Step 3 : Modification

100000 100000 100000

262431

Revised Discount Rate = 7%

∴ Decrease in lease liability {267301 − 262431} = 4869

Journal

lease liability 4869

To ROU Asset 4869

− 4869 + 131216

Again,

150000 150000 150000

393647

Discount rate = 7%

∴ Increase in lease liability {393647 − 262431} = 131216

Journal

ROU Asset 131216

To lease liability 131216

Revised Carrying Amount

lease liability = 393647

ROU Asset = 368004 − 147201 − 4869 + 131216 = 347150

The modified ROU Asset and the modified lease liability in relation to the modified lease are as follows:

Year	Lease liability				ROU Asset		
	Opening Balance	Interest Expense @ 7%	Lease payment	Closing balance	Opening Balance	Depreciaton Charge	Closing Balance
6	3,93,600	27,552	(1,50,000)	2,71,152	3,47,070**	(1,15,690)	2,31,380
7	2,71,152	18,981	(1,50,000)	1,40,133	2,31,380	(1,15,690)	1,15,690
8	1,40,133	9,867*	(1,50,000)	-	1,15,690	(1,15,690)	-

*Difference is due to approximation. **Refer Note 5

Illustration 45 - Sale and leaseback transaction

Imepie

An entity (Seller-lessee) sells a building to another entity (Buyer-lessor) for cash of ₹ 30,00,000. Immediately before the transaction, the building is carried at a cost of ₹ 15,00,000. At the same time, Seller-lessee enters into a contract with Buyer-lessor for the right to use the building for 20 years, with annual payments of ₹ 2,00,000 payable at the end of each year.

The terms and conditions of the transaction are such that the transfer of the building by Seller-lessee satisfies the requirements for determining when a performance obligation is satisfied in Ind AS 115 Revenue from Contracts with Customers.

The fair value of the building at the date of sale is ₹ 27,00,000. Initial direct costs, if any, are to be ignored. The interest rate implicit in the lease is 12% p.a., which is readily determinable by Seller-lessee.
Buyer-lessor classifies the lease of the building as an operating lease.
How should the said transaction be accounted by the Seller-lessee and the Buyer-lessor?

Soln :- Amount received = ₹ 3000000

Fair value of Asset ₹ 2700000

Financing ₹ 300000

After sale, leaseback for 20 years @ ₹ 200000 p.a. rentals

∴ P.V. of lease payments = 200000 × PVIFA (12%, 20 years)
= 1494000

Out of P.V. of ₹ 1494000 payable, ₹ 300000 payable for financing

Remaining ₹ 1194000 payable for leaseback of Asset

Asset retained = $\frac{1194000}{2700000} \times 100$ = 44.2222%

Asset sold = 55.7778%

1506000
836667

C.A. of Asset sold = 1500000 × 55.7778% = 836667

Net consideration (2700000 − 1194000) = 1506000

∴ Gain on Disposal 669333

B/sheet

Lease liab {1194000 + 300000 (loan)}	1494000	Bank {2700000 + 300000 (loan)}	3000000
		Asset Derecognised 836667 }	(1500000)
Gain (P/L) B.fig.	669333	ROU Asset (44.2222%)	663333

Journal

Bank 3000000

ROU 663333

To lease liability 1494000

To Asset Derecog. 1500000

To Gain (P/L) 669333

2700000

1194000 — 1506000 consideration

44.2222% — 836667

663333 retained

B/S	
1494000	3000000
669333	~~836667~~ (1500000)
	ROU 663333

A Sale and leaseback involves the transfer of an asset by an entity (seller lessee) to another entity (Buyer lessor) and leaseback of the same asset by seller lessee. It means transfer of asset and then leaseback of same asset.

Further Both seller lessee and Buyer lessor should apply Ind AS 115 to determine whether to account for sale and leaseback transaction as a sale and Purchase of asset. As per Ind AS 115, An Entity account for sale or Purchase when P.O. is satisfied by transferring control of the asset.

Thus, there are following two possibilities in this scenario:

If Control is passed	**If Control is NOT passed**
If the control of an underlying asset is passed to the buyer-lessor, the transaction is accounted for as a 'sale or purchase' of the asset and a 'lease'.	If the control of an underlying asset is NOT passed to the buyer-lessor, both the seller-lessee and the buyer-lessor account for the transaction as a 'financing transaction'

LESSOR ACCOUNTING

At Inception, lessor shall classify all lease as **FINANCE LEASE** or **OPERATING LEASE**.

