



Project:	Emerging Issues	Meeting	AASB December 2015 (M149)
Topic:	Accounting for revalued property, plant and equipment	Agenda Item:	17.2
Contact(s):	Evelyn Ling eling@asab.gov.au (03) 9617 7631	Project Priority:	Low
		Decision-Making:	Low
		Project Status:	Note only – No action required

Introduction

- 1 The AASB received a submission from APV Valuers and Asset Management dated 12 November 2015.
- 2 The submission pertains to property, plant and equipment within the scope of AASB 116 *Property, Plant and Equipment*, which is measured on the revaluation model. The submitter requests the Board to provide guidance in three areas:
 - (a) the relationship between fair value (where current replacement cost is used to measure fair value) and accounting depreciation, including the term ‘depreciated replacement cost’ and the role of accumulated depreciation in determining fair value;
 - (b) whether depreciation expense can be determined other than by reference to an asset’s depreciable amount. The submission asserts that depreciable amount is the result of an asset’s replacement cost less its residual value; however, replacement cost is not equal to fair value; and
 - (c) whether the expected consumption pattern of remaining service potential of an asset over its life cycle can be used to allocate the depreciable amount of the asset over its useful life.
- 3 The letter has been included as **Agenda Paper 17.3** for Board note only. Staff will prepare an analysis of the issues raised in the submission and staff recommendations for the Board at a future Board meeting. In the meantime, staff recommend that the Board write back to the submitter advising that the submission will be considered at a future meeting.

Question to the Board

Do Board members agree with the staff recommendation in paragraph 3?