

## Section Answer Keys

# Chapter 24 Stock Handling and Inventory Control

## Section 24.2 Inventory Control

### Review Key Concepts

1. A perpetual inventory system tracks the number of items in inventory on a constant basis. Under a physical inventory system, stock is visually inspected or actually counted to determine the quantity on hand.
2. Counting methods include physical inventory, cycle counts, and visual control.
3. When a store wants to look at the number of items carried in relation to the number of items sold, it uses this formula:  $\text{Cost of goods sold} \div \text{average inventory on hand (at cost)}$ . When a store wants to calculate its inventory turnover rates in units, it uses this formula:  $\text{Number of units} \div \text{average inventory on hand in units}$ .

### Practice Academics

#### English Language Arts

4. Accept all reasonable answers on how smart cards or radio frequency identification tags technology are used in retail stores. Students should include the source(s) of the information, summarize the activity (pricing, inventory control, marketing research, and so on), use correct grammar and spelling, and submit papers that are one-page in length.

#### Mathematics

5.  $1.5 (\$240,000 \div \$160,000)$ . This figure means the average inventory was sold and replaced 1.5 times during the annual period.