SMART A Jai Chawl **CA INTER** AS 2 - INVENTORIES **COVID - 19** 9 **Most Recent Videos** Measurement Non- applicability Special Cases Meaning How to Identify cost? When an Inventory of Inventory Recognized as an expense? An Asset 1) Trade Dis. vs. Cash Discount **Depends on** 1) WIP under Construction **Held for** In Proces **Materials Nature of Inventory** contracts (AS-7) Lower of Sale in or Supplies **Not Consider** Consider **Ordinary Production** to be When capitalized COGS When 2) WIP for Service Providers for Sale Consumed to PPE course when 2) Conversion of PPE into Inventory reduced **Such as Software Development** in Production of Buss. (WIP) Not ordinarily actually to NRV **Consultancy, Medical Services** (F.G.) (Rm) Interchangable sold When such PPE is sold regularly after using in the ordinary course of business **Depreciation** 3) Shares, Debentures & other **Specific Identification** Secaeities held on stock in Trade Method Sale of such PPE shall be booked as (Cost sheet of each sale of Inventory on Gross Basis 4) Livestock, Agriculture & & every inventory 3) Spares/Tools/Equipments used in PPE **Forest Products & Mineral** shall be taken into Oils, ores & gases. consideration) (They are measured at NRV) If they does not fulfil If they fulfills **Ordinarily** the criteria of AS -10 criteria of AS -10 Interchangable Then treated as PPE, OR **Expenses & Inventory** Historical Non-Historical may be **COST** as per AS 2 a separate component Approach Approach **Purchase Price + Estimated SP** if amount is material **Conversion Cost + Other Cost** (-) Cost to Sale Retail **Standard Cost Allocation of Cost to Joint Products Estimate NRV** WAC FÍFO price How to Use? Standard price of & By-Products **Best evidence:-Prod OH** Labour Sale event **How to Use?** a) Material after BS date SP is to be b) Labour Variable **By Products Fixed Joint Products** NRV of Raw material adjusted with c) O/H OH \mathbf{OH} not measurable GP% are taken and they are regularly **Allocate the total Cost** 1) Measure by When to Use? Allocation Allocation on reviewed based on of Conversion in ratio of **Products at NRV** when there are on Actual Normal revised prices relative Sales Value either at 2) Now this value is If NRV of wide variety Capacity basis Capacity basis If NRV of 1) Stage of Production Process **deducted from Cost** of Products with FG is Lower When to Use:-FG is higher except when always when Products becomes of Main Product similar margin **Cost records are Actual production** than Cost **Separately Identifiable** maintained properly & is more than Measure RM at Or every product is having Measure Normal **Replacement Cost** 2) at the Completion of In that case use RM at diff profit margin COVID - Agail Capacity Production **Actual Cost**