

Under IAS 16.7 an organization should recognize assets as plant, property and equipment if and when it is noted that the future economic benefits associated will flow back to the organization and if and when an organization can reliably measure the cost of an asset. In addition the organization recognizes the plant, property and equipment costs at the same time they are incurred. In addition continued operations on the assets of plant, property and equipment like aircraft may require the organization to conduct continuous inspection of the faults regardless of whether an organization replaces the parts of the equipment. Though IAS 16 does not substitute what prescribes a specific unit of measure to an item as to what includes the item of property plant and equipment (IAS 16) but stipulates that in cases where the items contain significant cost model in the total cost model the organization should depreciate them separately (IAS 16.43). The initiative enhances clarity and as it promotes the required transparency and accountability. (IAS 16.13)