

## EG Learning example 4.1

Harry trades in second hand cars. At 30 June 2008, he has the following cars in stock:

	Cost \$	NRV \$
Ford Fiesta	2,300	3,140
Land Rover Discovery	4,500	3,900
Renault Clio	600	750
Toyota Prius	<u>6,800</u>	<u>8,900</u>
	14,200	16,690

At what value should Harry's closing inventory be reported in his statement of financial position?

(12) Posh plc has the following units in inventory at the end of 20X9.

	Units	Cost per unit (\$)
Raw materials	5,000	25
Work in progress	2,000	30
Finished goods	1,000	35

Finished items usually sell for \$50 per unit. However, water damage caused by improper storage of inventory will mean that 300 units of finished goods will be sold at 60% of the normal selling price less costs to sell of \$5 per item. A further \$5.50 per unit is still to be incurred to finish off the items of work in progress.

**In accordance with IAS 2 Inventories, at what amount should inventories be stated in the statement of financial position of Posh plc as at the end of 20X9?**

- A \$217,000
- B \$220,000
- C \$228,000
- D \$218,500