



ACCOUNTING STANDARDS BOARD

STANDARD OF GENERALLY RECOGNISED ACCOUNTING PRACTICE

INVENTORIES (GRAP 12)

Acknowledgement

The Standard of Generally Recognised Accounting Practice (GRAP) on *Inventories* is based on the International Public Sector Accounting Standard (IPSAS) 12 on *Inventories* from the *Handbook of International Public Sector Accounting Pronouncements* of the International Public Sector Accounting Standards Board (IPSASB), published by the International Federation of Accountants (IFAC) and is used with the permission of the IFAC.

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INVENTORIES

This Standard was originally issued by the Accounting Standards Board (the Board) in October 2004. Since then, it has been amended by:

- Improvements to the Standards of GRAP, issued by the Board in February 2010.
- Consequential amendments when the following Standards of GRAP became effective:
 - GRAP 23 *Revenue from Non-exchange Transactions (Taxes and Transfers)*
 - GRAP 103 *Heritage Assets*
 - GRAP 104 *Financial Instruments*
- Improvements to the Standards of GRAP, issued by the Board in March 2012.
- Consequential amendments when the following Standards of GRAP became effective:
 - GRAP 105 *Transfer of Functions Between Entities Under Common Control*
 - GRAP 106 *Transfer of Functions Between Entities Not Under Common Control*
 - GRAP 107 *Mergers*
- Improvements to the Standards of GRAP, issued by the Board in April 2017.
- Consequential amendments when the following Standard of GRAP became effective:
 - GRAP 110 *Living and Non-living Resources*



Introduction

This pronouncement is set out in paragraphs .01 to .55. All paragraphs in this pronouncement have equal authority. The status and authority of appendices are dealt with in the preamble to each appendix. This pronouncement should be read in the context of its objective, its basis for conclusions and/or the basis for conclusions of its international equivalent, if applicable, the *Preface to the Standards of GRAP* and the *Framework for the Preparation and Presentation of Financial Statements*¹.

Standards of GRAP and Interpretations of the Standards of GRAP should also be read in conjunction with any directives issued by the Board prescribing transitional provisions, as well as any regulations issued by the Minister of Finance regarding the effective dates of the Standards, published in the Government Gazette.

Directives should be read in conjunction with the applicable Standards of GRAP and Interpretations of the Standards of GRAP.

¹ In June 2017, the Board replaced the *Framework for the Preparation and Presentation of Financial Statements* with the *Conceptual Framework for General Purpose Financial Reporting*.

Objective

- .01 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 write-down to net realisable value or current replacement cost. It also provides guidance on the cost formulas that are used to assign costs to inventories.

Scope

- .02 ***An entity that prepares and presents financial statements under the accrual basis of accounting shall apply this Standard in accounting for inventories except:***
- (a) ***work-in-progress arising under construction contracts, including directly related service contracts (see the Standard of GRAP on Construction Contracts);***
 - (b) ***financial instruments (see the Standard of GRAP on Financial Instruments);***
 - (c) ***biological assets related to agricultural activity and agricultural produce at the point of harvest (see the Standard of GRAP on Agriculture (GRAP 27));***
 - (cA) ***water that occurs naturally and which has not been extracted and minerals, oils and gas, and other non-regenerative resources which have not been extracted (see the Standard of GRAP on Living and Non-living Resources (GRAP 110));***
 - (d) ***work-in-progress of services to be provided through a non-exchange transaction directly in return from the recipients;***
 - (e) ***heritage assets (see the Standard of GRAP on Heritage Assets); and***
 - (f) ***to the initial recognition and initial measurement of inventories acquired in a transfer of functions between entities under common control (see the Standards of GRAP on Transfer of Functions Between Entities Under Common Control or Transfer of Functions Between Entities Not Under Common Control) or a merger (see the Standard of GRAP on Mergers).***
- .02A This Standard does not apply to water that occurs naturally and which has not been extracted, and minerals, oils and gas, and other non-regenerative resources which have not been extracted. As soon as these resources are extracted, they no longer meet the definition of a non-living resource (see GRAP 110). Instead, an entity applies the principles in this Standard to account for these extracted resources. An

entity applies judgement to determine at what point the resource that is extracted is within the scope of this Standard.

