
Inventory Valuation and Cost Control Training Course: IAS 2, Write-Downs and Reconciliations

19 – 23 July 2027
Rome





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Programme Summary

Inventory valuation and cost control, covering IAS 2, write-downs and reconciliations, is the subject of this one-week training course for finance managers and controllers at applied level, ending in an inventory valuation pack for one stock category. Stock is often a large balance sheet item, yet its value rests on cost build-up, count accuracy and judgement about what will sell. The approach moves from measurement rules and cost formulas, through product costing and variances, to write-downs, counts and reporting. Mars Training Centre UK delivers this programme in inventory valuation and cost control.

The Business Case

Inventory errors reach profit directly, because every unit mis-costed or overstated in the balance sheet is later expensed at the wrong value. Finance leaders who understand how cost is built up, how slow stock is written down and how counts are reconciled produce results that auditors and boards can rely on.

- Inventory Valuation Accuracy: Improves as cost build-up and count reconciliations follow documented rules.
- Write-Down Timeliness: Improves as slow, damaged and obsolete stock is assessed against net realisable value each period.
- Month-End Close Effort: Falls as variances and stock adjustments are explained through standard routines.

Principles and Evidence Base

- IAS 2 Inventories: Its requirement to measure stock at the lower of cost and net realisable value frames the measurement work in Sessions 1 and 3.
- IAS 2 Cost Formulas: The permitted formulas for assigning cost to stock structure the comparison of methods in Session 2.
- Standard Costing and Variance Analysis: This management accounting method shapes the product costing and variance review in Session 4.

Intended Participants

- Finance managers who prepare and review inventory balances and cost of sales.
- Cost controllers who build standard costs and explain production variances.
- Reporting leaders who apply IAS 2 and judge write-downs at period end.
- Audit liaison staff who support stock counts and valuation testing.
- Operations finance partners who link stock levels to working capital targets.

The programme serves manufacturing, retail, distribution and construction supply organisations.



Learning Outcomes

1. Participants will be able to apply the IAS 2 measurement rules to a stock portfolio.
2. Participants will be able to compare cost formulas and evaluate their effect on profit and balance sheet values.
3. Participants will be able to construct product costs that absorb production overheads on a defined basis.
4. Participants will be able to diagnose the causes of variances between standard and actual cost.
5. Participants will be able to justify write-downs and provisions for slow and obsolete stock.
6. Participants will be able to design a count and reconciliation routine that supports a reliable closing balance.

Programme Structure

Day 1: Inventory Valuation Principles and IAS 2

What does the standard require, and what is the carrying amount of stock?

- IAS 2 Scope and Recognition Rules
- Lower of Cost and Net Realisable Value Test
- Costs Included and Excluded From Stock
- Stock Classification Map for Raw Materials, Work in Progress and Finished Goods
- Inventory Valuation Gap Checklist

Day 2: Cost Formulas and Their Effect on Results

How does the choice of cost formula move profit and the balance sheet?

- First-In First-Out Costing Model
- Weighted Average Cost Model
- Specific Identification for Unique Items
- Cost Formula Comparison on Rising Prices
- Formula Consistency and Change Controls

Day 3: Net Realisable Value and Write-Downs

When has stock lost value, and by how much?

- Net Realisable Value Estimation Template
- Slow-Moving and Obsolete Stock Ageing Analysis
- Write-Down Calculation and Reversal Rules
- Provision Review Committee Pack
- Disclosure Notes on Stock Write-Downs



Day 4: Product Costing, Overhead Absorption and Variances

How is cost built up for each unit, and why does actual differ from standard?

- Standard Cost Card Construction
- Overhead Absorption Rate Calculation
- Price and Usage Variance Analysis
- Capacity Variance and Fixed Overhead Treatment
- Variance Capitalisation Policy

Day 5: Counts, Reconciliations and Reporting

Is the closing balance reliable, and is it reported properly?

- Cycle Count and Year-End Count Plan
- Stock Ledger to General Ledger Reconciliation
- Applying Session 2 Formulas to a Closing Valuation
- Applying Session 3 Write-Down Tests to the Ageing Report
- Completing the Inventory Valuation Pack

Methodology

The programme is built around structured exercises and case analysis. Participants value sample stock files, build cost cards, compute variances and test write-down judgements in spreadsheets, then present their conclusions to a simulated close review. Cases draw on manufacturing, retail and distribution organisations.

- Suggested activity: Valuing a stock file under two cost formulas and comparing the profit effect.
- Suggested activity: Building a standard cost card and explaining a monthly variance report.
- Suggested activity: Reconciling a stock ledger to the general ledger and proposing adjustments.

Capstone Output

Each participant completes an inventory valuation pack for one stock category in their own organisation. It holds a valuation basis, a cost formula choice, a cost build-up, a write-down assessment, a variance explanation and a reconciliation. It is used at the next period close and to brief auditors on valuation judgements.

Frequently Asked Questions

Is inventory valuation training suitable for finance managers without cost accounting experience?

Yes. It is set at applied level for finance and reporting staff, and assumes knowledge of basic bookkeeping. Cost methods are introduced from first principles.



Which standard does the inventory valuation and cost control programme rest on?

It rests on IAS 2 Inventories, including its measurement rule and cost formulas, together with standard costing and variance analysis as management accounting methods.

How is the inventory valuation pack used at work?

You can use it at the next period close to document valuation judgements, explain variances and brief auditors on write-downs and counts for one stock category.

How does inventory valuation differ from inventory management training?

Inventory valuation concerns measuring and reporting stock in the accounts, while inventory management concerns stock levels, locations and replenishment decisions.