AS-10
Fixed Assets

1) This AS is applicable for all entities

2) Fixed assets are assets held for use in production of goods or rendering of services or administration purpose held for sale not in normal course of business
As per AS-16 weather assets are also considered fixed assets

3) Small value fixed assets should be written off

4) If any assets is machine specific and is having irregular use, then such asset is treated as fixed asset (clarification by ICAI)

Machine specific	Use	Treatment
Projector Lamp (Costlier)	Irregular	Fixed Assets
Projector Lamp (Cheap)	Regular	Stock

Non Machine Specific	Use	Treatment
AAA Battery	Regular/ Irregular	Stock

5) If any asset is Jointly acquired, then asset will be recognised as share in each owner books.

6) Valuation of Fixed Assets
i) Purchase Fixed Assets: These assets should be recorded as cost price only.

Cost Price	
Purchase Price	****
+ Tax on purchase (non refundable)	****
+ Exp. Obtaining title	****
+ Installation Exp.	****
(Trial run, any exp. Make assets ready for use)	
- Sale proceeds of production during trial run	****
+ Borrowing Cost (as per AS-16)	****
Cost Price	

Note: Any borrowing cost incurred from date of ready to use till up to put to use, will be deffered as Misc. Exp.

ii) Self constructed assets
Valuation of such assets is actual cost incurred. This cost does not include opportunity/ economic cost.

iii) Exchanged Assets
Fixed assets will be valued at -
Fair value of asset obtained or
Fair value of asset surrendered
whichever is more clearly evident
For exam purpose consider lower as more evident

iv) Improvement in Fixed Assets
whenever any expenditure is incurred which improves performance of asset, beyond standard should be capitalised. such value should be material.

7) Revaluation of Fixed Assets (not allowed US GAAP)

i) All fixed asset in a class should be revalued.

for e.g. class of building
class of furniture

ii) Revaluation basis should be same. (Replacement price, Realisable value, Indexed)

iii) Revaluation should not increased value of asset beyond recoverable amount. (AS-28)

iv) Revaluation profit will be transferred to revaluation reserve

It will not be adjusted against accumulated depreciation.

8) User of Revaluation Reserve

i) It can be used to adjust additional depreciation due to revaluation
ii) It can be used to adjust revaluation loss
iii) Revaluation reserve can not be used for meeting losses, Bonus share, Dividend
iv) Upon sale of asset, revaluation reserve will be transferred to general reserve
(Guidance note on treatment of Revaluation Reserve)

9) Disclosure Requirement:

i) Cost of asset
ii) Addition, Deletion should be disclosed
iii) Revaluation policy should be disclosed
iv) Revaluation basis should be disclosed