AS-10: PPE

Piece of land → Own
→ Asset : 1. FEB
2. Cost reliably measure

Asset → PPE, Investment, Inventory

Investment → AS-13 → Capital Apprec.

Inventory → AS-2 → Real Estate

PPE → uses

either
1. Production of goods
2. Rendering of services
3. Administrative purpose
4. Rental to others

→ Life > 12 months

PPE : 3 conditions

1. Tangible Assets
2. Life > 12 months
3. Uses :- Production of goods
   Supply of services
   Administrative purpose
   Rental to others
   } or

Biological Assets

Assets that can be consumed. Eg :- plants & animals

Biological Assets

Plants

Bearer Plants	Agricultural Produce
→ Apple Tree	Apple
→ Mango Tree	Mango
→ Coconut Tree	Coconut

Animals

→ Chicken
→ Goat
→ Cow
→ Buffalo
→ Sheep
→ Pig

} consume

AS-10 → ✓

PPE definition → ✓

Useful life >12m
Production of goods
Tangible Assets

Productive life >12m
Produces agricultural produce
×
Replace
Bearer plant cannot be sold as agricultural produce

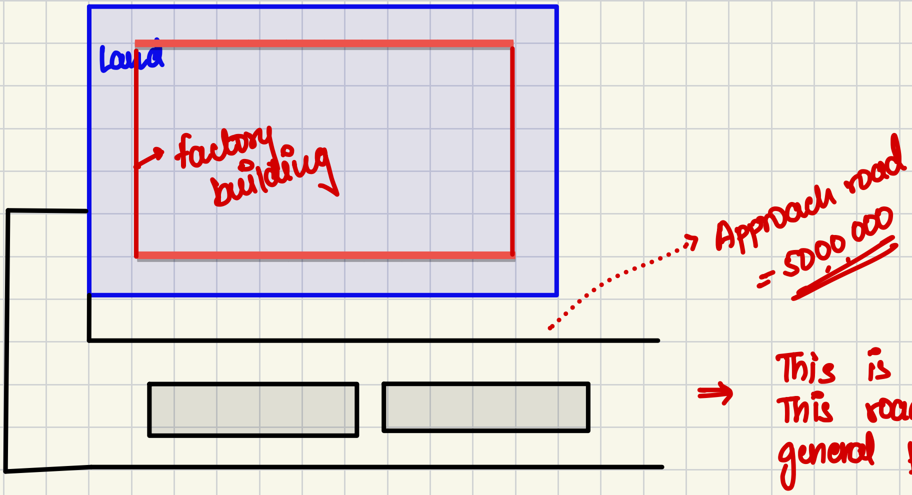
AS-10 → X

AS-10 → X

NOTE :- Incidental scrap sale of bearer plants doesnot affect is eligibility to be considered as a bearer plant.

FEB flows to the entity

Example :-



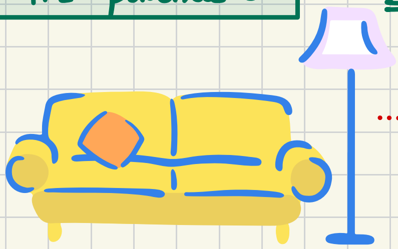
⇒ This is not private property. This road can be used by general public.

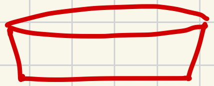
5000000 → Treatment

Road → cannot be considered as PPE → recogn. princ. not satis.

by spending these 50 Lakhs my factory building became approachable. factory building became ready to use. 50 lakhs will be added to the cost of factory building.

PPE purchased → COST

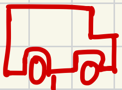




Shipping cost
+
Insurance cost

Port

Port Handling Charges



Carriage
+
Loading
+
Unloading
+
Insurance

Factory

ready to use

Italy

Purchase Price = 5000000
- discount @ 10% = (500000)

4500000

+ Custom Duty @ 20% = 900000

5400000

All cost incurred to bring PPE to its present location & condition & to make it ready for its intended use should be added to the cost of PPE.

GST

Purchase = 1000
@ 18% = 180

1180

Sell = 5000
@ 18% = 900

Govt pay

GST collection = 900
- Input credit = (180)
Payment = 720

Custom Duty

Purchase = 1000
@ 18% = 180 ⇒ Non-recoverable tax

1180

Sell = 5000
@ 18% = 900

Govt pay

GST collection = 900
- Input credit = x
Payment = 900

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