Inventory Accounting and Costing Training

Description

Objectives:

By the end of the program, participants will be able to:

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- Obtain up-to-date rules covering costing and accounting for inventory, and touch base with inventory cycles from purchase to sales.
- Correctly recognize and measure inventory under International Financial Reporting Standards (IFRS) and Generally Accepted Accounting Principles (GAAP).
- Properly account for write-downs, write-backs and impact of change in inventory accounting policies on financial statements.
- Develop professional judgment in accounting for inventory not on hand.
- Gain knowledge of different inventory cost-flow assumptions and how they affect the company's financial position and income statement.
- Report and disclose inventory accurately by adhering to internationally recognized conventions.
- Understand inventory cost allocation techniques and cost accounting approaches.

The Content:

Introduction to Inventory

- Current Assets and Inventory Management
- The Four Reasons for Keeping Inventory
- Inventory Cycle from Purchases to Sales:
- Ordering and Receiving
- Sales and Delivery
- Best Practices in Count Process
- Inventory Industry Types: Merchandise, Manufacturing, Construction and Real Estate
- Differences between Inventory, Fixed Assets and Investment Properties
- Understanding and Analyzing Inventory Ratios

Accounting for Inventory

- Perpetual versus Periodic Inventory Methods
- Cost Accounting versus Financial Accounting
- Cost Allocation Techniques:
- Direct Material, Direct Labor and Manufacturing Overhead
- Initial Recognition
- Cost of Purchase, Cost of Conversion and Treatment of Discounts and Rebates Received
- Measurement after Recognition
- Calculating “Net Realizable Value” (IFRS)
- Calculating Market Price Under The “Lower of Cost or Market-LCM” Method (GAAP)
- Estimating and Booking Write-Downs for Slow-Moving and Obsolete Inventory
- Accounting for Write-Backs of Impairment Under IFRS and GAAP
- Accounting for Errors Identified on Physical Count

Accounting for Inventory – Special Topics

- Accounting for Inventory Not on Hand
- On Consignment
- Goods In-Transit: Defining Inco-Terms
- Sold with Right of Return
- Sold Subject to Installation and Inspection
- Sold on a “Bill-and-Hold” Basis
- The Concept of “Inventory Credit”: Inventory Used as Collateral to Raise Finance
- Impact of Accounting Policies Changes on Financial Statements
- Inventory Required Disclosures

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Inventory Cost Flow Assumptions

- First-In First-Out (FIFO) and Last-In First-Out (LIFO)
- Weighted Average (WA) and Moving Average (MA)
- Specific Identification (SID)

Inventory Estimation and Cost Accounting Approaches

- Inventory Estimation Techniques
- Gross Profit Method
- Retail Method
- Cost Accounting Approaches
- Traditional Costing versus Activity-Based Costing
- Target Costing versus Cost-Plus Pricing Method
- Standard Cost Accounting
- Throughput Accounting
- Using Excel for Efficient Analysis of Inventory
- Consolidating your Inventory Data
- Validating Data for Accuracy
- Analyzing Slow Moving and Obsolete Inventory
- Tests of Recalculating Weighted Average and Moving Average Costs

- Using Pivot Tables to Efficiently Analyze and Report on Inventory Issues

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