**ACCOUNTING POLICY – INVENTORIES**

<table>
<thead>
<tr>
<th>Responsible Officer</th>
<th>Director, Corporate Finance</th>
</tr>
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<tbody>
<tr>
<td>Contact Officer</td>
<td>Senior Group Statutory Reporting Manager, Corporate Finance</td>
</tr>
<tr>
<td>Review</td>
<td>Every year</td>
</tr>
<tr>
<td>File Number</td>
<td>2010/02660</td>
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<td>Associated Documents</td>
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### 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 on weighted average cost basis 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 as a result of an increase in net realisable value a write down is reversed, the reversal is recognised against the amount of inventories as an expense in the period in which the reversal occurs.

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>
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<tr>
<td>1.0</td>
<td>Acting Vice-Chancellor</td>
<td>14 October 2009</td>
<td>1 January 2009</td>
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<td>2.0</td>
<td>President and Vice-Chancellor</td>
<td>26 February 2013</td>
<td>31 December 2012 to 30 December 2013</td>
<td>Full review</td>
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