IND AS 2 - Inventories

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Eg: Fixed OH → Allocation of cost of Inventories

Co
- Normal Capacity → 1,00,000 units
- Actual Prodn of Inventory → 75000 units

} Based on Normal Prodn.

Fixed Cost incurred – ₹1.5L

Fixed cost p.u. = ₹1.5L / 1 lakh units (Normal Prodn) = **₹1.5 p.u**

Fixed cost = 150000

Inventory cost → 75K units × ₹1·5 p.u = 112500

BIF → 37500 → Abnormal loss / unabsorbed cost → PL.

Eg 2: Co → Normal Capacity = 1,00,000 units
Actual Prodⁿ of Inventory = 1,10,000 units
Fixed cost Incurred = ₹150000

} Based on ~~Normal~~ Actual Capacity

Fixed cost p.u. = 150000 / ~~100000~~ 110000 units = ~~₹1·5 p.u~~ ₹1·3636 p.u.

Fixed cost 150000

Inventory cost → 110000 × ~~₹1·5 p.u~~ ₹1·36 p.u.

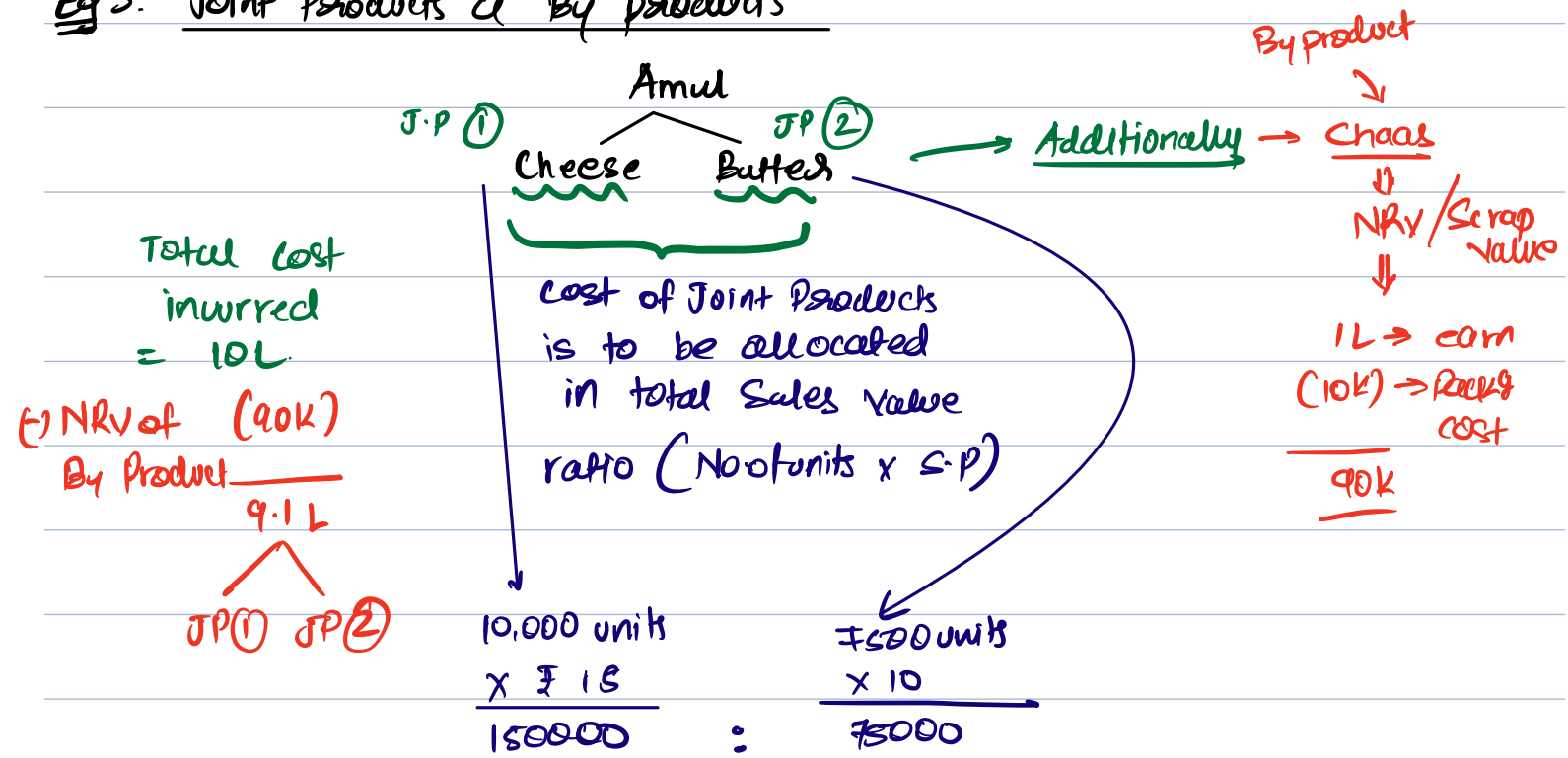
= ~~₹165000~~

= ₹150000

BIF → 0

Note: Fixed OH allocation will be done based on Normal capacity or Actual Prodⁿ → whichever is higher.

Eg 3: Joint Products & By products



Illus 8 (LOR)

Total Cost	
Raw mate	150000
Wages	90000
Fixed OH	65000
Var OH	50000
Total Cost	355000
(-) NRV of By product	(30000)
(-) NRV of Scrap	(5000)
Net Cost	320000

[2000 units x 20 = 40000
(8000)
(2000)
30000]

	MP I	MP II
	5000 units x ₹60 = 300000	4000 units x ₹50 = 200000
Allocation of cost	192000 (3.2L x 3/5)	128000 (3.2L x 2/5)
÷ No. of units	5000 units	4000 units
Cost p.u.	₹ 38.4 p.u.	₹32 p.u.

* Value of Clg Stk	MP I	MP II
Clg Stk (units)	250 units	100 units
(x) Cost p.u.	38.4	32
