

What does The Cheesecake Factory's inventory include and where is it located on its financial statements?

The Cheesecake Factory Incorporated (NASDAQ: [CAKE](#)) operates over 200 restaurants and two bakeries in the United States. In its two bakeries, it bakes and prepares more than 70 desserts, both for its own use in its restaurants and for sale to a wide variety of wholesalers and retailers. The Cheesecake Factory's inventories consist of restaurant food and supplies, bakery raw materials, and bakery finished goods. The Cheesecake Factory uses the average cost basis to account for its inventory at its restaurants and the FIFO cost basis at its bakeries.

Requirements

1. Give an example of an item that could be found in each of the following types of inventory for The Cheesecake Factory:
 - a. Restaurant food and supplies
 - b. Bakery finished goods and work in progress
 - c. Bakery raw materials and supplies
2. Identify the financial statement where The Cheesecake Factory inventory would be found.
3. Identify the financial statement where The Cheesecake Factory cost of sales would be found.