

# 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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## 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 ?			Comments (compulsory for No and N/A)	Control Evidence (optional)
		Yes	No	N/A		
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?					