Finance lease

Lease that transfer substantially all risks and reward.

Asset is Derecognised at Commencement Date and Net Investment in the lease is recognised

Initial Recognition

Net Investment in the lease Dr.
To C.A. of Asset Cr

{Diff recognised in P/L or Revenue / COGS}

Subsequent Recognition

1) Net Investment in the lease
To Interest Income (P/L)

(ii) Bank
To Net Investment in the lease

Operating lease

Lease that do not transfer substantially all risks and reward.

No Derecognition of Asset

No Initial recognition

Subsequent recognition

1) Bank / Receivable
To lease Income

{Rental Income recognised on SLM Basis or Another Systematic Basis}

2) Depriciation / Impairment
To Asset (PPE)

{Dep^{n} as per Ind As 16 or 38 & Impairment as per Ind As 36.

Eg. Finance Lease

C.A. of Asset = 125000

P.V. of lease payments + P.V. of UGRV = 140000, P.V. of UGRV = 5000

∴ Net Investment in the lease = 140000 + 5000 = 145000

Initial Recognition

Non Manufacturer / Non Dealer			Manufacturer / Dealer		
Net Investment in the lease	145000		Net Investment in the lease	145000	
To CA of Asset		125000	COGS {125000 − 5000}	120000	
To P/L		20000	To CA of Asset		125000
			To Revenue {145000 − 5000}		140000

Subsequent Recognition

Non Manufacturer / Non Dealer	Manufacturer / Dealer
Net Investment in the lease	Net Investment in the lease
To Interest Income.	To Interest Income.
Bank	Bank
To Net Investment in the lease	To Net Investment in the lease

Note: In case of manufacturer / dealer, Initial Direct Cost charged directly to P/L.

Eg. Operating lease {Lessor}

CA of Asset = 125000, Useful life = 10 yrs, I.D.C. = 3000

lease rent (1st yr) = 2000, 2nd yr = 4000, 3rd yr = 2400

Journal Entry

0th yr	Asset	3000	
	To Bank		3000
	{I.D.C. incurred}		

1st yr

Bank A/c	2000	
Receivable	800	
To lease Income		2800

Depriciation	13500	
To Asset		13500

{12500 + 1000}

2nd yr

Bank A/c	4000	
To lease Income		2800
To Receivable (Reverse)		800
To Advance lease Rent {Liab}		400

Depriciation	13500	
To Asset		13500

{12500 + 1000}

3rd yr

Bank A/c	2400	
Advance lease Rent	400	
To lease Income		2800

Depriciation	13500	
To Asset		13500

{12500 + 1000}

Another Example

Now, suppose at 2nd yr end (3rd yr Begg.), Operating lease is modified and lease term is extended to 5 years {classified as operating lease}

lease Rent {3rd yr - 1800, 4th yr - 3400, 5th yr 2200}

$\therefore$ lease Income (Revised) $= \frac{400 + 1800 + 3400 + 2200}{3} = 2600$

3rd yr

Bank A/c	1800	
Adv. lease Rent	400	
Receivable (B.fig)	400	
To lease Income		2600

4th yr

Bank	3400	
To lease Income		2600
To Receivable		400
To Adv. lease rent		400

5th yr

Bank	2200	
Adv. lease rent	400	
To lease Income		2600

E.g. Lease Rentals = 50000 (3 years)

GRV by lessee = 18000 , GRV by third Party = 20000

Residual value = 35000

∴ UGRV = 35000 − 20000 = 15000

Fair value = 140000 , CA = 125000

Initial Direct cost incurred by lessor = 7000

CA of asset sold = 114118
{125000 − 10882}

Cons.
{147000 − 10882} = 136118
22000

Manufacturer Dealer Accounting & Non Manufacturer/Dealer Accounting.

Soln — Non manufacturer DM

	1st	2nd	3rd
	50000	50000	50000
			20000 GRV
			15000 UGRV

Fair value = 140000

I.D.C. = 7000

147000

10882

Implicit rate of Interest = 11.29 %
(Trial and Error)

1) Non Manufacturer/Non Dealer

Net Investment in the lease 147000

To CA of Asset 125000

To Gain on Disposal (P/L) 22000

{136118 − 114118}

Net Investment in the lease

Initial value	Interest	Receipt	Closing
147000	16596	(50000)	113596
113596	12825	(50000)	76421
76421	8627	(50000)	35000

Residual value.

