

## D-BIT Fixed Assets & IFRS

Many countries are adopting IFRS (international financial reporting standards) either directly or by basing their national standards on IFRS and an increasing number of major international enterprises are choosing to report under IFRS. This all gives significant worldwide credibility to IFRS, further increasing their use and acceptance. Some other parts of the world, most notably the USA, have so far not committed to IFRS.

D-BIT Fixed Assets (build 937 and higher) provides support for both GAAP and IFRS. Uniquely, D-BIT can simultaneously compute values for an asset under both standards allowing management to evaluate the likely impact of conversion on the financial statements.

### Relevant Standards

- IAS 16 - Property, plant and equipment
- IAS 17 - Leases
- IAS 23 - Borrowing costs
- IAS 36 - Impairment of assets
- IAS 38 - Intangible assets
- IAS 40 - Investment property
- \*IAS 37 - Provisions, contingent liabilities and contingent assets
- \*IAS 41 - Agriculture

*\*Have a lesser bearing on the subject or is considered a specialized subject outside the scope of this document*

**Note:** Several IFRS issues are matters of judgment based on an assessment of facts that are outside of the scope of a software product.

### D-BIT Fixed Assets – IFRS Feature Summary

- Assets should initially be recorded at cost [IAS16.15]. Additional costs necessary to bring the asset to working condition (eg site preparation, installation, etc) can be individually recorded as either added-value or as a discrete component.
- Attach multiple book methods to an asset to allow comparison of the effect of IFRS models (and GAAP).
- Both the cost [IAS16.30] and revaluation models [IAS16.31] are supported.
- Depreciation methods can be changed and adjustments made to expected lifetime and residual value anytime after initially

capitalizing the asset, allowing for the standard's requirement of regular reviews of depreciation methods and estimates of useful life. [IAS16.51 & IAS16.60 & IAS16.61]

- Amortization of intangible assets is catered for in exactly the same way as for depreciation of tangible assets. Separate categories of assets representing intangible assets can be set.
- Borrowing costs incurred in respect of assets under construction, can be added to the cost of the asset using the add-value transaction.
- Revaluation can be applied to an entire class of assets [IAS16.36] using bulk transactions.
- Fair-value can be entered directly and the system automatically re-values the asset.
- Existing assets can be split into components with each component being depreciated independently over its useful life.
- Impairment is considered as a negative component of an asset and thereby generating negative depreciation to offset the normal depreciation on the asset.

*Note: This document is intended only as a brief overview of D-BIT Fixed Assets functionality in respect of IFRS requirements. It is not an authoritative statement of International Accounting Standards.*

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