

ACCOUNTING STANDARD -10**(ACCOUNTING FOR FIXED ASSETS)**

1. This AS does not apply on following assets:

- A. Natural Resources
- B. Live Stock
- C. Intangible Assets

2. Fixed assets mean assets, which are held for production of goods, rendering of services, for administrative purpose or held for sale not to normal course of business e.g. **scrap**. Fixed assets are either owned or jointly owned. In case of joint assets, fixed assets owned are to be reported in share.

3. **Cost of Fixed Assets:** Whenever fixed assets are recognized its value will be as follows:

A. Purchased Fixed Assets

Purchase Price	XXXX
(+) Taxes on Purchase	XXXX
(+) Installment Expenses	XXXX
(+) Trial Run	XXXX
(-) Sale proceed from Trial Run	XXXX
(+) Borrowing cost till assets is ready for use	XXXX
NET COST	XXXX

B. Self constructed Fixed Assets

Whenever fixed assets are self constructed then, expenses incurred on self construction should be recorded as book value. Imputed cost of fixed assets is **NOT** to be included.

C. Improvement in Fixed Assets

Any expenditure incurred which improves assets, beyond standards should be capitalized in value of assets.

D. Exchange of Fixed Assets

Whenever fixed assets are obtained through exchange, then value of fixed assets will be:

- i) Fair Value of fixed assets obtained
- OR
- ii) Fair Value of fixed assets surrendered

4. Revaluation of Fixed Assets:

Whenever fixed assets are revalued, then following points should be considered.

- i) All fixed assets **in class** should be revalued e.g. classes: Land & Building, Plant, and Furniture.
- ii) Whenever revaluation is done its profit should be transfer to revaluation reserve. In case of loss, such loss should be transfer to revaluation reserve if available, if there is no revaluation reserve and we have revaluation loss, then such revaluation loss should be transferred to P&L A/c.

