

## PBE IPSAS 12 Inventories – Differences to NZ IFRS (PBE)

|   | NZ IAS 2 (PBE)  | PBE IPSAS 12   | Difference   |
|---|---|--|--|
| 1 | <p>NZ IAS 2 (PBE) specifies that where inventories are acquired at no cost, or for nominal consideration (a non-exchange transaction), the cost shall be the current replacement cost as at the date of acquisition.</p> <p>NZ IAS 2.NZ10.1</p> | <p>PBE IPSAS 12 specifies that where inventories are acquired through a non-exchange transaction, their cost shall be measured at their fair value as at the date of acquisition.</p> <p>PBE IPSAS 12.16</p>   | <p>Inventories acquired at no cost (or nominal cost) should now be valued at fair value (although in many situations we would expect the fair value would be materially the same as current replacement costs).</p>  |
| 2 | <p>The NZ IAS 2 (PBE) contains a short list of items that may be included in inventory.</p> <p>NZ IAS 2.NZ8.1</p>   | <p>PBE IPSAS 12 includes the same inventory examples as NZ IAS 2 (PBE) but is more extensive. It also discusses where a government entity maintains strategic stock piles of various reserves (for example oil). These stockpiles are recognised as inventories for the purpose of this standard and treated accordingly.</p> <p>PBE IPSAS 12.12</p> | <p>PBE IPSAS 12 has additional guidance for inventories that may arise in government entities. However, neither list of inventory items in PBE IPSAS 12 and NZ IAS 2 (PBE) is intended to be exhaustive.</p>         |
| 3 | <p>NZ IAS 2 (PBE) requires inventories held for distribution at no charge to be held at cost (which should also be adjusted when there is loss of service potential).</p> <p>NZ IAS NZ6.1 and NZ9.1-4</p>                                       | <p>PBE IPSAS 12 has the same requirements as NZ IAS 2 (PBE) with respect to inventories held for distribution at no charge, but contains significantly less guidance on determining the loss of service potential.</p> <p>PBE IPSAS 12.17 and 12.43</p>  | <p>Guidance is reduced in the PBE standard for the loss of service potential on inventories held for distribution at no charge. However, we would not expect any change to current practice under NZ IFRS (PBE).</p> |
| 4 | <p>NZ IAS 2 (PBE) discusses the retail method for measurement of inventories where there is a large number of items that are rapidly turning over.</p> <p>NZ IAS 2.22</p>   | <p>PBE IPSAS 12 mentions but does not discuss the retail method to measure inventory.</p>  | <p>Guidance is reduced in the PBE standard, but we would not expect any change to current practice under NZ IFRS (PBE).</p>  |

|   | NZ IAS 2 (PBE)  | PBE IPSAS 12  | Difference   |
|---|---|---|--|
| 5 | NZ IAS 2 (PBE) provides additional guidance on estimating the net realisable value.<br><br>NZ IAS 2.28-33 | PBE IPSAS 12 does not include this additional guidance. | Guidance is reduced in the PBE standard, but we would not expect any change to current practice under NZ IFRS (PBE). |