PUBLIC BENEFIT ENTITY INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARD 12 INVENTORIES (PBE IPSAS 12)

Issued September 2014 and incorporates amendments to 31 January 2020 other than consequential amendments resulting from early adoption of PBE IFRS 9 *Financial Instruments* and PBE IPSAS 41 *Financial Instruments.* PBE IFRS 9 is superseded by PBE IPSAS 41 and is available for early application if, and only if, the entity's initial date of application is before 1 January 2020.

This Standard was issued on 11 September 2014 by the New Zealand Accounting Standards Board of the External Reporting Board pursuant to section 12(a) of the Financial Reporting Act 2013.

This Standard is a disallowable instrument for the purposes of the Legislation Act 2012, and pursuant to section 27(1) of the Financial Reporting Act 2013 takes effect on 9 October 2014.

Reporting entities that are subject to this Standard are required to apply it in accordance with the effective dates in paragraphs 52.1 to 52.4.

In finalising this Standard, the New Zealand Accounting Standards Board has carried out appropriate consultation in accordance with section 22(1) of the Financial Reporting Act 2013.

This Tier 1 and Tier 2 PBE Standard has been issued as part of a revised full set of PBE Standards that incorporate enhancements for not-for-profit public benefit entities.

This Standard, when applied, supersedes PBE IPSAS 12 *Inventories* issued in May 2013.

PBE IPSAS 12 INVENTORIES

ISBN 978-1-927292-33-4

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Public Benefit Entity International Public Sector Accounting Standard 12 *Inventories* is set out in paragraphs 1–53. All the paragraphs have equal authority. PBE IPSAS 12 should be read in the context of its objective, the NZASB's Basis for Conclusions on PBE IPSAS 12, the IPSASB's Basis for Conclusions on IPSAS 12, the *Public Benefit Entities' Conceptual Framework* and Standard XRB A1 *Application of the Accounting Standards Framework*. PBE IPSAS 3 *Accounting Policies, Changes in Accounting Estimates and Errors* provides a basis for selecting and applying accounting policies in the absence of explicit guidance.

Objective

1. The objective of this Standard is to prescribe the accounting treatment for inventories. A primary issue in accounting for inventories is the amount of cost to be recognised as an asset and carried forward until the related revenues are recognised. This Standard provides guidance on the determination of cost and its subsequent recognition as an expense, including any writedown to net realisable value. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Scope

2. **An entity that prepares and presents financial statements shall apply this Standard in accounting for all inventories except:**

   (a) **Work-in-progress arising under construction contracts, including directly related service contracts (see PBE IPSAS 11 *Construction Contracts*);**

   (b) **Financial instruments (see PBE IPSAS 28 *Financial Instruments: Presentation* and PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*);**

   (c) **Biological assets related to agricultural activity and agricultural produce at the point of harvest (see PBE IPSAS 27 *Agriculture*); and**

   (d) **Work-in-progress of services to be provided for no or nominal consideration directly in return from the recipients (for example, work-in-progress relating to the provision of pro-bono legal services).**

3. **This Standard does not apply to the measurement of inventories held by:**

   (a) **Producers of agricultural and forest products, agricultural produce after harvest, and minerals and mineral products, to the extent that they are measured at net realisable value in accordance with well-established practices in those industries. When such inventories are measured at net realisable value, changes in that value are recognised in surplus or deficit in the period of the change; and**

   (b) **Commodity broker-traders who measure their inventories at fair value less costs to sell. When such inventories are measured at fair value less costs to sell, changes in fair value less costs to sell are recognised in surplus or deficit in the period of the change.**

4. [Not used]

4.1 **This Standard applies to Tier 1 and Tier 2 public benefit entities.**

4.2 **A Tier 2 entity is not required to comply with the requirements in this Standard denoted with an asterisk (*). Where a Tier 2 entity elects to apply a disclosure concession it shall comply with any RDR paragraphs associated with that concession.**

5. [Not used]

6. The inventories referred to in paragraph 2(d) are not encompassed by NZ IAS 2 *Inventories* and are excluded from the scope of this Standard because they involve issues specific to public benefit entities that require further consideration.

7. The inventories referred to in paragraph 3(a) are measured at net realisable value at certain stages of production. This occurs, for example, (a) when agricultural crops have been harvested or minerals have been extracted and sale is assured under a forward contract or a guarantee, or (b) when an active market exists and there is a negligible risk of failure to sell. These inventories are excluded only from the measurement requirements of this Standard.

