



# Revision Cards (F1)



TCS Online

# CONTENT SLIDE

F1

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# IAS 16 Property, plant and equipment

## Property, plant and equipment

Property, plant and equipment are tangible assets that:

- are held by an entity for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and
- are expected to be used during more than one period.

## Carrying amount

'The amount at which an asset is recognised, after deducting any accumulated depreciation and impairment losses. (IAS 16, para 6).

## Cost

'The amount paid and the fair value of other consideration given to acquire an asset at the time of its acquisition or construction'

### Depreciable amount

The cost or valuation of an asset less its residual value

### Depreciation

The systematic allocation of the depreciable amount of an asset over its useful life

### Fair value

The amount for which an asset can be exchanged between knowledgeable, willing parties in an arm's length transaction

### Impairment loss

The amount by which the carrying amount exceeds its recoverable amount

### Recoverable amount

The higher of an asset's net realisable value and its value in use

## Residual value

'The residual value of an asset is the amount that the entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, assuming that the asset was already at the point where it would be disposed of (using the age and condition that would be assumed to apply at the time of disposal)'

## Useful life

'The period over which the asset is expected to be available for use by the entity or the volume of output expected from the asset'

# Initial recognition

In accordance with IAS 16 Property, Plant and Equipment an asset should be recognised as an asset when:

- it is probable that future economic benefits will flow to the entity and
- the cost of the asset can be measured reliably.