

Inventory:

Accounting and Management

Course Description

Inventory usually represents a substantial portion of a manufacturing or merchandising company's total assets: on average, it is more than 30% of total current assets for a U.S. company. Inventory management has significant influence on a company's cash flow and continued viability, and as an asset on the balance sheet, inventory can have a direct impact on reporting the solvency of the company. Thus, determining ideal inventory levels is a balancing act and a key to a healthy and growing business.

This course is designed to address the main accounting principles and concepts applicable to inventory. It shares insights and techniques focused on improving inventory optimization processes, forecasting accuracy, and replenishment strategies. It also discusses common warning signs of inventory fraud, investigation techniques, and some control activities to mitigate risks. This course also identifies uses of technology to improve inventory management systems. Finally, risk areas, processes, and tips for planning a smooth inventory count are included to help a company prepare for year-end audits.

This course can be used by accounting professionals as a roadmap to what every accountant should know about inventory accounting, reporting, safeguarding, and optimization strategies.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

Course Level: Overview. This program is appropriate for professionals at all organizational levels.

CPE Credits: 6 (CPA)

Field of Study: Accounting

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

Chapter 1: Accounting and Reporting Inventory

1. Identify the characteristics of merchandising, manufacturing, and service companies
2. Recognize the components of inventory costs
3. Recognize how to account for inventories including consigned goods, and lower of cost or market
4. Distinguish between perpetual and periodic inventory systems

5. Indicate several inventory costing methods including FIFO, LIFO, and weighted average approach
6. Identify proper disclosure requirements for inventory and change in the inventory costing method
7. Recognize key differences between IFRS and GAAP in accounting for inventory

Chapter 2: Optimizing Inventory Control

1. Identify techniques for inventory planning and control
2. Recognize the measures of inventory efficiency
3. Identify how ROI affects a company's investment decision
4. Recognize ways to determine expected production volume

Chapter 3: Protecting Assets and Increasing Record Accuracy

1. Identify methods used to conceal inventory fraud
2. Recognize common schemes committed by the warehousing/inventory department
3. Recognize red flags displayed by perpetrators
4. Identify ways to prevent and detect inventory fraud
5. Recognize the importance of physical inventory counts
6. Recognize the characteristics of an optimal inventory management
7. Identify common audit procedures for inventory audits