



Date: 24 Feb. 2021

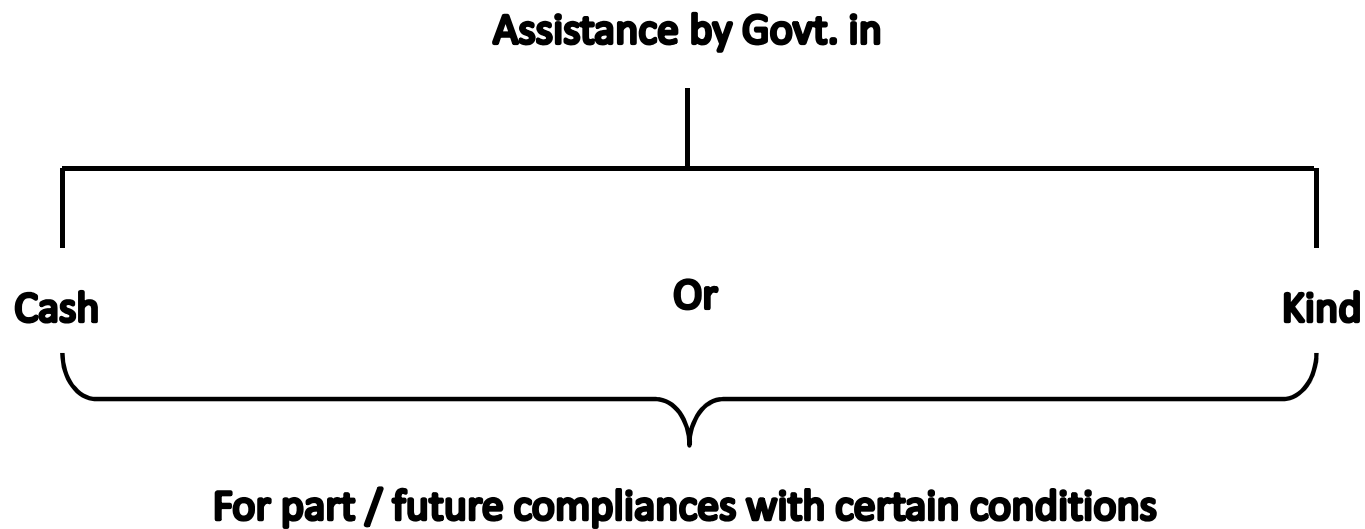
**VIRTUAL COACHING CLASSES
ORGANISED BY BOS, ICAI**

**INTERMEDIATE LEVEL
PAPER 1: ACCOUNTING**

Faculty: CA Sanket Shah



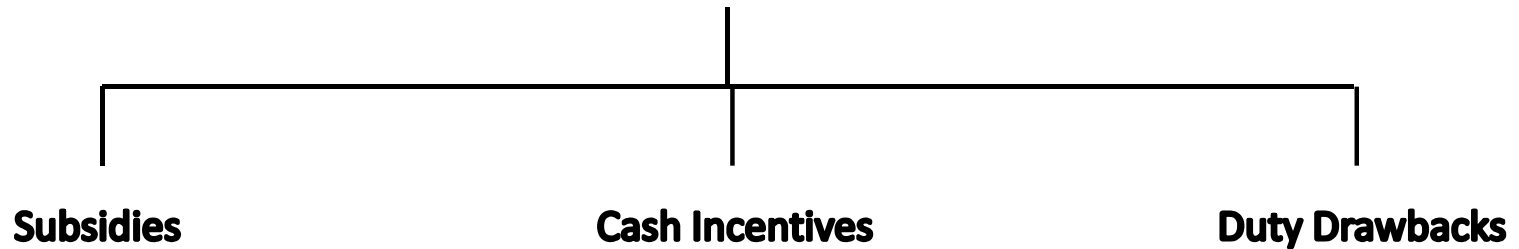
MEANING OF GOVERNMENT GRANT





INTRODUCTION

Accounting of Government Grant



Note :- Not recognised until reasonable assurance that enterprise will comply

Enterprise will comply with conditions attached to them &

Government grant will be received



SCOPE

Deals with

**Non monetary
Government Grant**

Related to fixed asset

Revenue (in nature)