8. Broker-traders are those who buy or sell commodities for others or on their own account. The inventories referred to in paragraph 3(b) are principally acquired with the purpose of selling in the near future and generating a surplus from fluctuations in price or broker-traders' margin. When these inventories are measured at fair value less costs to sell, they are excluded only from the measurement requirements of this Standard.

Definitions

9. **The following terms are used in this Standard with the meanings specified:**

Inventories are assets:

(a) **In the form of materials or supplies to be consumed in the production process;**

(b) **In the form of materials or supplies to be consumed or distributed in the rendering of services;**

(c) **Held for sale or distribution in the ordinary course of operations; or**

(d) **In the process of production for sale or distribution.**

Net realisable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Terms defined in other PBE Standards are used in this Standard with the same meaning as in those Standards, and are reproduced in the *Glossary of Defined Terms* published separately.

Net Realisable Value

10. Net realisable value refers to the net amount that an entity expects to realise from the sale of inventory in the ordinary course of operations. Fair value reflects the amount for which the same inventory could be exchanged between knowledgeable and willing buyers and sellers in the marketplace. The former is an entity-specific value; the latter is not. Net realisable value for inventories may not equal fair value less costs to sell.

Inventories

11. Inventories encompass goods purchased and held for resale including, for example, merchandise purchased by an entity and held for resale, or land and other property held for sale. Inventories also encompass finished goods produced, or work-in-progress being produced, by the entity. Inventories also include (a) materials and supplies awaiting use in the production process, and (b) goods purchased or produced by an entity, which are for distribution to other parties for no charge or for a nominal charge, for example, educational books produced by a health authority for donation to schools or by a charity for donation to the public. In many entities, inventories will relate to the provision of services rather than goods purchased and held for resale or goods manufactured for sale. In the case of a service provider, inventories include the costs of the service, as described in paragraph 28, for which the entity has not yet recognised the related revenue (guidance on recognition of revenue can be found in PBE IPSAS 9 *Revenue from Exchange Transactions*).

12. Inventories in the public sector may include:

(a) Military inventories;

(b) Consumable stores;

(c) Maintenance materials;

(d) Spare parts for plant and equipment, other than those dealt with in standards on Property, Plant and Equipment;

(e) Strategic stockpiles (for example, energy reserves);

(f) Stocks of unissued currency;

(g) Postal service supplies held for sale (for example, stamps);

(h) Work-in-progress, including:

 (i) Educational/training course materials; and

 (ii) Client services (for example, auditing services), where those services are sold at arm's length prices; and

(i) Land/property held for sale.

12.1 In addition to a number of the above, inventories in the not-for-profit sector may include:

(a) Food or clothing held for distribution;

(b) Stocks held in opportunity and charity shops; and

(c) Information leaflets and books.

13. Where the government controls the rights to create and issue various assets, including postal stamps and currency, these items of inventory are recognised as inventories for the purposes of this Standard. They are not reported at face value, but measured in accordance with paragraph 15, that is, at their printing or minting cost.

14. When a government maintains strategic stockpiles of various reserves, such as energy reserves (for example, oil), for use in emergency or other situations (for example, natural disasters or other civil defence emergencies), these stockpiles are recognised as inventories for the purposes of this Standard and treated accordingly. Similarly a not-for-profit entity may hold banks of food, clothing, blankets and other supplies for the purposes of distribution when needed and these are also recognised as inventory.

14A. **Military inventories consist of single-use items, such as ammunition, missiles, rockets and bombs delivered by weapons or weapons systems. However, some types of missiles may be accounted for in accordance with PBE IPSAS 17 *Property, Plant and Equipment*, if they satisfy the criteria to be classified in that Standard.**

Measurement of Inventories

15. **Inventories shall be measured at the lower of cost and net realisable value, except where paragraph 16 or paragraph 17 applies.**

16. **Where inventories are acquired through a non-exchange transaction, their cost shall be measured at their fair value as at the date of acquisition, unless it is not practicable to measure reliably[1] the fair value of the inventories at the date of acquisition because the costs of recognising the inventories at the date of acquisition outweigh the benefits. In cases where reliably measuring inventories at the date of acquisition is not practicable, inventories are not recognised.**

17. **Inventories shall be measured at cost, adjusted when applicable for any loss of service potential where they are held for:**

(a) **Distribution at no charge or for a nominal charge; or**

(b) **Consumption in the production process of goods or the rendering of services to be distributed at no charge or for a nominal charge.**

Cost of Inventories

18. **The cost of inventories shall comprise all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition.**

Costs of Purchase

19. The costs of purchase of inventories comprise (a) the purchase price, (b) import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and (c) transport, handling, and other costs directly attributable to the acquisition of finished goods, materials, and supplies. Trade discounts, rebates, and other similar items are deducted in determining the costs of purchase.

