

**Consumption of inventories by a service organisation (IAS 2 *Inventories*)—March 2004**

The issue related to the consumption of inventories by a public sector service entity, in particular the assessment of net realisable value when the inventory is consumed as part of the service rendered.

The IFRIC noted that the same issues existed for commercial entities. The IFRIC concluded that this matter was one of assessing the recoverability of an asset without a direct cash flow. The IFRIC decided not to add this issue onto the agenda.