Promoters contribution



SCOPE

Not Deals with

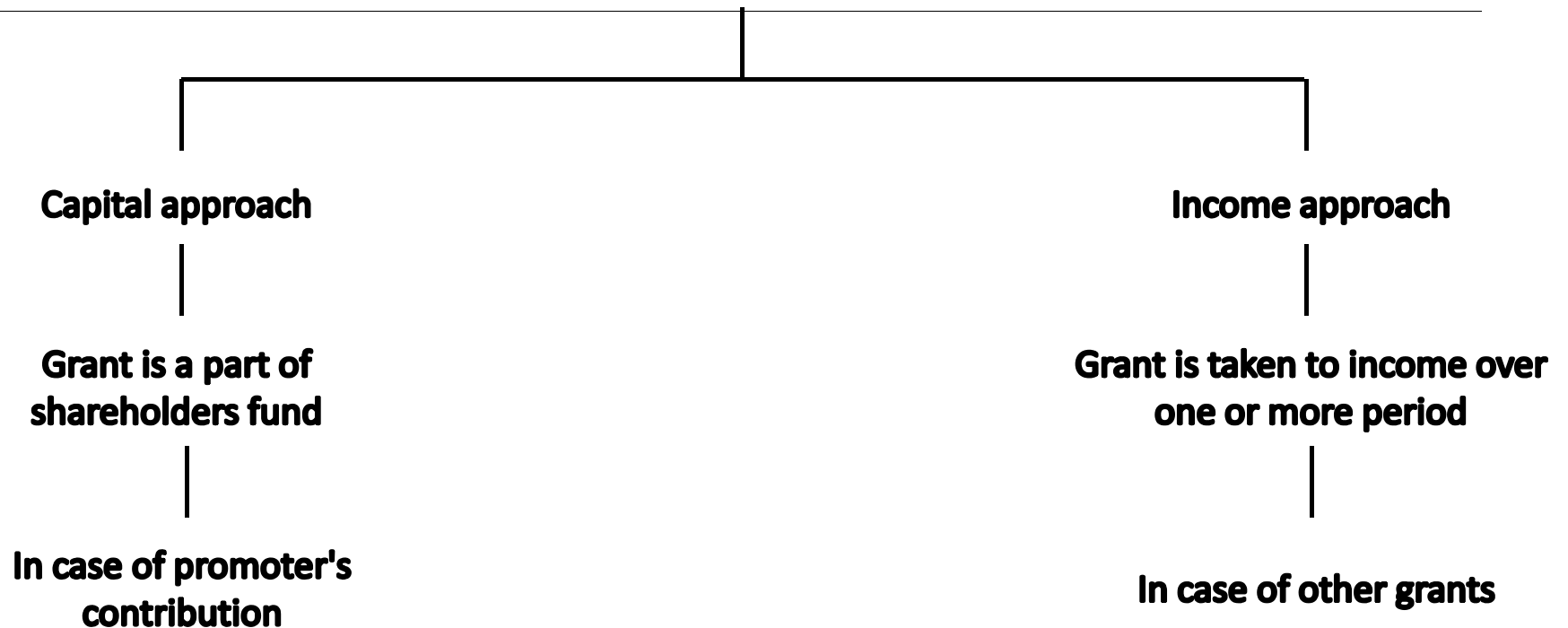
**Effects of changing prices if
GG received**

