

Exercise 8-8

Fiscal year ends December 31

Inventory quantity determined by physical count on December 31

Should the items listed be included or excluded from the year-end inventory?

- 1) **Excluded** – the merchandise held on consignment belongs to Trout Creek Clothing
- 2) **Included** – the goods were shipped to the customer F.O.B. destination, and did not arrive at the destination until January 4
- 3) **Included** – the goods were purchased F.O.B. shipping point on December 26, and belong to Phoenix when shipped
- 4) **Excluded** – the goods were shipped to the customer F.O.B. shipping point on December 28, and belong to the customer when shipped
- 5) **Included** – the merchandise belongs to Phoenix, not the consignor
- 6) **Excluded** – the goods were purchased F.O.B. destination, and did not arrive until January 3
- 7) **Included** – the goods purchased in #3 are included in inventory; so is the freight