

Property, Plant Equipment Examples Drafted By CA Ajay Biwal

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.

<u>Statement of Profit & Loss and Other Comprehensive Income</u>					
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
<i>other Comprehensive Income</i>					
Revaluation Surplus	0	10	0		
Less: Deffered Tax	0	4	0		
Total Profit	45	51	42	42	60
<u>Statement of Change in Equity</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve		6	6	3	0
Less: Transferred to retained earnings			3	3	
	0	6	3	0	0
<u>Carrying Value of Asset</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
<u>Tax Base of Asset</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
<u>Deferred Tax Assets</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance		2	0	4	8
Add/less		-2	4	4	-8
Closing Balance	2	0	4	8	0

Property, Plant Equipment Examples Drafted By CA Ajay Biwal

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.

<u>Statement of Profit & Loss and Other Comprehensive 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 Income	48	48	48	48	48	48
<i>other Comprehensive Income</i>						
Revaluation Surplus	20	0	0			
Less: Deffered Tax	8	0	0			
Total Profit	60	48	48	48	48	48
<u>Statement of Change in Equity</u>						
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
	12	12	12	12	12	0
<u>Carrying Value of Asset</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
<u>Tax Base of Asset</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	
<u>Deferred Tax Liability</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

Property, Plant Equipment Examples Drafted By CA Ajay Biwal

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.

<u>Statement of Profit & Loss and Other Comprehensive 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	-30	-30	-30	-30	-40	-40
Add/Less: Deferred Tax Assets/ (Liability)	-2	-2	-2	-2	8	8
<i>Tax Expenses</i>	-32	-32	-32	-32	-32	-32
Profit before other Comprehensive Income	48	48	48	48	48	48
<i>other Comprehensive Income</i>						
Revaluation Surplus	20	0	0			
Add/Less: Deferred Tax Assets/ (Liability)	-8	0	0			
<i>Net Revaluation Surplus</i>	12	0	0	0	0	0
Total Profit	60	48	48	48	48	48
<u>Statement of Change in Equity</u>						
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
	12	12	12	12	12	0
<u>Carrying Value of Asset</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
<u>Tax Base of Asset</u>						
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>Deferred Tax Liability</u>						
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

Property, Plant Equipment Examples Drafted By CA Ajay Biwal

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.

<u>Statement of Profit & Loss and Other Comprehensive Income</u>					
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
<i>Tax Expenses</i>	-32	-30	-30	-28	-28
Profit before other Comprehensive Income	48	45	45	42	42
<i>other Comprehensive Income</i>					
Revaluation Surplus	20	0	10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-8	0	-4	0	0
<i>Net Revaluation Surplus</i>	<i>12</i>	<i>0</i>	<i>6</i>	<i>0</i>	<i>0</i>
Total Profit	60	45	51	42	42
<u>Statement of Change in Equity</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	0	12	9	12	6
<i>Add: Creation</i>	<i>12</i>	<i>0</i>	<i>6</i>	<i>0</i>	<i>0</i>
<i>Less: Transferred to retained earnings</i>	<i>0</i>	<i>3</i>	<i>3</i>	<i>6</i>	<i>6</i>
Revaluation Reserve: Closing Balance	12	9	12	6	0
<u>Carrying Value of Asset</u>					
Particulars	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
<u>Tax Base of Asset</u>					
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>Deferred Tax Liability</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
Closing Balance	-10	-10	-14	-12	0
<i>- Through Carrying Value</i>	<i>-2</i>	<i>-10</i>	<i>-10</i>	<i>-12</i>	<i>0</i>
<i>- Through Revaluation</i>	<i>-8</i>	<i>0</i>	<i>-4</i>	<i>0</i>	<i>0</i>

Property, Plant Equipment Examples Drafted By CA Ajay Biwal

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.

<u>Statement of Profit & Loss and Other Comprehensive 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	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
<i>Tax Expenses</i>	-32	-28	-28	-32	-32	-32
Profit before other Comprehensive Income	48	42	42	48	48	48
<i>other Comprehensive Income</i>						
Revaluation Surplus	40	0	0	0	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-16	0	0	0	0	0
<i>Net Revaluation Surplus</i>	<i>24</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Total Profit	72	42	42	48	48	48
<u>Statement of Changes in Equity</u>						
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revaluation Reserve: Opening Balance	0	24	18	12	12	12
<i>Add: Creation</i>	<i>24</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Less: Transferred to retained earnings</i>	<i>0</i>	<i>6</i>	<i>6</i>	<i>0</i>	<i>0</i>	<i>12</i>
Revaluation Reserve: Closing Balance	24	18	12	12	12	0
<u>Carrying Value of Asset</u>						
Particulars	Year 1	Year 2	Year 3	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		0			
Closing WDV	120	90	60	40	20	0
<u>Tax Base of Asset</u>						
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>Deferred Tax Liability</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

Property, Plant Equipment Examples Drafted By CA Ajay Biwal

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.

