Inventories, Provisions and End-of-Service Benefits

CertiFi micro-credential

1 course · 5 lessons · about 3 study hours · issued 28 Nov 2026

IFRS-09

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About 3 study hours · 5 lessons · pass mark 70% · AED 299

Three balances that appear in almost every UAE company's accounts. Following an Abu Dhabi distributor, you will build the landed cost of inventory and write it down to net realisable value under IAS 2, recognise and measure provisions and contingencies under IAS 37, and account for leave, bonuses and end-of-service gratuity under IAS 19. This is a CertiFi certificate of completion and is not a qualification of the IFRS Foundation.

On completion, you will be able to:

- Determine the cost of inventory and apply a cost formula
- Write inventory down to net realisable value and reverse a write-down
- Decide when to recognise a provision and how to measure it
- Distinguish provisions, contingent liabilities and contingent assets
- Account for short-term employee benefits and end-of-service gratuity

Learning outcomes by lesson

1. IAS 2: the cost of inventory

- Define inventory
- List what is included in, and excluded from, cost
- Build a landed cost
- Apply FIFO and weighted average cost

2. Net realisable value and inventory controls

- Calculate net realisable value
- Record a write-down and a reversal
- Identify slow-moving and obsolete stock
- List the disclosures and year-end controls

3. IAS 37: provisions

- Define a provision
- Apply the three recognition criteria
- Measure a provision
- Deal with onerous contracts, restructuring and warranties

4. Contingencies, and employee benefits in the short term

- Distinguish a contingent liability and a contingent asset from a provision
- Apply the probability thresholds

- Account for annual leave, tickets and bonuses
- Disclose provisions and contingencies

5. End-of-service gratuity under IAS 19

- Distinguish defined contribution from defined benefit plans
- Classify UAE end-of-service gratuity
- Outline the projected unit credit method
- Decide when a simplified calculation is acceptable