Example 4
Profit before depreciation 100 per year. Asset 100. Income tax rate 40%. Depreciation (SLM) – Financial 25%, Tax 20%. Fair value 60 at the end of year 2.

Statement of Profit & L				Vee: 4	Vec: F
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Profit	100	100	100	100	100
Less: Depreciation	25	25	30	30	0
Profit After Depreciation	75	75	70	70	100
Less: Current Tax	32	32	32	32	32
Add: Deferred Tax Assets	2	2	4	4	-8
Profit before other Comprehensive Income	45	45	42	42	60
other Comprehensive Income	7				
Revaluation Surplus	0	10	0		
Less: Deffered Tax	0	4	0		
Total Profit	45	51	42	42	60
	2				
<u>Stateme</u>	ent of Change in	Equity			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve	7	6	6	3	0
Less: Transferred to retained earnings	1		3	3	
	0	6	3	0	0
		•	·	•	
Carr	ying Value of As	<u>set</u>			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100	75	60	30	0
Less: Depreciation	25	25	30	30	
Net Value	75	50	30	0	0
Revaluation	0	10			
Closing WDV	75	60	30	0	0
		J.	l.	I	
To	ax Base of Asset	•			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100	80	60	40	20
Less: Depreciation	20	20	20	20	20
Closing WDV	80	60	40	20	0
				1	
1	formed Tays Acces	ts			
De	terrea Lax Assei				
	<u>ferred Tax Asser</u> Year 1		Year 3	Year 4	Year 5
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
			Year 3 0 4	Year 4 4	Year 5 8 -8

Example 5

Profit before depreciation 100 per year. Asset 100. Income tax rate 40%. Depreciation (SLM) – Financial 20%, Tax 20%.

Fair value 100 at the end of year 1 when life is increased by 1 year.

Statement of Prof	it & Loss (and Other C	omprehens	<u>ive Income</u>			
Particulars		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Profit		100	100	100	100	100	100
Less: Depreciation		20	20	20	20	20	20
Profit After Depreciation		80	80	80	80	80	80
Less: Current Tax		32	32	32	32	32	40
Add: Deferred Tax Assets		0	0				8
Profit before other Comprehensive Incomprehensive Incomprehens	me	48	48	48	48	48	48
other Comprehensive Income		-					
Revaluation Surplus		20	0	0			
Less: Deffered Tax	X	8	0	0			
Total Profit	00	60	48	48	48	48	48
	7)					
<u>Sta</u>	itement o	f Change in	<u>Equity</u>				
Particulars		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revaluation Reserve	3	12	12	12	12	12	12
Less: Transferred to retained earnings	5	0	0	0	0	0	12
	T	12	12	12	12	12	0
		1					
	Carrying	Value of As	<u>set</u>				
Particulars		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Opening WDV	0	100	100	80	60	40	20
Less: Depreciation	6	20	20	20	20	20	20
Net Value		80	80	60	40	20	0
Revaluation	3	20					
Closing WDV		100	80	60	40	20	0
	<u>Tax B</u>	ase of Asset					
Particulars		Year 1	Year 2	Year 3	Year 4	Year 5	
Opening WDV		100	80	60	40	20	
Less: Depreciation		20	20	20	20	20	1
Closing WDV		80	60	40	20	0	
	<u>Deferre</u>	d Tax Liabili	<u>ity</u>				
Particulars		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Opening Balance			-8	-8	-8	-8	-8
Add/less			0	0	0	0	8
Closing Balance		-8	-8	-8	-8	-8	0

Example 6
Profit before depreciation 100 per year. Asset 100. Income tax rate 40%. Depreciation (SLM) – Financial 20%, Tax 25%. Fair value 100 at the end of year 1 when life is increased by 1 year.