Costs of Conversion

20. The costs of converting work-in-progress inventories into finished goods inventories are incurred primarily in a manufacturing environment. The costs of conversion of inventories include costs directly related to the units of production, such as direct labour. They also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Fixed production overheads are those indirect costs of production that remain relatively constant regardless of (a) the volume

[1] Information that is reliable is free from material error and bias, and can be depended on by users to faithfully represent that which it purports to represent or could reasonably be expected to represent. Paragraph BC10 of PBE IPSAS 1 *Presentation of Financial Reports* discusses the transitional approach to the explanation of reliability.

of production, such as depreciation and maintenance of factory buildings and equipment, and (b) the cost of factory management and administration. Variable production overheads are those indirect costs of production that vary directly, or nearly directly, with the volume of production, such as indirect materials and indirect labour.

21. The allocation of fixed production overheads to the costs of conversion is based on the normal capacity of the production facilities. Normal capacity is the production expected to be achieved on average over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. The actual level of production may be used if it approximates normal capacity. The amount of fixed overhead allocated to each unit of production is not increased as a consequence of low production or idle plant. Unallocated overheads are recognised as an expense in the period in which they are incurred. In periods of abnormally high production, the amount of fixed overhead allocated to each unit of production is decreased, so that inventories are not measured above cost. Variable production overheads are allocated to each unit of production on the basis of the actual use of the production facilities.

22. For example, the allocation of costs, both fixed and variable, incurred in the development of undeveloped land held for sale into non-commercial residential or commercial landholdings could include costs relating to landscaping, drainage, pipe laying for utility connection, etc.

23. A production process may result in more than one product being produced simultaneously. This is the case, for example, when joint products are produced or when there is a main product and a by-product. When the costs of conversion of each product are not separately identifiable, they are allocated between the products on a rational and consistent basis. The allocation may be based, for example, on the relative sales value of each product either at the stage in the production process when the products become separately identifiable, or at the completion of production. Most by-products, by their nature, are immaterial. When this is the case, they are often measured at net realisable value, and this value is deducted from the cost of the main product. As a result, the carrying amount of the main product is not materially different from its cost.

Other Costs

24. Other costs are included in the cost of inventories only to the extent that they are incurred in bringing the inventories to their present location and condition. For example, it may be appropriate to include non-production overheads or the costs of designing products for specific customers in the cost of inventories.

25. Examples of costs excluded from the cost of inventories and recognised as expenses in the period in which they are incurred are:

    (a) Abnormal amounts of wasted materials, labour, or other production costs;

    (b) Storage costs, unless those costs are necessary in the production process before a further production stage;

    (c) Administrative overheads that do not contribute to bringing inventories to their present location and condition; and

    (d) Selling costs.

26. PBE IPSAS 5 *Borrowing Costs* identifies limited circumstances where borrowing costs are included in the cost of inventories.

27. An entity may purchase inventories on deferred settlement terms. When the arrangement effectively contains a financing element, that element, for example a difference between the purchase price for normal credit terms and the amount paid, is recognised as interest expense over the period of the financing.

Cost of Inventories of a Service Provider

28. To the extent that service providers have inventories (except those referred to in paragraph 2(d)), they measure them at the costs of their production. These costs consist primarily of the labour and other costs of personnel directly engaged in providing the service, including supervisory personnel and attributable overheads. Volunteer labour is included in inventory only where the entity also recognises such labour as revenue. The costs of labour not engaged in providing the service are not included. Labour and other costs relating to sales and general administrative personnel are not included, but are recognised as expenses in

the period in which they are incurred. The cost of inventories of a service provider does not include surplus margins or non-attributable overheads that are often factored into prices charged by service providers.