2) Manufacturer Dealer Accounting

Initial Direct cost charged to P/L.

↳ I.D.C. (P/L) 7000

To Bank 7000

There is no concept of Interest rate implicit in manufacturer/Dealer Accounting and market rate of interest to be considered.

Fair value = 145000

	0th	1st	2nd	3rd
		50000	50000	50000
				20000
				15000

P.V. = 145003

But P.V. of lease Payments = 134324

Market rate of Interest = 12%

1) ~~COGS 125000~~
~~To Inventory 125000~~

2) ~~Net Inv in the lease 145000~~
~~To Revenue 145000~~

And, for unsold Portion of ₹ 15000 of UGRV

3) ~~Revenue 10676~~
~~To COGS 10676~~

Statement of P/L

Revenue	145000
COGS	(125000)
	20000

One Single Entry for Exam (ICAI)

Net Investment in the lease	145000	
COGS ⟨125000 − 10676⟩	114324	
To Revenue ⟨145000 − 10676⟩		134324
To Inventories		125000

Note

Selling Profit or loss =

Fair Value or P.V. of lease Receivables {whichever is lower} less C.A. of Asset − P.V. of UGRV

⇓

lower of 145000 and 134324

i.e. 134324

⇓

125000 − 10676

= 114324

∴ Selling Profit = 134324 − 114324 = 20000

Examples of a lease being classified as Finance Lease:

The lease transfers ownership of the asset to the lessee by the end of the lease term
The lessee has the option to purchase the asset at a price sufficiently lower than fair value at the date the option becomes exercisable; and at inception date, Lessee is reasonably certain to exercise such option.
The lease term is for the major part of the economic life of the asset even if title is not transferred
At inception date, the present value of lease payments amounts to at least substantially all of the fair value of the asset
The asset is of such a specialised nature that only lessee can use it without major modifications.

*The term "substantially all" is not defined in Ind AS 116

Illustration 38 - Lessor accounting for a finance lease dealer-lessor case

A Lessor enters into a 10-year lease of equipment with Lessee. The equipment is not specialised in nature and is expected to have alternative use to Lessor at the end of the 10-year lease term.

Under the lease:

a) Lessor receives annual lease payments of ₹ 15,000, payable at the end of the year
b) Lessor expects the residual value of the equipment to be ₹ 50,000 at the end of the 10-year lease term
c) Lessee provides a residual value guarantee that protects Lessor from the first ₹ 30,000 of loss for a sale at a price below the estimated residual value at the end of the lease term (i.e., ₹ 50,000)
d) The equipment has an estimated remaining economic life of 15 years, a carrying amount of ₹ 1,00,000 and a fair value of ₹ 1,11,000
e) The lease does not transfer ownership of the underlying asset to Lessee at the end of the lease term or contain an option to purchase the underlying asset
f) The interest rate implicit in the lease is 10.078%. → market rate.

How should the Lessor account for the same in its books of accounts?

0th | 1st | 2nd | 3rd | ...... | 10th yr

15000 | 15000 | 15000 | ...... | 15000

30000 GRV

20000 UGRV

10.078%

91860
11484
7656
111000

P.V. of all lease Payments = 91860 + 11484 = 103344

93% of Fair value

Lessor shall classify the lease as a **FINANCE LEASE** because the sum of the present value of lease payments amounts to **substantially all** of the fair value of the underlying asset.

4th Condition is satisfied. Therefore it is a Finance lease.

Net Investment in the lease	111000	
Cogs {100000 − 7656}	92344	
To Revenue {111000 − 7656}		103344
To CA of Asset		100000

Net Investment in the lease

	Initial Value	Interest @ 10.078 %	Receipt	Closing Value
1st	111000	11187	15000	107187
2nd	107187	10802	15000	102989
3rd	102989	10379	15000	98368
4th	98368	9914	15000	93281
5th	93281	------------	Continued till	10th yr
10th yr		5953	15000	50000

Year 1

Net Investment in the lease	11187	
To Interest Income		11187
Bank	15000	
To Net Investment in the lease		15000

Sub lease

Original Lessor —— Head lease —— Original lessee

Original lessee (Intermediate lessor) —— Sub lease —— Sub lessee.