Statement of Profit & Los	s and Other C	omprehens	ive Income			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Profit	100	100	100	100	100	100
Less: Depreciation	20	20	20	20	20	20
Profit After Depreciation	80	80	80	80	80	80
Less: Current Tax	-30	-30	-30	-30	-40	-40
Add/Less: Deferred Tax Assets/ (Liability)	-2	-2	-2	-2	8	8
Tax Expenses	-32	-32	-32	-32	-32	-32
Profit before other Comprehensive Income	48	48	48	48	48	48
other Comprehensive Income	A					
Revaluation Surplus	20	0	0			
Add/Less: Deferred Tax Assets/ (Liability)	-8	0	0			
Net Revaluation Surplus	12	0	0	0	0	0
Total Profit	60	48	48	48	48	48
	9					
<u>Statemen</u>	t of Change in	Equity				
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revaluation Reserve	12	12	12	12	12	12
Less: Transferred to retained earnings	0	0	0	0	0	12
y	12	12	12	12	12	0
Z	10					
<u>Carryi</u>	ng Value of A	<u>sset</u>				
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Opening WDV	100	100	80	60	40	20
Less: Depreciation	20	20	20	20	20	20
Net Value	80	80	60	40	20	0
Revaluation	20					
Closing WDV	100	80	60	40	20	0
	Base of Asse	<u>t</u>				
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	
Opening WDV	100			25	0	
Less: Depreciation	25	25	25	25	0	
Closing WDV	75	50	25	0	0	
	red Tax Liabil					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Opening Balance		-10	-12	-14	-16	-8
Add/less		-2	-2	-2	8	8
Closing Balance	-10	-12	-14	-16	-8	0

Example 7 Profit before depreciation 100 per year. Asset 100. Income tax rate 40%. Depreciation (SLM) – Financial 20%, Tax 25%. Fair value – 100 at the end of year 1; and 60 at the end of year 3.

Statement of Profit 8	Loss o	and Other Co	omprehensi	ive Income		
Particulars		Year 1	Year 2	Year 3	Year 4	Year 5
Profit		100	100	100	100	100
Less: Depreciation		20	25	25	30	30
Profit After Depreciation		80	75	75	70	70
Less: Current Tax		-30	-30	-30	-30	-40
Add/Less: Deferred Tax Assets/ (Liability)		-2	0	0	2	12
Tax Expenses		-32	-30	-30	-28	-28
Profit before other Comprehensive Income		48	45	45	42	42
other Comprehensive Income		7				
Revaluation Surplus	/	20	0	10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	3	-8	0	-4	0	0
Net Revaluation Surplus	(12	0	6	0	0
Total Profit	0	60	45	51	42	42
		0				
<u>State</u>	ment o	f Change in	<u>Equity</u>			
Particulars	1	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	1	0	12	9	12	6
Add: Creation	1	12	0	6	0	0
Less: Transferred to retained earnings	1	0	3	3	6	6
Revaluation Reserve: Closing Balance	9	12	9	12	6	0
_	rrying	Value of As	<u>set</u>			
Particulars	(200	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV)	100	100	75	60	30
Less: Depreciation		20	25	25	30	30
Net Value		80	75	50	30	0
Revaluation		20		10		
Closing WDV		100	75	60	30	0
	Tax B	ase of Asset				
Particulars		Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV		100	75	50	25	0
Less: Depreciation		25	25	25	25	0
Closing WDV		75	50	25	0	0
<u></u>	eferre	d Tax Liabili	i <u>ty</u>			
Particulars		Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance			-10	-10	-14	-12
Add/less		-10	0	-4	2	12
Add/less						
Closing Balance		-10	-10	-14	-12	0
		-10 -2	-10 -10	-14 -10	-12 -12	0

Example 8

Profit before depreciation 100 per year. Asset 100. Income tax rate 40%. Depreciation – Financial – 20%, Tax 25%.

Fair value 120 at the end of year 1. Life increased by 1 year at the end of year 3.

