IAS2

INVENTORY

01 Exclusions

- Financial Instruments (IFRS9 and IAS32)
- Biological assets at the point of Harvest (IAS41)

02 Inventory

- Held for sale in ordinary course of business
- In process of production for sale
- Form of materials to be consumed in production

03 Measurement

Always the **lower of** cost and Net Realisable Value.

- NRV = Selling Price - Selling Cost - Cost of Completion

04 Cost Formulas

- FIFO - First in and First Out
- Weighted Average Cost - Average of all prices paid for similar inventory

05 Expensed

- Recognize COS when inventory is sold.
- Write-downs are expensed when incurred

06 Cost Exclusions

- Abnormal Waste
- Storage Cost
- Admin Overheads
- Selling Cost

PS - IAS41 PRODUCE COST = FV LESS COST TO SELL