Cost of Agricultural Produce Harvested from Biological Assets

29. In accordance with PBE IPSAS 27, inventories comprising agricultural produce that an entity has harvested from its biological assets shall be measured on initial recognition at their fair value less costs to sell at the point of harvest. This is the cost of the inventories at that date for application of this Standard.

Techniques for the Measurement of Cost

30. Techniques for the measurement of the cost of inventories, such as the standard cost method or the retail method, may be used for convenience if the results approximate cost. Standard costs take into account normal levels of materials and supplies, labour, efficiency, and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions.

31. Inventories may be transferred to the entity by means of a non-exchange transaction. For example, an international aid agency may donate medical supplies to a hospital in the aftermath of a natural disaster. Similarly, a charitable foundation may receive donations of food which are distributed as food parcels to those in need. Under such circumstances, the cost of inventory is its fair value as at the date it is acquired.

Cost Formulas

32. **The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects, shall be assigned by using specific identification of their individual costs.**

33. Specific identification of costs means that specific costs are attributed to identified items of inventory. This is an appropriate treatment for items that are segregated for a specific project, regardless of whether they have been bought or produced. However, specific identification of costs is inappropriate when there are large numbers of items of inventory that are ordinarily interchangeable. In such circumstances, the method of selecting those items that remain in inventories could be used to obtain predetermined effects on the surplus or deficit for the period.

34. **When applying paragraph 33 an entity shall use the same cost formula for all inventories having similar nature and use to the entity. For inventories with different nature or use (for example, certain commodities used in one segment and the same type of commodities used in another segment), different cost formulas may be justified. A difference in geographical location of inventories (and in the respective tax rules), by itself, is not sufficient to justify the use of different cost formulas.**

35. **The cost of inventories, other than those dealt with in paragraph 32, shall be assigned by using the first-in, first-out (FIFO) or weighted average cost formulas. An entity shall use the same cost formula for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulas may be justified.**

36. For example, inventories used in one segment may have a use to the entity different from the same type of inventories used in another segment. However, a difference in geographical location of inventories, by itself, is not sufficient to justify the use of different cost formulas.

37. The FIFO formula assumes that the items of inventory that were purchased first are sold first, and consequently the items remaining in inventory at the end of the period are those most recently purchased or produced. Under the weighted average cost formula, the cost of each item is determined from the weighted average of the cost of similar items at the beginning of a period, and the cost of similar items purchased or produced during the period. The average may be calculated on a periodic basis, or as each additional shipment is received, depending upon the circumstances of the entity.

Net Realisable Value

38. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also not be recoverable if the estimated costs of completion or the estimated costs to be incurred to make the sale, exchange, or distribution have increased. The practice of writing inventories down below cost to net realisable value is consistent with the view that assets are not to be carried in excess of the future economic benefits or service potential expected to be realised from their sale, exchange, distribution, or use.

39. Inventories are usually written down to net realisable value on an item by item basis. In some circumstances, however, it may be appropriate to group similar or related items. This may be the case with items of inventory that have similar purposes or end uses, and cannot practicably be evaluated separately from other items in that product line. It is not appropriate to write down inventories based on a classification of inventory, for example, finished goods, or all the inventories in a particular operation or geographical segment. Service providers generally accumulate costs in respect of each service for which a separate selling price is charged. Therefore, each such service is treated as a separate item.

40. Estimates of net realisable value also take into consideration the purpose for which the inventory is held. For example, the net realisable value of the quantity of inventory held to satisfy firm sales or service contracts is based on the contract price. If the sales contracts are for less than the inventory quantities held, the net realisable value of the excess is based on general selling prices. Guidance on the treatment of provisions or contingent liabilities, such as those arising from firm sales contracts in excess of inventory quantities held, and on firm purchase contracts can be found in PBE IPSAS 19 *Provisions, Contingent Liabilities and Contingent Assets*.

41. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold, exchanged, or distributed at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value. In such circumstances, the replacement cost of the materials may be the best available measure of their net realisable value.

42. A new assessment is made of net realisable value in each subsequent period. When the circumstances that previously caused inventories to be written down below cost no longer exist, or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the writedown is reversed (i.e., the reversal is limited to the amount of the original writedown) so that the new carrying amount is the lower of the cost and the revised net realisable value. This occurs, for example, when an item of inventory that is carried at net realisable value because its selling price has declined, is still on hand in a subsequent period and its selling price has increased.