Statement of Profit & Lo	ss and Other C	Comprehens	ive Income			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Profit	100	100	100	100	100	100
Less: Depreciation	20	30	30	20	20	20
Profit After Depreciation	80	70	70	80	80	80
Less: Current Tax	-30	-30	-30	-30	-40	-40
Add/Less: Deferred Tax Assets/ (Liability)	-2	2	2	-2	8	8
Tax Expenses	-32	-28	-28	-32	-32	-32
Profit before other Comprehensive Income	48	42	42	48	48	48
other Comprehensive Income	A					
Revaluation Surplus	40	0	0	0	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-16	0	0	0	0	0
Net Revaluation Surplus	24	0	0	0	0	0
Total Profit	72	42	42	48	48	48
(1-	3 64					
<u>Statemen</u>	t of Changes in	n Equity				
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revaluation Reserve: Opening Balance	7	24	18	12	12	12
Add: Creation	24	0	0	0	0	0
Less: Transferred to retained earnings	0	6	6	0	0	12
Revaluation Reserve: Closing Balance	24	18	12	12	12	0
0	3					
<u>Carry</u> Particulars	ing Value of A		Year 3	Voc. 4	Voor F	Voor C
	Year 1	Year 2		Year 4	Year 5	Year 6
Opening WDV	100	120	90	60	40	20
Less: Depreciation	20	30	30	20	20	20
Net Value	80	90	60	40	20	0
Revaluation	40 120	90	0 60	40	20	
Closing WDV	120	90	60	40	20	0
Та	x Base of Asse	t				
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	
Opening WDV	100	75	50	25	0	
Less: Depreciation	25	25	25	25	0	
Closing WDV	75		25	0	0	
			L			
<u>Defe</u>	rred Tax Liabil	<u>lity</u>				
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Opening Balance		-18	-16	-14	-16	-8
Add/less	-18	2	2	-2	8	8
Closing Balance	-18	-16	-14	-16	-8	0
- Through Carrying Value	-2	-16	-14	-16	-8	0
- Through Revaluation	-16	0	0	0	0	0

Example 9
Profit before depreciation 100 per year. Asset 100. Income tax rate 40%. Depreciation (SLM) – Financial 20%, Tax 25%. Fair value – 100 at the end of year 1; and 40 at the end of year 3.

Statement of Profit & Los	s and Other (Comprehens	ive Income		
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Profit	100	100	100	100	100
Less: Depreciation	20	25	25	20	20
Profit After Depreciation	80	75	75	80	80
Less: Current Tax	-30	-30	-30	-30	-40
Add/Less: Deferred Tax Assets/ (Liability)	-2	0	0	-2	8
Tax Expenses	-32	-30	-30	-32	-32
Profit before other Comprehensive Income	48	45	45	48	48
other Comprehensive Income	7				
Revaluation Surplus	20	0	-10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-8	0	4	0	0
Net Revaluation Surplus	12	0	-6	0	0
Total Profit	60	45	39	48	48
(m					
<u>Statement</u>	of Changes i	n Equity			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	7 0	12	9	0	0
Add: Creation	12	0	-6	0	0
Less: Transferred to retained earnings	0	3	3	0	0
Revaluation Reserve: Closing Balance	12	9	0	0	0
	ng Value of A				
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100		75	40	20
Less: Depreciation	20	25	25	20	20
Net Value	80	75	50	20	0
Revaluation	20		-10		
Closing WDV	100	75	40	20	0
<u>Tax</u>	Base of Asse	<u>t</u>			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100	75	50	25	0
Less: Depreciation	25		25	25	0
Closing WDV	75	50	25	0	0
<u>Defer</u>	red Tax Liabi	lity			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance		-10	-10	-6	-8
Add/less	-10	0	4	-2	8
Closing Balance	-10	-10	-6	-8	0
- Through Carrying Value	-2	-10	-10	-8	0
- Through Revaluation	-8	0	4	0	0

Example 10

Profit before depreciation 100 per year. Asset 100. Income tax rate 40%. Depreciation (SLM) – Financial 20%, Tax 20%. Fair value – 100 at the end of year 1; and 40 at the end of year 3.

