

Estimated Selling Price	xx
Estimated Cost of Completion	(xx)
Estimated Cost to Sell	<u>(xx)</u>
Net Realizable Value	<u>xx</u>

Allowance Method

- loss on inventory write-down is presented separately.
- both beginning and ending inventories are measured at cost.
- Journal Entry:

Loss on Inventory Write-down	xx	
Allowance on Inventory Write-down		xx

Direct Method

- loss on inventory write-down is absorbed directly by Cost of Goods Sold
- both beginning and ending inventories are measured at LCNRV
- no Journal Entry

Preview from Notesale.co.uk
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