

~~LCNRV~~

Lower of COST OR Net Realizable Value

USE \diamond LCNRV [FIFO, X COST, ANY OTHER METHOD (EXCEPT)]

DO NOT USE \diamond LCNRV [DO NOT USE FOR:
 - LIFO
 - RETAIL INVENTORY METHOD
 FOR these methods use lower of cost or market (= replacement cost)]

IF $NRV < COST$

ADJUST Required

IF $NRV > COST$

NO ENTRY

NRV = \rightarrow estimated selling price in ORDINARY COURSE OF BUSINESS

(IT IS THE NET AMOUNT THE COMPANY EXPECTS TO REALIZE (OR COLLECT IN CASH FROM THE SALE OF THE INVENTORY)

\rightarrow less reasonably predicted COST OF COMPLETION, DISPOSAL and TRANSPORTATION (Sales Commissions, SHIPPING COSTS)

= Net Realizable Value