

Valuation of Inventories (AS-2)

Raw Material

WIP & Finished Goods

$$SP_{FG} \geq CP_{FG}$$

$$SP_{FG} < CP_{FG}$$

Cost Price

Cost
or
Replacement Price
w.e. is lower

Cost

Standard
Cost

Retail
Price

Actual
Cost

On Normal
consumption
(Regular Review)

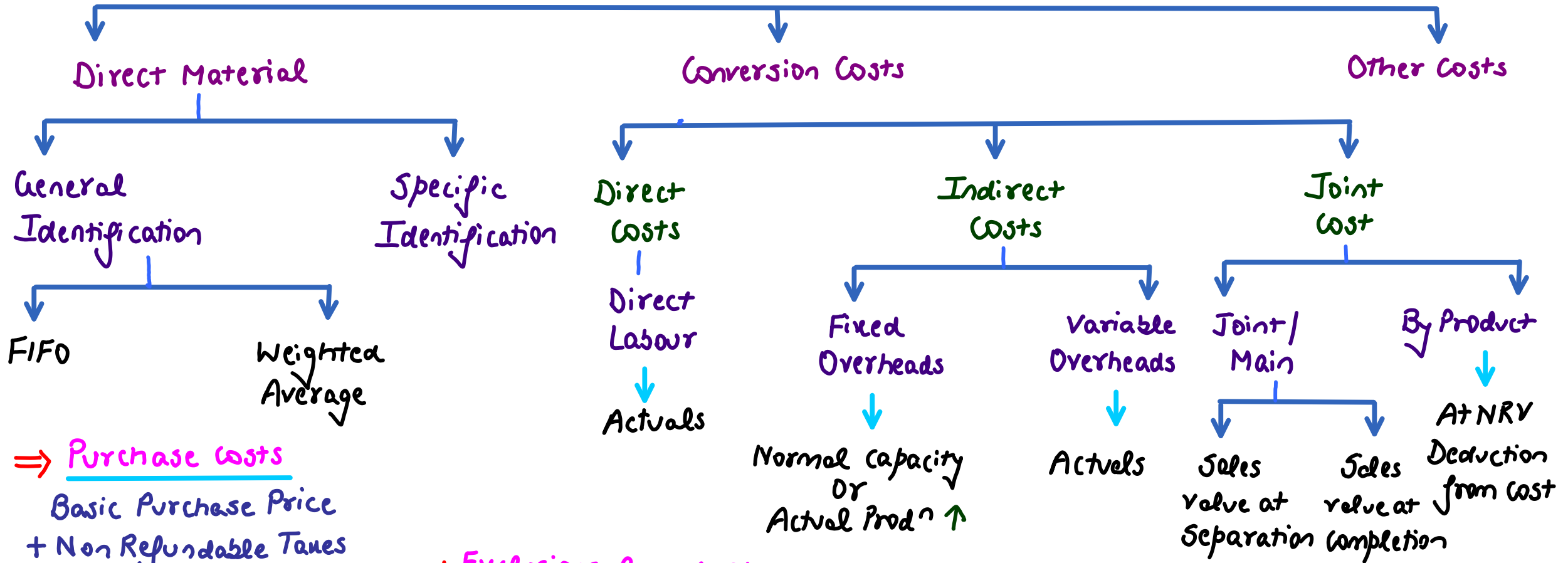
Sales Value
of Inventory
(-) GP (-/-)

★

NRV
(Net Realisable value)

Estimated Selling Price
(-) Estimated selling Expenses
(-) Estimated costs of completion

* Actual Cost



⇒ Purchase Costs

- Basic Purchase Price
- + Non Refundable Taxes
- + Freight Inwards
- + Directly Attributable Exp.

⇒ Exclusions from Cost

- Storage costs, selling & Distribution costs,
- Abnormal Loss, Administrative o/m's,
- Interest & other Borrowing costs