

CONCEPT: PERIODIC INVENTORY – FREIGHT COSTS

- Someone has to pay the shipping costs: the buyer or the seller.

☐ **Freight Costs** – the delivery expense

- In a periodic system, we use **Freight In** to hold the value of all shipping costs paid during the period.

☐ **FOB Shipping Point** – _____ of the goods changes hands at the shipping point.

- The _____ pays the shipping costs

- If you have to pay freight costs to receive your inventory, the delivery cost is included in _____

TOS ordered 500 Things at \$5 per Thing. The terms of the order are FOB Shipping Point. UPS charged \$35 for the delivery of these Things.

Journal Entry:

Assets

=

Liabilities

+

Equity

☐ **FOB Destination** – _____ of the goods changes hands at the destination.

- The _____ pays the shipping costs

- If you have to pay freight costs to sell your inventory, the delivery cost is included in _____

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