Clg Stk (₹)	9600	3200

Illus 16 (LDR)

Particulars	(₹)
1. Raw Material Consumed (Opn + Purch (-) Cls)	
[1100 units (+) 10000 units (-) 900 units = 10200 units × ₹10 p.u. (₹100000 / 10000 units purch.)]	102000
2. Labour	76500
3. Fixed OH [75000 / 15000 units] = ₹5 p.u. × 10200 units = 51000 (bal = 24000 (PIL))	51000
Based on Normal / Actual Prodn of FG (whichever is higher)	
15000 10200 (WNI)	
Total Cost of F.G	229500
÷ FG Prodn (WN1)	10200 units
Cost p.u of F.G	₹ 22.5 p.u.
NRV of FG	₹ 20 p.u.

Cls Stk of FG

FG (1200 units × ₹20 p.u.)	₹24000
RM (900 units × ₹9.5 p.u)	₹ 8550

If FG is sold Below cost, then Measure RM @ Replacement cost.

WN ① FG Prodⁿ

Opⁿ + ~~Purch~~ (-) Cls = Cons/Sales

↓ Prodⁿ ?

= 1000 + Prodⁿ (-) 1200 = 10,000

Prodⁿ = 10000 (-) 1000 + 1200 =

= 10200 units.

Illus 21 Fixed OH cost p.u = 1500 / 7500 hours = ₹0.2 p.u.

Normal / Actual ↑ → 7500 hours

Variable OH cost p.u = 2600 / 6500 hours = ₹0.4 p.u.

Actual always → 6500 hours

₹ 0.6 p.u.

Cls Stk (units) = ?

Opⁿ + Purch (-) Cls = Sales

2500 (+) 6500 (-) cls = 6700

2500 + 6500 (-) 6700 = Cls

Cls = 2300 units

(x) Cost p.u. 0.6

Cls Stk (₹) ₹1380

Illus 23 (LDR)

Note: When PPE is used to manufacture Inventory, in this case, Deprn of PPE will be Added to cost of Inventory.

Raw Mate (550000 - 50000) (Refundable taxes)	500000
(+) Design cost (7000 + 3000)	10000
(+) Testing cost (21000 + 11000 + 5000)	37000
(+) Customisation cost (55000 + 65000 + 15000)	135000
	682000