

## **Clarification on Treatment of "Zero" Values in Fixed Assets under SLPSAS 7**

Zero-carrying values in PPEs have been subject to much discussion in the recent past. This has been addressed by the Sri Lanka Public Sector Accounting Standards (SLPSAS) interpretation committee and a determination was given regarding the treatment of entities carrying "zero" values in their "Property, Plant & Equipment (PPE)", in line with SLPSAS 7.

The following guidance is given: "If the entity has adopted the cost model and the residual value has been determined as zero, and the asset's carrying value drops to zero (residual value), the asset's depreciation charge is zero. If that happens, the asset is to be carried at zero (cost less any accumulated depreciation and any accumulated impairment losses)."

**SLPSAS Interpretation Committee**  
**CA Sri Lanka**