

B-08.01

C & L Coach buys luxury cars from manufacturers and then "saws them in half" and adds a number of components to upgrade and stretch them into exotic limousines. Examine the following items and decide if each should be included in inventory. If so, should the item be shown as raw materials, work in process, or finished goods?

	Inventory		Category		
	Yes	No	Raw Material	Work in Process	Finished Goods
Finished stretch limos awaiting sale	✓				✓
Limos under production that have been ordered by specific customers and a deposit made					
Finished limos shipped to dealers, terms FOB shipping point					
Luxury cars ordered from a manufacturer and in transit, FOB destination					
Sheet metal in the company's warehouse					
Wiring produced in China, in transit on a ship in the Pacific Ocean, terms FOB Shanghai					
Leather installed on a limo currently under production					
LCD monitors installed in a finished limo awaiting shipment to a customer					
Finished and sold limo returned to the factory for repair under warranty					