.03 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.*
 - (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.*
- .04 The inventories referred to in paragraph .02(d) are not encompassed by the IAS Standard on *Inventories* and are excluded from the scope of this Standard because they involve specific public sector issues that require further consideration.
- .05 The inventories referred to in paragraph .03(a) are measured at net realisable value at certain stages of production. This occurs, for example, when agricultural crops have been harvested or mineral ores have been extracted and sale is assured under a forward contract or a government guarantee, or when an active market exists and there is a negligible risk of failure to sell. These inventories are excluded from only the measurement requirements of this Standard.
- .06 Broker-traders are those who buy or sell commodities for others or on their own account. The inventories referred to in paragraph .03(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 from only the measurement requirements of this Standard.

Definitions

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

Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.



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.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Terms defined in other Standards of GRAP are used in this Standard with the same meaning as in those other Standards.

Net realisable value

- .08 Net realisable value refers to the net amount that an entity expects to realise from the sale on 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

- .09 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 materials and supplies awaiting use in the production process and goods purchased or produced by an entity, which are for distribution to other parties through a non-exchange transaction; for example, educational books produced by an education authority for donation to schools. 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 .29, for which the entity has not yet recognised the related revenue (guidance on recognition of revenue can be found in the Standard of GRAP on *Revenue from Exchange Transactions*).

- .10 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 under the Standard of GRAP on *Property, Plant and Equipment* (GRAP 17);
 - (e) strategic stockpiles (for example, energy reserves);
 - (f) 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
 - (g) land/property held for sale.
- .11 In identifying whether an item constitutes a separate item of property, plant and equipment or whether it constitutes inventory, judgement is required in applying the criteria in the definition of property, plant and equipment (see GRAP 17) and inventory to specific circumstances or specific types of entities. Most spare parts and servicing equipment are usually carried as inventory and recognised as an expense as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the entity expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment and their use is expected to be irregular, they are accounted for as property, plant and equipment and are depreciated over a time period not exceeding the useful life of the related asset.
- .12 Where an entity controls the rights to create and issue various assets, e.g. revenue stamps, 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 .17, that is at their printing cost.
- .13 When an entity 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.
- .13A 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 GRAP 17, if they satisfy the criteria to be classified in that Standard. Military inventories are not limited to items held by the military and can include items held by other entities involved in public order, safety, security and law-enforcement activities.

Recognition

- .14** *Inventories shall be recognised as an asset if, and only if,*
- (a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and*
 - (b) the cost of the inventories can be measured reliably.*

Measurement at recognition

- .15** *Inventories that qualify for recognition as assets shall initially be measured at cost.*
- .16** *Where inventories are acquired at through a non-exchange transaction, their cost shall be measured at their fair value as at the date of acquisition.*

Measurement after recognition

- .17** *Inventories shall be measured at the lower of cost and net realisable value, except where paragraph .18 applies.*
- .18** *Inventories shall be measured at the lower of cost and current replacement cost where they are held for:*
- (a) distribution through a non-exchange transaction; or*
 - (b) consumption in the production process of goods to be distributed at no charge or for a nominal charge.*

Cost of inventories

- .19** *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

- .20** The costs of purchase of inventories comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and 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

- .21** 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

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production overheads are those indirect costs of production that remain relatively constant regardless of the volume of production, such as depreciation and maintenance of factory buildings and equipment, and 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.

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

- .25 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.
- .26 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.
- .27 The Standard of GRAP on *Borrowing Costs* identifies limited circumstances where borrowing costs are included in the cost of inventories.
- .28 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

- .29 To the extent that service providers have inventories except those referred to in paragraph .02(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. 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 profit margins or non-attributable overheads that are often factored into prices charged by service providers.

Cost of agricultural produce harvested from biological assets

- .30 In accordance with GRAP 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

- .31 Techniques for the measurement of the cost of inventories, such as the standard cost 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.

Inventory acquired through a non-exchange transaction

- .32 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 public hospital in the aftermath of a natural disaster. Under such circumstances, the cost of

the inventory is its fair value as at the date it is acquired. Any transaction costs incurred are recognised in accordance with the requirements of paragraphs .25 to .26.

