



Brentnalls SA
With you for life.

Brentnalls SA
Chartered Accountants and
Advisors
15-19 Holden Street
HINDMARSH SA 5007
PO Box 338
WELLAND SA 5007
T: 08 8241 8444
E: admin@brentnalls-sa.com.au
W: brentnalls-sa.com.au

Trading Stock

Primary Producers of Grain & Hay on Hand End of the Financial Year

1. Trading Stock

If grain and/or hay has been harvested and is being stored pending future sale at the end of the financial year, it must be recorded as trading stock.

This stock is required to be brought to account as stock on hand (and therefore in effect income even though it is not yet sold).

Stock retained for use as feed or seed to be replanted will fall outside of the definition of trading stock and will not be recorded as income.

How to value stock on hand?

There are three ways you can value trading stock at the end of the year, market value, cost or standard cost.

Market Value

You can use market value to value your trading stock based on the current market prices as at 30 June.

Cost Value

Stock can be valued at cost based on all inputs of production and harvest.

Standard Cost Value

You can use standard costs to calculate the cost value of your grain and/or hay at the end of the year.

Standard costs can be established using industry benchmark costs.

The standards used must be regularly reviewed to ensure they are representative of actual costs incurred in producing trading stock based on its condition and location.

Concession for Small Business Entities

If you are a Small Business Entity (group turnover less than \$10 million), and the difference between your opening trading stock (as reported in the previous financial year) and your closing trading stock is less than \$5,000, you can choose to treat the closing stock value as equal to the opening stock value.

2. Grain in Pools

If grain has been delivered to a grain pool, it will cease to be trading stock when the delivery is accepted.

Pool payments will need to be recorded as income on the date the pool distribution notification is issued or when the payment is received, whichever is earlier.

3. Sales

If grain and/or hay has been sold for cash or under contract at an agreed price, you are required to record the sale as income at the sales price even if the proceeds have not been banked by 30 June.

How can Brentnalls SA help?

At Brentnalls SA, we have the knowledge and experience to help you with your business. Please contact our dedicated Agribusiness team to discuss in more detail on how we can help you.

Disclaimer

The information provided in this brochure does not constitute advice. The information is of a general nature only and does not take into account your individual objectives, financial situation or needs. It should not be used, relied upon, or treated as a substitute for specific professional advice. We recommend that you contact Brentnalls SA before making any decision to discuss your particular requirements or circumstances.