<u>Statement of Profit & Loss and Other Comprehensive Income</u>					
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
<i>Tax Expenses</i>	-32	-30	-30	-32	-32
Profit before other Comprehensive Income	48	45	45	48	48
<i>other Comprehensive Income</i>					
Revaluation Surplus	20	0	-10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-8	0	4	0	0
<i>Net Revaluation Surplus</i>	<i>12</i>	<i>0</i>	<i>-6</i>	<i>0</i>	<i>0</i>
Total Profit	60	45	39	48	48
<u>Statement of Changes in Equity</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	0	12	9	0	0
<i>Add: Creation</i>	<i>12</i>	<i>0</i>	<i>-6</i>	<i>0</i>	<i>0</i>
<i>Less: Transferred to retained earnings</i>	<i>0</i>	<i>3</i>	<i>3</i>	<i>0</i>	<i>0</i>
Revaluation Reserve: Closing Balance	12	9	0	0	0
<u>Carrying Value of Asset</u>					
Particulars	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	100	75	40	20	0
<u>Tax Base of Asset</u>					
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>Deferred Tax Liability</u>					
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
<i>- Through Carrying Value</i>	<i>-2</i>	<i>-10</i>	<i>-10</i>	<i>-8</i>	<i>0</i>
<i>- Through Revaluation</i>	<i>-8</i>	<i>0</i>	<i>4</i>	<i>0</i>	<i>0</i>

Property, Plant Equipment Examples Drafted By CA Ajay Biwal

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.

<u>Statement of Profit & Loss and Other Comprehensive Income</u>					
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
<i>Tax Expenses</i>	-32	-30	-30	-32	-32
Profit before other Comprehensive Income	48	45	45	48	48
<i>other Comprehensive Income</i>					
Revaluation Surplus	20	0	-10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-8	0	4	0	0
<i>Net Revaluation Surplus</i>	12	0	-6	0	0
Total Profit	60	45	39	48	48
<u>Statement of Changes in Equity</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	0	12	9	0	0
<i>Add: Creation</i>	12	0	-6	0	0
<i>Less: Transferred to retained earnings</i>	0	3	3	0	0
Revaluation Reserve: Closing Balance	12	9	0	0	0
<u>Carrying Value of Asset</u>					
Particulars	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	100	75	40	20	0
<u>Tax Base of Asset</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
<u>Deferred Tax Liability</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance		-8	-6	0	0
Add/less	-8	2	6	0	0
Closing Balance	-8	-6	0	0	0
- Through Carrying Value	0	-6	-4	0	0
- Through Revaluation	-8	0	4	0	0

Property, Plant Equipment Examples Drafted By CA Ajay Biwal

Example 11

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; and 20 at the end of year 3.

<u>Statement of Profit & Loss and Other Comprehensive Income</u>					
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
<i>Tax Expenses</i>	-30	-28	-28	-32	-40
Profit before other Comprehensive Income	45	42	42	48	60
<i>other Comprehensive Income</i>					
Revaluation Surplus	15	0	-10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-6	0	4	0	0
<i>Net Revaluation Surplus</i>	9	0	-6	0	0
Total Profit	54	42	36	48	60
<u>Statement of Changes in Equity</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	0	9	6	0	0
<i>Add: Creation</i>	9	0	-6	0	0
<i>Less: Transferred to retained earnings</i>	0	3	0	0	0
Revaluation Reserve: Closing Balance	9	6	0	0	0
<u>Carrying Value of Asset</u>					
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
<u>Tax Base of Asset</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
<u>Deferred Tax Liability</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

Property, Plant Equipment Examples Drafted By CA Ajay Biwal

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.

<u>Statement of Profit & Loss and Other Comprehensive Income</u>					
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
<i>Tax Expenses</i>	-30	-28	-28	-36	-36
Profit before other Comprehensive Income	45	42	42	54	54
<i>other Comprehensive Income</i>					
Revaluation Surplus	15	0	-10	0	0
Add/Less: Deferred Tax Assets/ (Liability)	-6	0	4	0	0
<i>Net Revaluation Surplus</i>	9	0	-6	0	0
Total Profit	54	42	36	54	54
<u>Statement of Changes in Equity</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Revaluation Reserve: Opening Balance	0	9	6	0	0
<i>Add: Creation</i>	9	0	-6	0	0
<i>Less: Transferred to retained earnings</i>	0	3	0	0	0
Revaluation Reserve: Closing Balance	9	6	0	0	0
<u>Carrying Value of Asset</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening WDV	100	90	60	20	10
Less: Depreciation	25	30	30	10	10
Net Value	75	60	30	10	0
Revaluation	15		-10		
Closing WDV	90	60	20	10	0
<u>Tax Base of Asset</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
<u>Deferred Tax Liability</u>					
Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
Opening Balance		-4	0	8	4
Add/less	-4	4	8	-4	-4
Closing Balance	-4	0	8	4	0
- Through Carrying Value	2	0	4	4	0
- Through Revaluation	-6	0	4	0	0