

Entrepreneurship Building a Business

Chapter 15 Managing Purchasing and Inventory

Section 15.2 Inventory Management

SECTION 15.2 After You Read Answer Key

Self-Check

1. Average inventory on hand can be calculated by adding the beginning and ending inventory for the period and divide by two.
2. Answers will vary. Students may select a partial inventory system. Accept other reasonable answers.
3. Ways to control shrinkage include security, protection, and quickening of sales.

Think

4. Floorplans will vary. Explanations might include the clustering of similar items and allowing easy access to popular products.

Mathematics

5. $12/9 = 1.33$ months; $(\$85,000 \times 0.55) \div 9 = \$5,194.44$; the cost for the inventory is \$5,194.44 and 1.33 months should be on hand.