatography.com/48729/cs/13697/

Inventory Management Decisions

Primary goals of management decisions:

- 1. Maintain sufficient quantity to meet customer needs
- 2. Ensure quality meets customers expectations
- Minimize costs of getting/carrying inventory

Reporting Inventory

Income Statement: once Balance Sheet: items are sold, you inventory is set remove cost of goods up as an asset sold from income when statement purchased

Percentage of Credit Sales v Aging of A/R

% (income statement method) easier to compute; aging (balance sheet method) is more accurate

income statement method: begin by writing journal entries in problem

balance sheet method: begin by making a chart

STEPS TO FIFO/LIFO/WEIGHTED AVERAGE

FIFO	LIFO	WEIGHTED AVERAGE
STEP 1:	STEP 1:	STEP 1:
begin by	SAME AS	SAME AS
doing	FIFO STEP	FIFO AND
COGA.	2.	LIFO STEP 2:
STEP 2:	REMEMBER	DIVIDE
when	TO DO	COGA BY
determ-	LAST-IN-F-	NUMBER OF
ining	IRST-OUT	UNITS
COGS,		AVAILABLE
remember		STEP 3. USE
to do		THE
FIRST		NUMBER TO
IN-FIRST-		FIND COGS
OUT		AND COST
		OF ENDING
		INVENTORY

Sales Transactions

FOB Shipping Point FOB Destination

FOB Shipping: sale recorded when goods leave seller's shipping department FOB Destination: sale recorded when goods reach destination

FORMULAS

COGS = COGA COGA = BI +
- EI PURCHASES

GROSS INTEREST =
PROFIT = PRINCIPAL X
SALES - COGS INTEREST RATE X
TIME

NET RELIZABLE VALUE: A/R TOTAL -ALLOWANCE TOTAL

Types of Inventory

Merchandisers Manufacturers

Merchandisers: buy + sell finished goods
Manufacturers: buy raw materials +
produce and sell finished goods
(raw materials, work in process, and
finished goods)

Perpetual VS Periodical Inventory Systems

Perpetual: recorded Periodical: always every time item is updated at the end bought/sold/ret-urned; uses bar period; require codes like Walmart; constantly recording counted at the end inventory of every period

Financial Statement Effects (rising prices)

FIFO: COGS smaller than LIFO, Gross Profit larger than LIFO, Net Income larger than LIFO, Inventory larger than LIFO

LIFO: COGS larger than FIFO, gross profit smaller than FIFO, Net income smaller than FIFO, inventory smaller than FIFO



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JOURNAL ENTRY EXAMPLES

expense, credit allowance

A/R

BAD DEBT EXPENSE: debit bad debt

CASH COLLECTIONS: debit cash, credit

WRITE OFFS: debit allowance, credit A/R

CREDIT SALES: debit A/R and credit

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