**Here are some examples of inventory:**


1) Joe Superathlete Shoes sells Adidas and Nike shoes. Guess what? Those are both inventory for his business because they are bought from the manufacturers of the shoes and are sold to the public at a higher amount, resulting in a profit for the business.

2) Morgan Used Cars sells used cars. Are these inventory? Well, usually motor vehicles would fall under *non-current assets* in our *balance sheet*. However, in this particular case, the business intends to sell them as part of their regular business operations (they definitely intend to sell them in less than a year), and so these cars are classified as "inventory" under the category of "current assets."

3) Davison Investments is a property investment company, trading in residential and commercial properties. Now, these properties - land and buildings - couldn't possibly be anything but a non-current asset, could they? Actually, they could. Just like motor vehicles, land and buildings would usually fall under "non-current assets" in our balance sheet. However, because Davison Investments trade in properties - meaning they want to sell them as a regular part of their business operations - meaning sell them within a year - then these properties are also classified as "inventory."

So as you can see, inventories aren’t necessarily small items that are sold quickly. The size of the asset, or how quickly one can sell it, is not the overriding factor when classifying an asset as inventory. The overriding factor is what the business intends to do with the asset. If they bought it (or made it) with the intention of reselling it for a higher price, and they routinely resell this type of asset to others, then the asset is *inventory.*