Intermediate lessor should classify sub lease as Finance | operating using the classification criteria but it should be with reference to ROU Asset and not Underlying Asset.

E.g. ABC Ltd leased a building to XYZ Ltd for 5 yrs. Economic life is 40 yrs. XYZ sub leased building to JKL Ltd. for 4 years.

For ABC Ltd → lease classified as Operating lease {5 out of 40 years}

For XYZ Ltd → lease classified as Finance lease {4 out of 5 years}

Intermediate lessor Accounting

If sub lease classified as Finance lease.	If sub lease classified as Operating lease.
1) Derecognise ROU Asset 2) Recognise Net Investment in the lease. 3) Continue to Account for lease liability.	i) Continue to Account for ROU Asset and lease liability 2) If Remaining CA of ROU Asset exceeds anticipated sub lease Income - Impair ROU Asset

What is a lease ?

At inception of Contract, An Entity shall assess whether contract is or contains a lease. A lease is contract that conveys :-

(i) Right to control the use (ii) of an Identified Asset

(iii) for a period of time (iv) In Exchange for consideration

Also includes Non consecutive periods.

(i) Right to control the use

a) Right to direct the use of an Identified asset throughout period of use

↓

Right to direct "How and for what purpose asset is used" {i.e. it can change "How and for what purpose asset is used. while evaluating this the focus should be on whether customer has decision making rights that will most affect economic benefits derived from use of asset.

To have right to direct, the customer does not need the right to operate the asset.

If decision about How and For what Purpose asset is used are Predetermined either by Contractual obligation or design of the Asset

In such case, customer controls the asset if :-

(i) customer has right to operate the asset.

(ii) customer has designed the asset.

b) Right to obtain substantially all the economic benefits

↓

i.e. Having Exclusive use of asset throughout the period of use.

A customer can obtain Economic benefits by using, holding or subleasing.

Economic Benefits includes :-

(i) Asset's Primary Products {Goods/services}

(ii) By Products {Renewable Energy Credits}

(iii) Sub leasing

A right that solely Protect supplier's interest {For Eg. limits on No. of miles customer can drive supplier's vehicle} does not Prevent customer and are not considered while assessing whether customer has right to obtain substantially all economic benefits.

A supplier's protective right do not prevent customers from having right to direct the use of an Identified asset as it protect's supplier's interest on obtaining substantially all economic benefits.

(ii) Of an Identified Asset

(i) Identified Asset must be physically distinct {Entire Asset or Portion of Asset}

E.g: Building or Floors within Building if Floors can be used independently.

A capacity or other portion of an asset {E.g. Fibre optic Cable or Oil pipeline} is not an Identified Asset unless it represents substantially all of the capacity of the asset and provides customer with right to obtain substantially all Economic Benefits.

(ii) Substantive substitution Rights {Not an Identified Asset}

A Customer does not have right to use an Identified Asset if, at inception of contract, supplier has substantive rights to substitute assets throughout period of use. A supplier's right is substantive when both conditions are met ÷

The supplier has the **PRACTICAL ABILITY** to substitute alternative assets throughout period of use	For e.g., the customer cannot prevent the supplier from substituting an asset and alternative assets are readily available to the supplier or could be sourced by the supplier within a reasonable period of time).
The supplier would **BENEFIT ECONOMICALLY** from the exercise of its right to substitute the asset	i.e., the economic benefits associated with substituting the asset are expected to exceed the costs associated with substituting the asset.

If supplier has right to substitute only on or after either a particular date or the occurrence of a specified event, the supplier's substitution right is not substantive.

In many cases, it is clear that supplier will not benefit from substitution right because of the costs associated with substituting an asset.

SEPARATION OF LEASE AND NON LEASE COMPONENTS

Sometimes there are contracts that contain right to use multiple assets {E.g. a building and an Equipment, Excavator and its attachments}.

