



SAA | ACCOUNTING
ACADEMY

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Asset Accounting under IFRS for SME's

The key core principles

Presented by Caryn Maitland

How do you account for....?

How do you account for xxx?

- Definition of an asset
 - Prospective in nature
- Recognition
- Measurement
 - Initial
 - Subsequent
- Subsequent Expenditure

Assets

	PPE	Investment Properties	Intangible	Financial Basic	Financial Complex	Inventory	Biological
1							
2							
3							
4							
5							
6							

- 1 Definition
- 2 Recognition
- 3 Initial Measurement
- 4 Subsequent Expenditure
- 5 Subsequent Measurement
- 6 Derecognition
- 7 Presentation & Disclosure

Definitions – Intention

PPE	Investment Properties	Intangible	Financial Basic	Financial Complex	Inventory	Biological
A	B	A	A	B	C	C

Recognition – Internal vs Purchased

PPE	Investment Properties	Intangible	Financial Basic	Financial Complex	Inventory	Biological
		Problem... R&D??				

Initial Measurement

PPE	Investment Properties	Intangible	Financial Basic	Financial Complex	Inventory	Biological
				Problem		

Cost + directly attributable expenses

Location, condition and intention

Self constructed assets

Forex (Monetary vs non monetary)

Borrowing costs

Government grants

Subsequent Expenditure

PPE	Investment Properties	Intangible	Financial Basic	Financial Complex	Inventory	Biological
				Problem		

Repairs & Maintenance vs. Improvements

Available for commercial production

Subsequent Measurement

PPE	Investment Properties	Intangible	Financial Basic	Financial Complex	Inventory	Biological
Cost	FV	Cost Finite lives	Amortised Cost	FV	Cost	FV

Cost Accounting

- Depreciation method
- Useful lives
- Residual values
- Component accounting
- Inspections
- Impairment (compensation)
- Reversal of Impairment

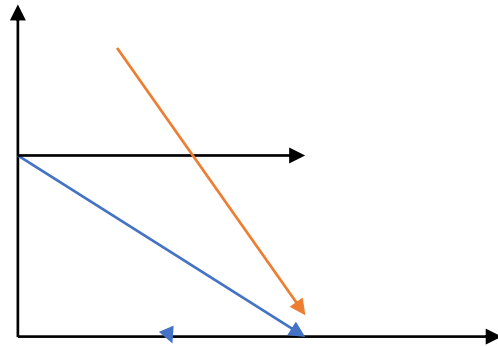
- Revaluations??

Fair value Accounting

- Date specific
- Opening to closing balance

Revaluations

- Sufficient regularity



Original cost ———
 Historic Depreciated Cost ———
 Revalued amount ———

Useful life 5 years originally
 Revaluation 4 years remaining
 Wear and Tear 4 years

	CV	TB
Cost	100 000	100 000
Depreciation	(20 000)	(25 000)
CV	80 000	75 000
	40 000	
Revaluation	120 000	
Revalued Depn	(30 000)	(25 000)
CV	90 000	50 000

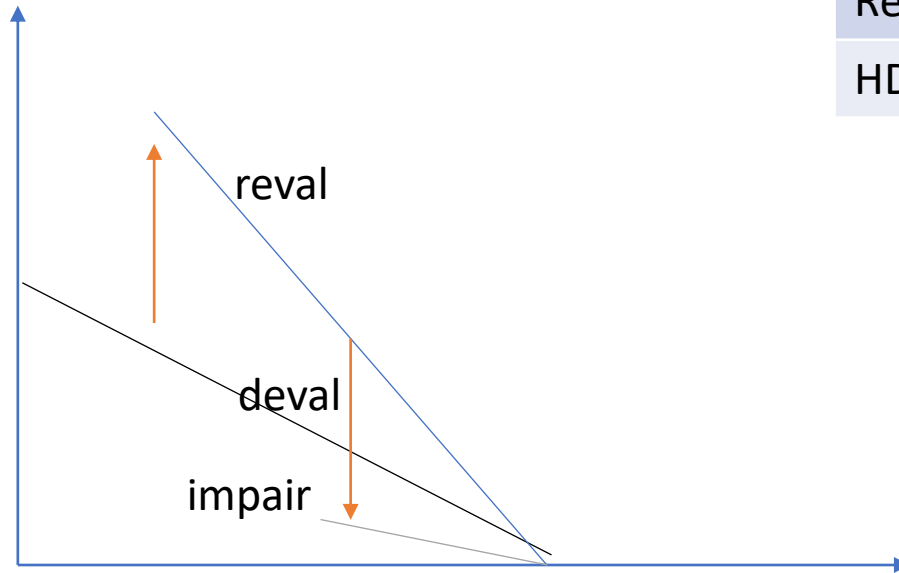
Deferred Tax Calc

	CV	TB	TB	Dtax
Cost	100 000	100 000		
Depreciation	(20 000)	(25 000)	(5 000)	
CV	80 000	75 000	5 000	
	40 000		40 000	
Revaluation	120 000			
Revalued Depn	(30 000)	(25 000)	5 000	
CV	90 000	50 000	40 000	

Deferred Tax Journals

Dr Asset	40 000	
Cr Reval Res		40 000 x 72%
Cr Deferred Tax		40 000 x 28%
Intention to use		
Depreciation Historic	20 000	
Depreciation Reval	10 000	
Acc Depreciation		30 000

Impairment vs Devaluation



HDC to revaluation

Revalue to HDC = deval

HDC to new reval = impair

Derecognition

PPE	Investment Properties	Intangible	Financial Basic	Financial Complex	Inventory	Biological
			Problem	Problem		

Presentation and Disclosure

QUESTIONS

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THANK YOU FOR YOUR PARTICIPATION



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