Statement of Profit & Los	s and Other C	omprehensi	ve Income		
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Profit	100	100	100	100	100
Less: Depreciation	20	25	25	20	20
Profit After Depreciation	80	75	75	80	80
Less: Current Tax	-32	-32	-32	-32	-32
Add/Less: Deferred Tax Assets/ (Liability)	0	2	2	0	0
Tax Expenses	-32	-30	-30	-32	-32
Profit before other Comprehensive Income	48	45	45	48	48
other Comprehensive Income	A				
Revaluation Surplus	20	0	-10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-8	0	4	0	0
Net Revaluation Surplus	12	0	-6	0	0
Total Profit	60	45	39	48	48
(100	3 6	_			
<u>Statement</u>	of Changes in	Equity			
Particulars 🛴	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	0	12	9	0	0
Add: Creation	12	0	-6	0	0
Less: Transferred to retained earnings	0	3	3	0	0
Revaluation Reserve: Closing Balance	12	9	0	0	0
Particulars Carry	ng Value of As Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100	100	75	40	20
Less: Depreciation	20	25	25	20	20
Net Value	80	75	50	20	0
Revaluation	20				
			-10		
Closing WDV		75	-10 40	20	0
Closing WDV	100	75		20	0
<u>Tax</u>	100 Base of Asset	<u>.</u>	40		
	100	Year 2	40 Year 3	20 Year 4	0 Year 5
Particulars Opening WDV	100 **Base of Asset* Year 1 100	Year 2	40 Year 3 60	Year 4 40	Year 5 20
Particulars Opening WDV Less: Depreciation	100 **Base of Asset* Year 1 100 20	Year 2 80 20	40 Year 3 60 20	Year 4 40 20	Year 5 20 20
Particulars Opening WDV	100 **Base of Asset* Year 1 100	Year 2	40 Year 3 60	Year 4 40	Year 5 20
Particulars Opening WDV Less: Depreciation Closing WDV	100 **Base of Asset* Year 1 100 20 80	Year 2 80 20 60	40 Year 3 60 20	Year 4 40 20	Year 5 20 20
Particulars Opening WDV Less: Depreciation Closing WDV	100 Base of Asset Year 1 100 20 80	Year 2 80 20 60	40 Year 3 60 20 40	Year 4 40 20 20	Year 5 20 20 0
Particulars Opening WDV Less: Depreciation Closing WDV Defer	100 **Base of Asset* Year 1 100 20 80	Year 2 80 20 60 <i>ity</i> Year 2	Year 3 60 20 40 Year 3	Year 4 40 20 20 20	Year 5 20 20 0 Year 5
Particulars Opening WDV Less: Depreciation Closing WDV Particulars Opening Balance	100	Year 2 80 20 60 <i>ity</i> Year 2	Year 3 60 20 40 Year 3 -6	Year 4 40 20 20 20 Year 4	Year 5 20 20 0 Year 5
Particulars Opening WDV Less: Depreciation Closing WDV Particulars Opening Balance Add/less	100 Base of Asset Year 1 100 20 80 red Tax Liabil Year 1 -8	Year 2 80 20 60 ity Year 2 -8 2	Year 3 60 20 40 Year 3 -6 6	Year 4 40 20 20 20 Year 4 0 0	Year 5 20 20 0 Year 5 0 0
Particulars Opening WDV Less: Depreciation Closing WDV Particulars Opening Balance Add/less Closing Balance	100 Base of Asset Year 1 100 20 80 red Tax Liabil Year 1 -8 -8	Year 2 80 20 60 ity Year 2 -8 2 -6	Year 3 60 20 40 Year 3 -6 6	Year 4 40 20 20 20 Year 4 0 0 0	Year 5 20 20 0 Year 5 0 0
Particulars Opening WDV Less: Depreciation Closing WDV Particulars Opening Balance Add/less	100 Base of Asset Year 1 100 20 80 red Tax Liabil Year 1 -8	Year 2 80 20 60 ity Year 2 -8 2	Year 3 60 20 40 Year 3 -6 6	Year 4 40 20 20 20 Year 4 0 0	Year 5 20 20 0 Year 5

Example 11

Profit before deprecation 100 per year. Asset 100. Income tax rate 40%. Depreciation (SLM) – Financial 25%, Tax 20%. Fair value – 90 at the end of year 1; and 20 at the end of year 3.