Distributing Goods at No Charge or for a Nominal Charge

43. An entity may hold inventories whose future economic benefits or service potential are not directly related to their ability to generate net cash inflows. These types of inventories may arise when an entity has determined to distribute certain goods at no charge or for a nominal amount. In these cases, the future economic benefits or service potential of the inventory for financial reporting purposes is reflected by the amount the entity would need to pay to acquire the economic benefits or service potential if this was necessary to achieve the objectives of the entity. Where the economic benefits or service potential cannot be acquired in the market, an estimate of replacement cost will need to be made. If the purpose for which the inventory is held changes, then the inventory is valued using the provisions of paragraph 15.

Recognition as an Expense

44. **When inventories are sold, exchanged, or distributed, the carrying amount of those inventories shall be recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed or the related service is rendered. The amount of any writedown of inventories and all losses of inventories shall be recognised as an expense in the period the writedown or loss occurs. The amount of any reversal of any writedown of inventories shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.**

45. For a service provider, the point when inventories are recognised as expenses normally occurs when services are rendered, or upon billing for chargeable services.

46. Some inventories may be allocated to other asset accounts, for example, inventory used as a component of self-constructed property, plant or equipment. Inventories allocated to another asset in this way are recognised as an expense during the useful life of that asset.

Disclosure

47. **The financial statements shall disclose:**

    (a) **The accounting policies adopted in measuring inventories, including the cost formula used;**

    (b) **The total carrying amount of inventories and the carrying amount in classifications appropriate to the entity;**

    *(c) **The carrying amount of inventories carried at fair value less costs to sell;**

    (d) **The amount of inventories recognised as an expense during the period;**

    (e) **The amount of any writedown of inventories recognised as an expense in the period;**

    (f) **The amount of any reversal of any writedown that is recognised as a reduction in the amount of inventories recognised as an expense in the period;**

    *(g) **The circumstances or events that led to the reversal of a writedown of inventories; and**

    (h) **The carrying amount of inventories pledged as security for liabilities.**

48. Information about the carrying amounts held in different classifications of inventories and the extent of the changes in these assets is useful to financial statement users. Common classifications of inventories are merchandise, production supplies, materials, work-in-progress, and finished goods. The inventories of a service provider may be described as work-in-progress.

49. The amount of inventories recognised as an expense during the period consists of (a) those costs previously included in the measurement of inventory that has now been sold, exchanged, or distributed, and (b) unallocated production overheads and abnormal amounts of production costs of inventories. The circumstances of the entity may also warrant the inclusion of other costs, such as distribution costs.

50. Some entities adopt a format for surplus or deficit that results in amounts being disclosed other than the cost of inventories recognised as an expense during the period. Under this format, an entity presents an analysis of expenses using a classification based on the nature of expenses. In this case, the entity discloses the costs recognised as an expense for (a) raw materials and consumables, (b) labour costs, and (c) other costs, together with the amount of the net change in inventories for the period.

Effective Date

51–52. [Not used]

52.1 **A public benefit entity shall apply this Standard for annual financial statements covering periods beginning on or after 1 April 2015. Earlier application is permitted for not-for-profit public benefit entities as long as the full suite of PBE Standards is applied at the same time.**

52.2 ***Donated Goods* (Amendments to PBE IPSAS 23) issued in January 2016, amended paragraph 16. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2016. Earlier application is permitted.**

52.3 ***2016 Omnibus Amendments to PBE Standards*, issued in January 2017, added a footnote to paragraph 16. An entity shall apply that amendment for annual financial statements covering periods beginning on or after 1 January 2017.**

52.4 ***2016 Omnibus Amendments to PBE Standards*, issued in January 2017, amended paragraph 12 and added paragraph 14A. An entity shall apply those amendments for annual financial statements covering periods beginning on or after 1 January 2017. Earlier application is permitted. If an entity applies those amendments for an earlier period it shall disclose that fact.**

Withdrawal and Replacement of PBE IPSAS 12 (May 2013)

53. This Standard, when applied, supersedes PBE IPSAS 12 *Inventories* issued in May 2013.

Basis for Conclusions

This Basis for Conclusions accompanies, but is not part of, PBE IPSAS 12.

BC1. The New Zealand Accounting Standards Board (NZASB) has modified IPSAS 12 *Inventories* for application by Tier 1 and Tier 2 public benefit entities. Where applicable, disclosure concessions have been identified for Tier 2 entities and the language generalised for use by public benefit entities. The NZASB considered that the requirements of IPSAS 12 are generally appropriate for application by public benefit entities.