The right to use such asset is considered separate only if both conditions are met :

The lessee can benefit from the use of the asset either on its own OR together with other resources that are readily available to the lessee; AND	The underlying asset is neither highly interdependent on, nor highly interrelated with, the other underlying asset in the contract Truck, Excavator

Master Example

A lessee enters into a lease of Various Assets & Goods and services :

LEASE RENTALS P.A.	Stand Alone Price	Consideration
i) Office Building (I. Asset)	5000000	3000000
ii) Tailored HVAC system in Office Building (I. Asset)	1500000	2000000
iii) Truck (I. Asset)	1200000	1800000
iv) Excavator (I. Asset)	500000	650000
v) Excavator Attachments (I. Asset)	200000	120000
vi) Common Area Maintenance (Goods & services)	100000	80000
vii) Administrative tasks {Neither I. Asset Non G/s}	~~50000~~	50000
viii) Insurance {Neither I. Asset Non G/s}	~~20000~~	15000
		7915000

Soln

Separate lease Components (Identified asset)

(i) Office Building with HVAC system $= 7915000 \times \frac{6500000}{8500000} = 6052647$

(ii) Truck $= 7915000 \times \frac{1200000}{8500000} = 1117412$

iii) Excavator & Excavator attachments $= 7915000 \times \frac{700000}{8500000} = 651824$

Non lease Components (Goods / services)

iv) Common Area maintenance $= 7915000 \times \frac{100000}{8500000} = 93117$

7915000

Note Property taxes, Insurance, Administrative tasks etc. are neither I. Asset nor goods or services and therefore proportionately to lease & Non lease components pro rata on their respective stand alone price.

Optional Exemption of using Practical Expedient to not to separate Non-Lease Component

Ind AS 116 provides a practical expedient that permits only Lessee to make an accounting policy election, by CLASS OF UNDERLYING ASSET, to account for each separate lease component of a contract and any associated non-lease components as a SINGLE LEASE COMPONENT.

Such Practical Expedient does not allow lessee to account for MULTIPLE lease components of a contract as a single lease components

Lessee that do not opt Exemption shall allocate consideration on a Relative STAND ALONE PRICE BASIS.

Inception and commencement of lease

Inception Date is earlier of — (i) Date of lease Agreement.

(ii) Date of Commitment by Parties to Principal terms and condition of lease

Assess whether Contract is or Contains or lease.

Commencement Date — Date on which lessor makes underlying Asset available for use by lessee.

Date of Accounting

lessee

ROU Asset

To Lease Liab

lessor (Finance lease)

Net Inv in the lease

To C.A. of Asset

Diff. Adjusted in P/L (Non Dealer) or Revenue/COGS (Dealer)

LEASE TERM

lease term is summation of :-

a) Non cancellable period.

b) Periods covered by Extension option. ⟨lessee Reasonably certain to Exercise⟩

c) Periods covered by Termination option ⟨lessee Reasonably certain not to Exercise⟩

Assessment done on commencement Date

The lease term starts when lessor makes Underlying Asset available for use by lessee and includes any rent free Period Provided. ⟨i.e. at Commencement Date⟩

Reassessment of lease term and Purchase Option (for lessee)

After lease commencement, lessee should reassess lease term upon occurrence of either a significant event or a significant change in circumstances within lessee's control.

E.g. (i) Constructing significant leasehold improvements.

(ii) Making significant customisation or modification to Asset.

(iii) Subleasing Asset for period beyond exercise date of option.

(iv) Making business decisions.

Lease Incentives

For lessee, lease Incentives that are paid or payable by lessor to lessee are :-

(i) Deductible from lease payments.

(ii) Reduce Initial measurement of ROU Asset.

Variable lease payments that do not depend on Index or rate are not in substance Fixed payments, and not included in lease payments.

<E.g. Payment based on performance or usage of underlying asset>

performance ↓ % of sales

usage ↓ No. of Units Produced

Such payments recognised in P/L or included in CA of Another Asset.

Initial Direct Cost

Incremental cost of obtaining a lease that would not have been incurred if lease have not been obtained.

Examples of Cost included in I.D.C.

1. Commission
2. legal fees for Execution of lease.
3. Document Preparation Cost after execution of a lease
4. Certain payments to Existing tenants to move out.
5. Consideration Paid for Guarantee of Residual Asset by third party.

Examples of Cost Excluded in I.D.C.

1. Employee Salaries
2. Advertising.
3. legal fees for Services rendered before execution of lease.
4. Negotiating lease terms & Conditions
5. Depⁿ & Amortisation

Calⁿ of Interest Rate Implicit

Fair Value of Asset + I.D.C. = P.V. of lease payments + UGRV

Lessee Accounting

Initial Recognition

(i) ROU Asset

To Lease Liability

To Cash

To Prov. for Dismantling

ROU Asset initially measured at cost as per Ind AS 16.

