

PPE

Scenario A: Revaluation upward (revaluation gain)

BV (value of asset as per the last revaluation date)

Accumulated depreciation

FV (current market value/price)

1. To calculate revaluation gain:

FV-BV 50

2. To do double entry

Db PPE (B/S) 50

Db Ac dep-n (B/S) 30

Cr Revaluation reserve (surplus) (B/S) 80

Scenario B: Revaluation downward (revaluation loss)

BV (value of asset as per the last revaluation date)

Accumulated depreciation

FV (current market value/price)

1. To calculate revaluation loss:

FV-BV -50

2.a To do double entry - with no rev reserve earlier created

Cr PPE (B/S) 50

Db Ac dep-n (B/S) 30

Db Revaluation loss (P/L) 20

2.b To do double entry - with rev reserve earlier created

Cr PPE (B/S) 50

Db Ac dep-n (B/S) 30

Db Revaluation reserve (surplus) (B/S) 20

Bottomline:

calculate rev gain or loss

reverse acc depreciation (regardless if we have rev gain or loss)

prepare the double entry where you will record rev gain or loss against rev r

100
-30
150

before revaluation			
PPE	100	Liab-s	100
Ac dep	-30	Retained earnings	-30
	70		70

impact of revaluation upwards			
PPE	150	Liab-s	100
Ac dep	0	Retained earnings	-30
		Revaluation reserve (st	80
	150		150

100
-30
50

impact of revaluation downwards (with no rev reserve ea			
PPE	50	Liab-s	100
Ac dep	0	Retained earnings	-50
	50		50

eserve B/S (if there is some baalance in it); if not, the it will go into P/L

before revaluation			
PPE	120	Liab-s	100
Ac dep	-30	Retained e:	-30
		Rev reserve	20
	90		90

revaluation reserve created - 2.a)

impact of revaluation downwards (with rev reserve earlier created)			
PPE	70	Liab-s	100
Ac dep	0	Retained e:	-30
		Rev reserve	0
	70		70

l - 2.b)