Cost formulas

- .33** *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.*
- .34** Specific identification of costs means that specific costs are attributed to identified items of inventory. This is the appropriate treatment for items that are segregated for a specific project. 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.
- .35** *The cost of inventories, other than those dealt with in paragraph .33, shall be assigned by using the first-in, first-out (FIFO) or weighted average cost formula.*
- .36** *When applying paragraph .34 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 another segment), different cost formulas may be justified. 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 or produced 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 should not 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

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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 are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.
- .41 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, such as those arising from firm sales contracts in excess of inventory quantities held, and on firm purchase contracts can be found in the Standard of GRAP on *Provisions, Contingent Liabilities and Contingent Assets*.
- .42 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.
- .43 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 write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) 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

- .44 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 through a non-exchange transaction. 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 .17.

Recognition as an expense

- .45** *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 related service is rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.*
- .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 write-down of inventories recognised as an expense in the period in accordance with paragraph .45;*
 - (f) the amount of any reversal of any write-down that is recognised as a reduction in the amount of inventories recognised as an expense in the period in accordance with paragraph .45;*
 - (g) the circumstances or events that led to the reversal of a write-down of inventories in accordance with paragraph .45; 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 those costs previously included in the measurement of inventory that has now been sold, exchanged or distributed, and unallocated production overheads and abnormal amounts of production costs of inventories. The circumstances of the entity may also warrant the inclusion of other amounts, 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 raw materials and consumables, labour costs and other costs together with the amount of the net change in inventories for the period.
- .50A *An entity shall include a description of key judgements made and assumptions applied in its financial statements to explain at what point water, minerals, oils and gas and other non-regenerative resources meet the definition of inventory.***

Transitional provisions

Initial adoption of the Standards of GRAP

- .51 *The transitional provisions to be applied by entities on the initial adoption of this Standard are prescribed in a directive(s). The provisions of this Standard should be read in conjunction with each applicable directive.***

Amendments to Standards of GRAP

- .52 *Paragraph .30 was amended by the Improvements to the Standards of GRAP issued on 1 April 2012. An entity shall apply these amendments retrospectively, in accordance with the Standard of GRAP on Accounting Policies, Changes in Estimates and Errors (GRAP 3).***
- .52A *The following paragraphs were amended by the Improvements to the Standards of GRAP issued in April 2017. These amendments are effective for annual periods beginning on or after 1 April 2018. An entity shall apply these amendments as follows:***
- (a) paragraphs .10 and .13A shall be applied retrospectively in accordance with GRAP 3; and***
- (b) paragraph .32 shall be applied prospectively in accordance with GRAP 3.***



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Earlier application is encouraged. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Effective date

Initial adoption of the Standards of GRAP

- .53** *An entity shall apply this Standard for annual financial statements covering periods beginning on or after a date to be determined by the Minister of Finance in a regulation to be published in accordance with section 91(1)(b) of the Public Finance Management Act, Act No. 1 of 1999, as amended.*

Entities already applying Standards of GRAP

- .54** *[Deleted].*
- .54A** *Paragraph .02 was amended, and paragraphs .02A and .50A were added by GRAP 110 issued March 2017. An entity shall apply these amendments retrospectively for annual financial periods beginning on or after 1 April 2020. If an entity elects to apply these amendments earlier, it shall disclose this fact.*

Withdrawal of the Standard of GRAP on *Inventories* (2004)

- .55** This Standard supersedes the Standard of GRAP on *Inventories* issued in 2004.

Comparison with the International Public Sector Accounting Standard on *Inventories* (December 2006)

This Standard is drawn primarily from the International Public Sector Accounting Standard on *Inventories* (IPSAS 12). The main differences between this Standard and IPSAS 12 are as follows:

- An additional paragraph has been included in this Standard to provide clarity that the same items can be classified differently by entities, as inventory or property, plant and equipment, when applying the definitions of “inventory” and “property, plant and equipment”.
- Additional paragraphs have been included in this Standard on the recognition and initial measurement of inventories.
- Examples of assets such as stamps and unused currency have been deleted and replaced with revenue stamps as entities issuing these stocks are Government Business Enterprises in South Africa.
- Different terminology is used to be consistent with other Standards of GRAP, for example IPSAS 12 refers to “net surplus or deficit”.
- The wording in this Standard and the order of the paragraphs relating to “cost formulas” is different from that of IPSAS 12. IPSAS 12 makes reference to different “tax rules” when applying different cost formulas in the measurement of inventory that is not included here.
- The explanatory paragraph dealing with events after reporting date has been retained as it is considered to be valuable when net realisable values are determined.
- Transitional provisions to this Standard are different to those included in IPSAS 12.