Inventories Held for Distribution

BC2. IPSAS 12 requires inventories held for distribution at no charge or at nominal charge (and inventories for consumption in the production process of goods to be distributed at no charge or for a nominal charge) to be measured at the lower of cost and current replacement cost. NZ IAS 2 *Inventories* requires public benefit entities to measure such inventories (including those consumed in the rendering of services at no or nominal consideration) at cost, adjusted when applicable for any loss of service potential.

BC3. The NZASB decided that, consistent with NZ IAS 2, public benefit entities should continue to be required to measure such inventories at cost, adjusted when applicable for any loss of service potential. The NZASB decided to retain the NZ IAS 2 requirements because it considered that:

(a) The due process for the NZ IAS 2 requirements for public benefit entities for the measurement of such inventories was undertaken in recent times by the Financial Reporting Standards Board. The NZASB supported the rationale for the requirements in NZ IAS 2;

(b) The practical experience of applying the existing requirements by public benefit entities showed that such measurements provided relevant information to users; and

(c) The alternative requirement, the IPSAS 12 requirement, would be onerous for some entities.

BC4. The NZASB therefore modified IPSAS 12 by requiring that public benefit entities measure inventories held for distribution at no charge or at nominal charge at cost, adjusted when applicable for any loss of service potential. These requirements would also apply to inventories held for consumption in the production process of goods or in the rendering of services to be distributed at no charge or for a nominal charge.

2016 Omnibus Amendments to PBE Standards

BC5. In *Improvements to IPSASs 2015*, the IPSASB amended IPSAS 12 by replacing the term “ammunition” with the Government Finance Statistics (GFS) term “military inventories” and including a description of military inventories. The NZASB incorporated these amendments into PBE IPSAS 12 as part of the *2016 Omnibus Amendments to PBE Standards.*

Comparison with IPSAS 12

PBE IPSAS 12 *Inventories* is drawn from IPSAS 12 *Inventories.*

The significant difference between PBE IPSAS 12 and IPSAS 12 is that inventories held for distribution at no charge or at nominal charge (and inventories for consumption in the production process of goods to be distributed at no charge or for a nominal charge) are required to be measured at cost, adjusted when applicable for any loss of service potential, rather than at the lower of cost and current replacement cost.

History of Amendments

PBE IPSAS 12 *Inventories* was issued in September 2014.

This table lists the pronouncements establishing and substantially amending PBE IPSAS 12. The table is based on amendments issued as at 31 January 2020 other than consequential amendments resulting from early adoption of PBE IFRS 9 *Financial Instruments* and PBE IPSAS 41 *Financial Instruments.*

Pronouncements	**Date issued**	**Early operative date**	**Effective date (annual financial statements … on or after …)**
PBE IPSAS 12 *Inventories*	Sept 2014	Early application is permitted for not-for-profit public benefit entities	1 April 2015
Donated Goods (Amendments to PBE IPSAS 23)	January 2016	Early application permitted	1 Jan 2016
2016 Omnibus Amendments to PBE Standards	Jan 2017	–	1 Jan 2017
PBE IFRS 9 *Financial Instruments*[1]	Jan 2017	Early application is permitted	1 Jan 2022
PBE FRS 48 *Service Performance Reporting*	Nov 2017	Early application is permitted	1 Jan 2021
PBE IPSAS 41 *Financial Instruments*[2]	Mar 2019	Early application is permitted	1 Jan 2022

Table of Amended Paragraphs in PBE IPSAS 12		
Paragraph affected	**How affected**	**By … [date]**
Paragraph 12	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 14A	Added	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 16	Amended	*Donated Goods* [Jan 2016]
Paragraph 16	Amended	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 16	Amended	PBE FRS 48 [Nov 2017]
Paragraph 52.2	Added	*Donated Goods* [Jan 2016]
Paragraph 52.3	Added	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]
Paragraph 52.4	Added	*2016 Omnibus Amendments to PBE Standards* [Jan 2017]

[1] PBE IFRS 9 has not been compiled. PBE IFRS 9 is superseded by PBE IPSAS 41 and the effective date of PBE IFRS 9 has been changed to 1 January 2022.

[2] PBE IPSAS 41 has not been compiled.