

IAS 16 Example of accounting for accumulated depreciation (AD) with Revaluation

	31/12/2010
Gross Carrying Amount	€ 1,000,000
Accumulated Depreciation	€ 400,000
Net Carrying Value	€ 600,000
Revaluation value on 31/12/2010	€ 750,000
Depreciation policy	Straight line
Useful life	10 years, 6 years remaining on 31.12.2010
Estimated residual value	€ 0

### Choice 1: Proportionate change in Accumulated Depreciation

	Original Amount	Percentage	Revaluation change	Total
Gross carrying amount	€1,000,000	100%	€250,000	€1,250,000
Accumulated depreciation	€400,000	40%	€100,000	€500,000
Net Carrying amount	€600,000	60%	€150,000	€750,000

Depreciation for 2011:  $=(750,000 - 0)/6$   
€ 125,000

Journal Entry 31/12/2010, excluding entry for depreciation expense

PPE	€ 250,000
Accumulated Depreciation	€ 100,000
Revaluation-Surplus	€ 150,000

*To revalue PPE and its accumulated depreciation*

**Choice 2: Eliminate Accumulated Depreciation against gross carrying amount**

	Original Amount	Eliminate AD	Revaluation change	Total
Gross carrying amount	€1,000,000	-€400,000	€150,000	€750,000
Accumulated depreciation (AD)	€400,000	-€400,000	€0	€0
Net Carrying amount	€600,000	€0	€150,000	€750,000

Depreciation for 2011:  $=(750,000 - 0)/6$   
 €125,000

Journal Entry 31/12/2010, excluding entry for depreciation expense

Accumulated Depreciation		€400,000
PPE	€250,000	
Revaluation-Surplus	€150,000	

*To revalue PPE*