IAC.02.07. Inventory reserve

Process: Inventory Valuation

Responsibility area: Internal Control Monitor

Risk

Net realization value inventory reserve does not comply with group rules

Objective

GCCO updates every year slow turn inventory reserve calculation procedure for his/her perimeter

Process description

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

Control description

Syensqo GBS is preparing and sending the report with the Inventory reserves to the FRA and/or GCCO for analysis and validation

Scope:

WP2 & PF2

Frequency

Quarterly basis (Last working day of March, June, September, December)

Control owner

GCCO

References

- Inventory Impairment
- OP.114

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- OP.114

Control evidences

- IAC 02.07 Stock reserve.xls
- Reports analyzed with comments
- Updated reserve decision

Guideline

Stock Reserve Check-List / GCCO
IAC 02.07

N°	Control description	Done ? Yes	No	N/A	Comments (compulsory for No and N/A)	Control Evidence (optional)
1	Selling price used for "financial depreciation" / NRV is justified (no confusion with intercompany transfer price)					
2	In case of post-closing significant decrease in market price for items hold in inventory, do-you communicate potential depreciation to accounting department?					
3	For the stocks linked to business contracts, is the valuation of the net realization value based on: - The price specified on the contract, if the quantities held aim to meet the conditions of some specific contracts. - The general selling prices, if the quantities specified on the contract are below the quantities stored.					
4	Do you record any reserve in order to reconcile the historical cost of the inventory and its market value under a sufficient coverage that guarantees the inventory realization value?					