Subsequent Recognition

ROU Asset measured at Cost model or Revaluation model. Depⁿ charged every year on ROU Asset {Depⁿ To ROU Asset}

Lease Liability

Interest Exp (P/L) To lease liability	Lease liability To Bank

In Case of Remeasurement

Increase in Liability → ROU Asset To lease liability.

Decrease in Liability → Lease Liability To ROU Asset

Depriciation of ROU Asset

If lease transfer ownership by end of lease term or cost of ROU Asset reflects that lessee will exercise purchase option.

↓

Depriciation Period - From commencement date to End of Useful life of Underlying Asset

Otherwise, ROU Asset should be Depⁿ

a) From commencement date to End of Useful life or

b) From commencement date to End of lease term

{whichever is Earlier}

Note : ROU Asset also subject to Impairment as per Ind AS 36.

Practice

Illustration 46 - Transition Approaches Ind AS 17 ——— Ind AS 116

A retailer (lessee) entered into 3-year lease of retail space beginning at 1 April 2017 with three annual lease payments of ₹ 2,00,000 due on 31 March 2018, 2019 and 2020, respectively. The lease is classified as an operating lease under Ind AS 17. The retailer initially applies Ind AS 116 for the first time in the annual period beginning at 1 April 2019. The incremental borrowing rate at the date of the initial application (i.e., 1 April 2019) is 10% p.a. and at the commencement of the lease (i.e., 1 April 2017) was 12% p.a. The ROU asset is subject to straight-line depreciation over the lease term. Assume that no practical expedients are elected, the lessee did not incur initial direct costs, there were no lease incentives and there were no requirements for th lessee to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to the condition under the terms and conditions of the lease.

What would be the impact for the lessee using all the following transition approaches:

a) Full Retrospective Approach
b) Modified Retrospective Approach

Alternative 1
Alternative 2

1.4.2017

Present value of lease liability = 200000 × PVIFA (12%, 3 yrs)
= 480366

∴ ROU asset = 480366

lease liab. = 480366

Lease liability

Year	Initial Value	Interest	Payment	Closing value
1	480366 (1.4.17)	57644	200000	338010
2	338010 (1.4.18)	40561	200000	178571
3	178571 (1.4.19)	21429	200000	—

ROU asset

Year	Initial value	Depⁿ	Closing value
1	480366 (1.4.17)	160122	320244
2	320244 (1.4.18)	160122	160122
3	160122 (1.4.19)	160122	—

1) Full Retrospective Approach

1.4.2018

Op. Ind AS B/S

Rou Asset 320244
Retained Earnings 17766
To lease liability 338010

2018-19 (C.Y.)

Journal

Interest Expenses 40561
To lease liability 40561

lease liability 200000
To Bank 200000

Depⁿ 160122
To Rou Asset 160122

2019-20 (C.Y.)

Journal

Interest Expenses 21429
To lease liability 21429

lease liability 200000
To Bank 200000

Depⁿ 160122
To Rou Asset 160122

2. Modified Retrospective Approach {Practice}

Alternative 1

1.4.2017

Present value of lease liability = 200000 x PVIFA (10%, 3years)
= 497370

∴ Rou asset = 497370
lease liab. = 497370

Lease liability

Year	Initial Value	Interest	Payment	Closing value
1	497370 (1.4.17)	49737	200000	347107
2	347107 (1.4.18)	34711	200000	181818
3	181818 (1.4.19)	18182	200000	—

ROU asset

Year	Initial value	Depn	Closing value
1	497370 (1.4.17)	165790	331580
2	331580 (1.4.18)	165790	165790
3	165790 (1.4.19)	165790	—

1.4.2019

ROU Asset 165790
Retained Earnings 16028
To lease liability 181818

2019-20 (C.Y.)

Journal

Interest Expenses 18182
To lease liability 18182

Lease liability 200000
To Bank 200000

Depn 165790
To ROU Asset 165790

Alternative 2

1.4.2019 (om)

1st yr
200000

181818 ← 10% New Discount rate.

1.4.19
ROU Asset 181818
To Lease liab 181818

31.3.2020

Interest Exp. 18182
To lease liability 18182

Lease liab 200000

To Bank 200000

Dep^n 181818

To ROU Asset 181818