Purpose

To establish decisions, directions and precedents which act as a reference for financial reporting and are the basis from which the University's accounting procedures are determined.

Scope

This Policy should be consistently applied by the University, as well as all of its controlled entities, for both their financial reporting responsibilities and group consolidation purposes.

This Policy is applied in accounting for all inventories, except for:

- work in progress arising under construction contracts, including directly related service contracts; and
- financial instruments

Recognition

The University initially recognises inventory when it has control of the inventory, expects it to provide future economic benefits and the cost of the inventory can be measured reliably.

Measurement

Inventories shall be measured at the lower of cost and net realisable value.

Where net realisable value of inventory is lower than the original acquisition cost or other subsequent carrying amount, the amount of the inventory that has been written down to net realisable value is recognised as an expense in the period in which the write-down occurs.

When a write down is reversed, the reversal is recognised in the income statement in the period in which the reversal occurs and the amount of inventories is increased accordingly.

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
Where inventories are acquired at no cost, or for nominal consideration, the cost shall be the current replacement cost as at the date of acquisition.

**Derecognition**

When the inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the income statement, in the period in which the related revenue is recognised.

The University also derecognises inventory when it has no future economic value.

At the point of derecognition, the cost of inventories is assigned to individual items of inventory by using weighted average costs.

**Definitions**

**Inventories** are assets:

- held for sale in the ordinary course of business;
- used in the process of production for such sale; or
- in the form of materials or supplies to be consumed in the production process or in the rendering of services.

**Net realisable value** is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

**The University** means the University of New South Wales.

**Reference**

AASB 102 – **Inventories**

**Appendix A: History**

<table>
<thead>
<tr>
<th>Version</th>
<th>Authorised by</th>
<th>Approval Date</th>
<th>Effective Date</th>
<th>Sections modified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Acting Vice-Chancellor</td>
<td>14 October 2009</td>
<td>1 January 2009 to 30 December 2012</td>
<td></td>
</tr>
</tbody>
</table>