# IPSAS 12 at a glance

IPSAS 12 Inventories · one-page reference

Core Knowledge

**CORE PRINCIPLE**

Cost first, then the test that fits the purpose: NRV for stock held for sale, current replacement cost for stock to give away; expense it when sold, handed over or used (IPSAS 12.15, 12.17, 12.44).

| Topic | The question | The test | Reference | Where it shows |
|---|---|---|---|---|
| 1 **Is it inventory?** | **Why is the item held?** | Used up in production or services, sold, given away, or being made for that: inventory (emergency stockpiles too). Used over more than one period: PPE (IPSAS 45). | **9, 12, 14** | Financial position |
| 2 **Cost** | **What goes into cost?** | Purchase, conversion and fixed overhead on normal capacity; not abnormal waste, storage, admin or selling costs. Received free: fair value on receipt (2026 wording). | **16, 18-21, 25** | Position, revenue |
| 3 **Cost formula** | **How is cost assigned?** | Own cost if not interchangeable; else FIFO or weighted average, one formula per kind of stock. No LIFO. | **32, 35** | Notes |
| 4 **Year-end test** | **Which test applies?** | For sale: NRV, item by item. To give away free or for a token charge: current replacement cost (2026 wording). | **15, 17, 39** | Position, performance |
| 5 **Reversal** | **Has the reason for a write-down gone?** | Reverse it, never by more than the original write-down. | **42** | Performance, notes |
| 6 **Expense** | **When does stock become an expense?** | Sold: with the revenue. Given away: an IPSAS 48 transfer expense when control passes. | **44** | Performance, notes |

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