Ex 1				**Ex 2**	
Db	Stock	40,000		Cost	495
Cr	AP	40,000			
Db	AP	5,000			
Cr	Discount received (PL)	5,000			

Db
Cr

EG **Learning example 4.1**

Harry trades in second hand cars. /

Ford Fiesta
Land Rover Discovery
Renault Clio
Toyota Prius

At what value should Harry's closin
financial position?

Ex 3

	cost	NRV
ford	2,300	3,140
rover	4,500	3,900
renault	600	750
toyota	6,800	8,900
	14,200	16,690

To be reported at lower of cost and NRV, i.e.

ford	2,300
rover	3,900
renault	600
toyota	6,800
	13,600

Impairmen	600
Stock (BS)	600

Ex 4

FIFO

	Units	Price	Cost	
Purchase	800	220		176,000
Purchase	200	180		36,000
Sale	900			**194,000**
				18,000

Average

	Units	Price	Cost	
Purchase	800	220		176,000
Purchase	200	180		36,000
Sale	900			**190,800**
				21,200

At 30 June 2008, he has the following cars in stock:

Cost $	NRV $
2,300	3,140
4,500	3,900
600	750
6,800	8,900
14,200	16,690

g inventory be reported in his statement of

Exam

The f

anoth

inclu

Each

·

The e

<mark>sales</mark>

What

Ex 5

	Units	Unit cost	NRV		BV
Raw materials	5,000	25	25		125,000
WIP	2,000	30	39.5		60,000
Finished products	1,000	35	see workings		32,000
					217,000

(COS)
Closing balance

Ex 6

Total costs of A	98,000	net costs approach = t
Unit costs of A	19.60	

(COS)
Closing balance

Total cost of B	2,000
Unit cost of B	2.00

Ex 7

Sales ratio of A	38%
Sales ratio of B	62%

Total costs of A	115,385
Unit costs of A	23.08

Total costs of B	184,615
Unit costs of B	46.15

(12) Posh plc

Raw ma
Work in
Finished

Finished
caused
finished
costs to
incurred

In acco
invento
Posh pl

A $21

ple 7: Estimate the cost of stock (joint products) at reporting da

acts are the same as in example 6. However, in this example, ins
ner joint product 'B' resulting from the maturation process. Fu
ding direct costs and the allocation of overheads) of a productior

production run produces:

5,000 litres of product A, sales value = CU 250 000
4 000 litres of product B, sales value = CU 400 000

4,000 litres of product B, sales value – CU 400 000

entity allocates the joint process costs to the products produced
<mark>values.</mark>

are the per unit costs of by-products A and B?

Workings:

	Cost (unit)	NRV (unit)	min	Total
700	35	45	35	24,500
300	35	25	25	7,500
				32,000

⊂ has the following units in inventory at the end of 20X9.

	Units	Cost per unit ($)
ιterials	5,000	25
progress	2,000	30
d goods	1,000	35

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

ırdance with IAS 2 Inventories, at what amount should ⅃ries be stated in the statement of financial position of ⅃c as at the end of 20X9?

Example 6: Estimate the cost of stock (main product aɪ

17 000

te

tead of the by-product there is
rthermore, the total costs (i.e.
ı run are CU 300 000.

a chemical 'A' for use in the ;
se chemicals followed by a mɑ
re produced.

uction run (i.e. including dire

duces:

ɔduct A, sales value = CU 250 (

-product) C, sales value = CU

the by-product by deducting
d on the basis of their relative the costs to complete and sel

sts of product A?

3,000
3,000

	Before BS date	After impairment testing
value of stock	220,000	217,000

nd by-product) at reporting date

agriculture industry. The production process
aturation process, and from which, a product

ect costs and the allocation of overheads) are

000

2 000

g its selling price from the cost of the main

ll the by-product are negligible and have been