Statement of Profit & Lo	ss and Other C	Comprehens	ive Income		
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Profit	100	100	100	100	100
Less: Depreciation	25	30	30	20	0
Profit After Depreciation	75	70	70	80	100
Less: Current Tax	-32	-32	-32	-32	-32
Add/Less: Deferred Tax Assets/ (Liability)	2	4	4	0	-8
Tax Expenses	-30	-28	-28	-32	-40
Profit before other Comprehensive Income	45	42	42	48	60
other Comprehensive Income	7				
Revaluation Surplus	15	0	-10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-6	0	4	0	0
Net Revaluation Surplus	9	0	-6	0	0
Total Profit	54	42	36	48	60
	9	•			
<u>Statemen</u>	t of Changes in	n Equity			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	0	9	6	0	0
Add: Creation	9	0	-6	0	0
Less: Transferred to retained earnings	0	3	0	0	0
Revaluation Reserve: Closing Balance	9	6	0	0	0
8	,				
	ing Value of A				
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100	90	60	20	0
Less: Depreciation	25	30	30	20	0
Net Value	75	60	30	0	0
Revaluation	15		-10	_	
Closing WDV	90	60	20	0	0
Tax	x Base of Asse	+			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100	80	60	40	20
Less: Depreciation	20	20	20	20	20
Closing WDV	80	60	40	20	0
	1 30		.5		
<u>Defe</u>	rred Tax Liabil	<u>ity</u>			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance		-4	0	8	8
Add/less	-4	4	8	0	-8
Closing Balance	-4	0	8	8	0
- Through Carrying Value	2	0	4	8	0
- Through Revaluation	-6	0	4	0	0

Example 12

Profit before depreciation 100 per year. Asset 100. Income tax rate 40%. Depreciation (SLM) – Financial 25%, Tax 20%.

Fair value – 90 at the end of year 1; 20 at the end of year 3 when life is increased by 1 year.

Statement of Profit & Lo	ss and Other (Comprehens	ive Income		
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Profit	100	100	100	100	100
Less: Depreciation	25	30	30	10	10
Profit After Depreciation	75	70	70	90	90
Less: Current Tax	-32	-32	-32	-32	-32
Add/Less: Deferred Tax Assets/ (Liability)	2	4	4	-4	-4
Tax Expenses	-30	-28	-28	-36	-36
Profit before other Comprehensive Income	45	42	42	54	54
other Comprehensive Income	Z				
Revaluation Surplus	15	0	-10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-6	0	4	0	0
Net Revaluation Surplus	9	0	-6	0	0
Total Profit	54	42	36	54	54
(90	10				
<u>Statemen</u>	t of Changes i	n Equity			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	1	9	6	0	0
Add: Creation	9	0	-6	0	0
Less: Transferred to retained earnings	0	3	0	0	0
Revaluation Reserve: Closing Balance	9	6	0	0	0
(6)	8				
Particulars	ing Value of A Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100		60	20	10
Less: Depreciation	25	1	30	10	10
Net Value	75		30	10	0
Revaluation	15		-10	10	
Closing WDV	90		20	10	0
		00	20	10	
Ta	x Base of Asse	<u>:t</u>			
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100	80	60	40	20
Less: Depreciation	20	20	20	20	20
Closing WDV	80	60	40	20	0
	•	•			
	_	1:4			
<u>Defe</u>	<u>rred Tax Liabi</u>	<u>IILY</u>			
<u>Defe</u> Particulars	rred Tax Liabi Year 1	Year 2	Year 3	Year 4	Year 5
			Year 3	Year 4 8	Year 5 4
Particulars		Year 2 -4			Year 5 4 -4
Particulars Opening Balance	Year 1	Year 2 -4	0	8	4
Particulars Opening Balance Add/less	Year 1	Year 2 -4 4	0	8 -4	4 -4