

THINK CRITICALLY

Handwrite your responses in the space below; 2 sentences each.

1. What are the three types of inventory that a company may have?

 2. What common costs are associated with holding inventory?

 3. Partially completed products are commonly referred to as ____
 - a. direct materials
 - b. work in process
 - c. finished goods
 - d. labor costs

 4. True or False? ____ An inventory turnover calculation will tell a company the profit on each item sold.

 5. The _____ is the level of sales at which a product has neither a profit nor a loss.

 6. ____ is an example of a fixed cost.
 - a. electricity
 - b. supplies
 - c. wages
 - d. rent

 7. In a breakeven analysis, ____ would be considered a variable cost.
 - a. a manager's salary
 - b. insurance
 - c. rent
 - d. utilities
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TEAMWORK

Discuss in pairs or small groups and then write your conclusions below.

8. In your team, select a manufacturing company. Identify the variable and fixed costs for this organization.