



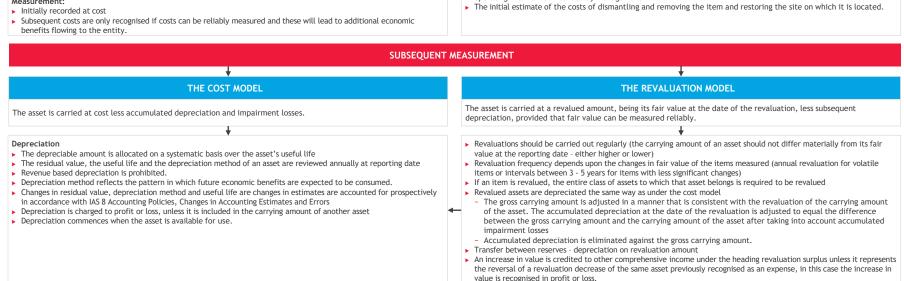




Effective Date
Periods beginning on or after 1 January 2005

IAS 16 Property Plant and Equipment

Recognise when it is: Probable that the future economic benefits associated with the asset will flow to the entity; and The cost of the asset can be reliably measured. Measurement: Initially recorded at cost Subsequent costs are only recognised if costs can be reliably measured and these will lead to additional economic benefits flowing to the entity. Cost comprises: Prurchase price plus import duties and taxes Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.











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SUBSEQUENT MEASUREMENT (continued)

OTHER

Component accounting

- ▶ Significant parts/components are required to be depreciated over their estimated useful life
- Costs of replacing components are required to be capitalised
- Continued operation of an item of property, plant and equipment (PPE) may require regular major inspections for faults regardless of whether parts of the item are replaced. When each major inspection is performed, its cost is recognised in the carrying amount of the item of PPE as a replacement if the recognition criteria are satisfied.

Spare parts, stand-by or servicing equipment

Are classified as PPE when they meet the definition of PPE, and are classified as inventory when definition is not met.

Disposals

- Remove the asset from the statement of financial position on disposal or when withdrawn from use and no future economic benefits are expected from its disposal
- The gain or loss on disposal is the difference between the proceeds and the carrying amount and is recognised in profit
 or loss
- When a revalued asset is disposed of, any revaluation surplus may be transferred directly to retained earnings. The transfer to retained earnings is not made through profit or loss.

DISCLOSURE

Disclosures include but are not limited to (refer to paragraphs 73 - 79):

- ▶ Measurement bases used for determining the gross carrying amount
- Depreciation methods used
- ▶ Useful lives or the depreciation rates used
- ▶ Gross carrying amount and the accumulated depreciation at the beginning and end of the period
- A reconciliation of the carrying amount at the beginning and end of the period showing:
- additions / assets classified as held for sale or included in a disposal group classified as held for sale / other disposals / acquisitions through business combinations / changes resulting from revaluations and from impairment losses recognised or reversed in other comprehensive / impairment losses recognised in profit or loss / depreciation / exchange differences / other changes.
- Existence and amounts of restrictions on title, and PPE pledged as security for liabilities
- ▶ Contractual commitments for the acquisition of PPE.





Contact

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