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## New National Accounting Standard No. 11 "Fixed Assets"

### Accounting & Audit Alert

Dear Readers,

**On 29 May 2017, in the Official Journal of the Minister of Finance and Development, a new National Accounting Standard No. 11 "Fixed Assets" was published.**

The scope of NAS 11 includes the rules for the recognition, valuation and inclusion of fixed assets and capital work in progress in the accounting books, including making depreciation or amortization write-offs, as well as the principles of the presentation and disclosure of information about those assets in the financial statement. It should also be emphasized that the solutions stipulated in NAS 11 are basically consistent with the relevant provisions of IAS (IFRS), in particular with IAS 16 "Property, Plant and Equipment". However, some differences can be observed, e.g. NAS 11:

- allows for the valuation of fixed assets in a revalued amount solely on the basis of separate regulations;
- introduces the categories: constituents (Item 4.17 of the Standard), additional elements (Item 4.19) and peripheral elements (Item 4.20), which are not components referred to in IAS 16;
- does not provide for the recognition in the initial value of a fixed asset the costs of the future reclaim and reconstruction of the place in which the fixed asset is located, as well as other costs necessary to be incurred in connection with the liquidation of the fixed asset;
- provides for the recognition in the initial value of the fixed asset the costs of bearing liabilities, also other than loans and credits, taken to acquire the fixed asset, as well as exchange rate differences (positive or negative) resulting from foreign currency liabilities incurred for this purpose, not limiting them only to the foreign exchange differences recognized as an adjustment of interest rates;
- does not provide for the exemption of objects for sale or to be returned to their owners from fixed assets – it allows for a different range of disclosures concerning fixed assets.

Certainly, NAS 11 will be helpful for bookkeepers under the Accounting Act of 29 September 1994 (Journal of Laws of 2016, Item 1047, as amended), as the very Act itself does not specify the number of specific aspects related to the recognition or valuation of fixed assets. In those cases, frequently the solutions presented in IAS have been used. Following the publication of NAS 11, a number of controversial issues or differences in the interpretation of provisions of the Act should be clarified.

NAS 11 will enter into force on the day of its publication, and it will apply to financial statements for the financial year starting on 1 January 2017. What is important is the fact that, if it is necessary to obtain the comparability of data for the previous year, NAS No. 7 "Changes in accounting principles (policy), estimation of values, correction of errors, events after the balance sheet date - booking and presentation" should be applied.



Should you wish to discuss the above mentioned amendments in detail, feel free to contact us:

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