1) When a perpetual inventory costing system is applied, no entry is recorded to reflect COS when inventory is sold.  TRUE or FALSE

2) If inventory is overstated (and it was properly stated at the beginning of the period), would COS be understated or overstated?

3) If goods have been purchased FOB shipping point and are on a truck on the way to the purchaser, should those goods be recorded as inventory by the purchaser?  (Yes or No)

4) Is interest typically included as a cost of inventory? (YES or NO)

5) Exercise E8-16 in your textbook. Make sure you understand it, it is pretty basic and is the building block for much more complicated computations we will do. YOU CAN IGNORE PART (B) of the exercise for the homework but I recommend that you understand the concept.