

## PROPERTY, PLANT & EQUIPMENT DISCLOSURE REQUIREMENT

**(A) The financial statements shall disclose, for each class of property, plant and equipment:**

1. Basis of measuring carrying amounts;
2. the depreciation methods used;
3. the useful lives or the depreciation rates used;
4. the gross carrying amount, accumulated depreciation and impairment losses at the beginning and end of the period;
5. a reconciliation of the carrying amount at the beginning and end of the period showing:
  - a. additions;
  - b. disposals;
  - c. assets classified as held for sale or included in a disposal group and Discontinued Operations **(These are explained below)**;
  - d. acquisitions through business combinations **(This is applicable where merger and similar takes place)**;
  - e. impairment losses;
  - f. Reversal of impairment losses;
  - g. depreciation;
  - h. the net exchange differences **(This may arise where the presentation currency and functional currency is different, including the translation of a foreign operation into the presentation currency of the reporting entity)**; and
  - i. other changes.

**(B) The financial statements shall also disclose:**

1. Restriction on title and items pledged as security for liabilities;
2. Expenditures to construct PPE during the period (these are the amounts which are capitalised in carrying amount of PPE);
3. the amount of contractual commitments for the acquisition of PPE **(This is explained below)**; and
4. compensation from third parties for items of PPE that were impaired, lost or given up that is included in profit or loss. **(This is explained below)**. if it is not disclosed separately in the statement of comprehensive income, the amount of compensation from third parties for items of property, plant and equipment that were impaired, lost or given up that is included in profit or loss.

**Note –** If there are any changes in accounting estimates & policies. An entity shall disclose the nature and effect of any change relating to PPE in current year & in subsequent year.

**(C) Where the PPE are stated at revalued amounts:**

1. If PPE is stated at revalued amounts, certain additional disclosures are required:
2. the effective date of the revaluation;
3. whether an independent valuer was involved;
4. for each revalued class of property, the carrying amount that would have been recognised had the assets been carried under the cost model;

5. the revaluation surplus, including changes during the period and any restrictions on the distribution of the balance to shareholders.

**(D) These are some disclosures which are not required but are encouraged by IFRS:**

- a. the carrying amount of temporarily idle PPE;
- b. the gross carrying amount of any fully depreciated PPE that is still in use;
- c. the carrying amount of PPE retired from active use and not classified as held for sale and Discontinued Operations; and
- d. when the cost model is used, the fair value of PPE when this is materially different from the carrying amount.

**(E) Explanations to some points:**

- a. Assets classified as held for sale or included in a disposal group and Discontinued Operations. The assets shall be classified when:  
management is committed to a plan to sell; the asset is available for immediate sale an active programme to locate a buyer is initiated; the sale is highly probable, within 12 months of classification as held for sale; the asset is being actively marketed for sale at a sales price reasonable in relation to its fair value and actions required to complete the plan indicate that it is unlikely that plan will be significantly changed or withdrawn.
- b. the amount of contractual commitments for the acquisition of PPE.  
In simple language, it can be explained, in instance, that a decision by management to acquire assets in the future does not, of itself, give rise to a present obligation unless the entity enters into an irrevocable agreement to acquire the asset.
- c. Derecognition is done when:  
PPE shall be derecognised on disposal; or when no future benefits are expected from its use or disposal.

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