**Govt. assistance
(GST exemption)**

**Govt. participation in
ownership of enterprise**



ACCOUNTING TREATMENT





RECOGNITION OF GOVERNMENT GRANT

Not recognised until



Reasonable assurance

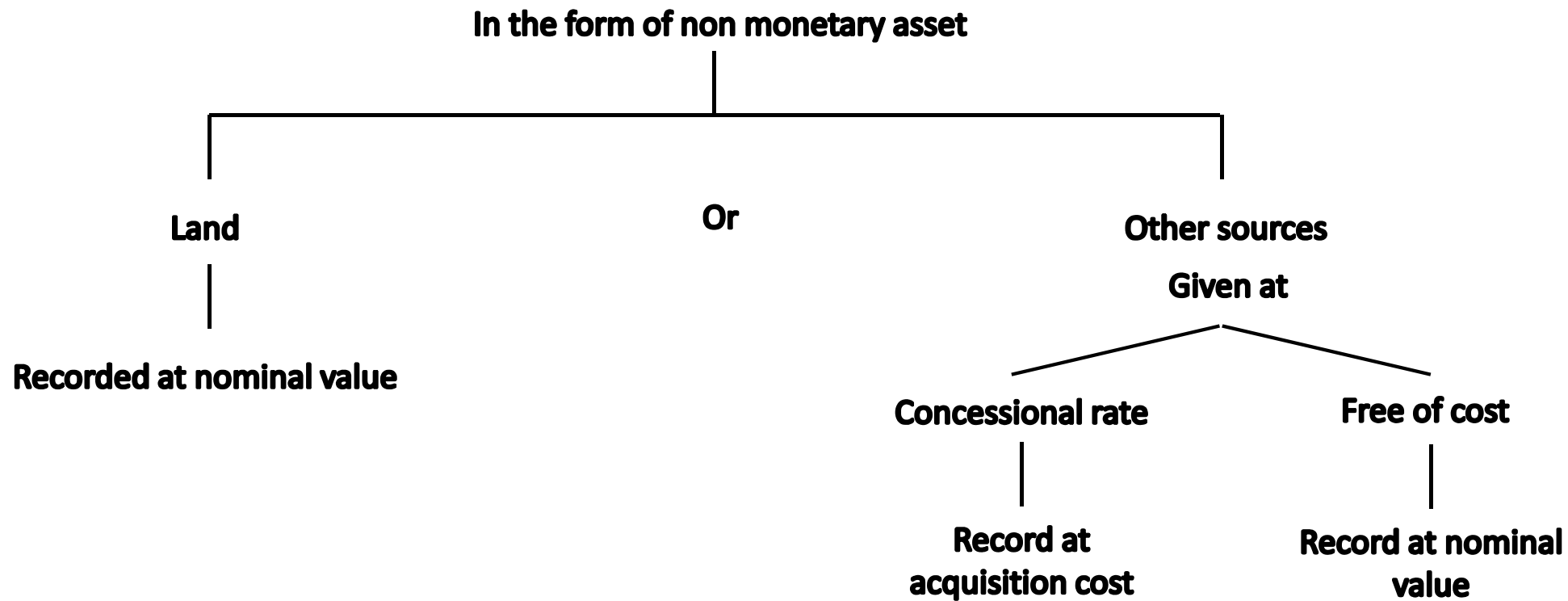


Enterprise will comply with conditions attaching to it

**The grant will be received
(Not conducive evidence that conditions attaching are fulfilled)**

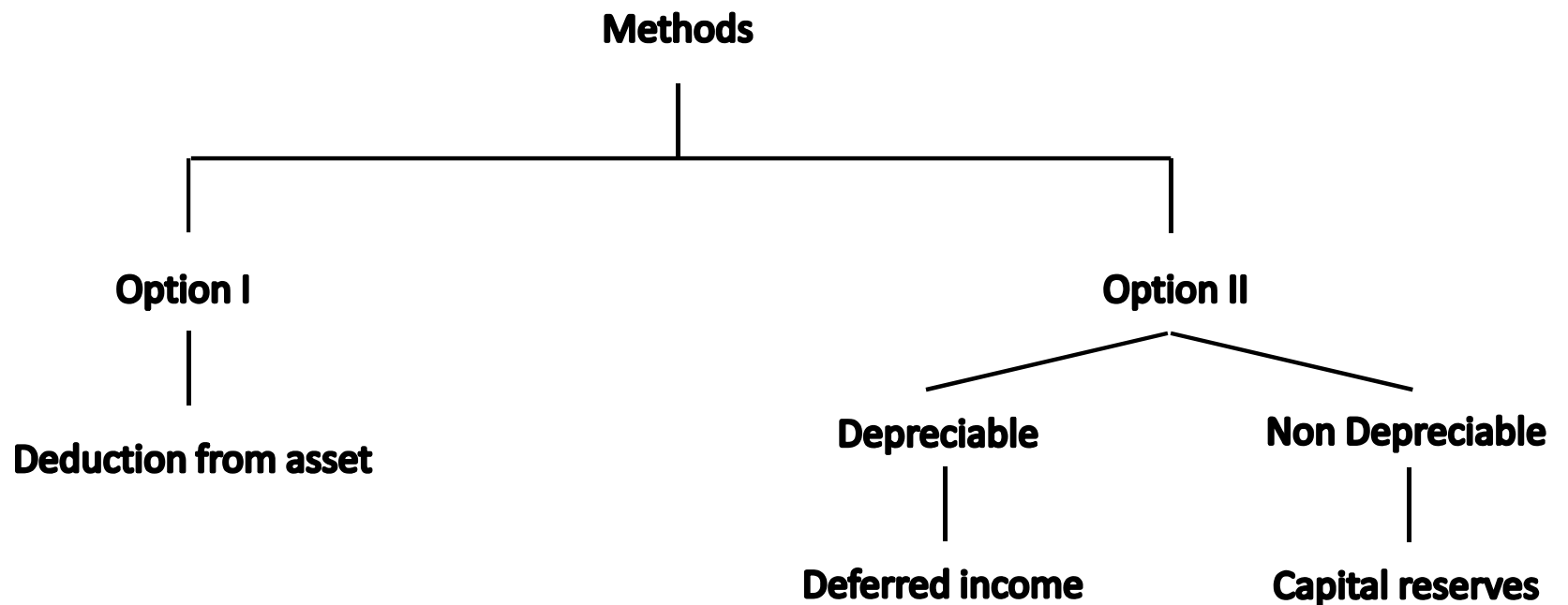


PRESENTATION FOR NON MONETARY GOVERNMENT GRANT





PRESENTATION OF GG RELATED TO SPECIFIC FIXED ASSET





PRESENTATION OF GG RELATED TO SPECIFIC FIXED ASSET

Entry

Particulars	Dr.	Cr.
Cash A/c To Asset A/c	Dr. XXX	XXX
Depreciation A/c To Asset A/c	Dr. XXX	XXX



DEPRECIABLE

Entry

Particulars	Dr.	Cr.
Cash A/c Dr.	XXX	
To deferred GG		XXX
Depreciation A/c Dr.	XXX	
To Asset A/c		XXX
Deferred GG A/c Dr.	XXX	
To P&L A/c		XXX



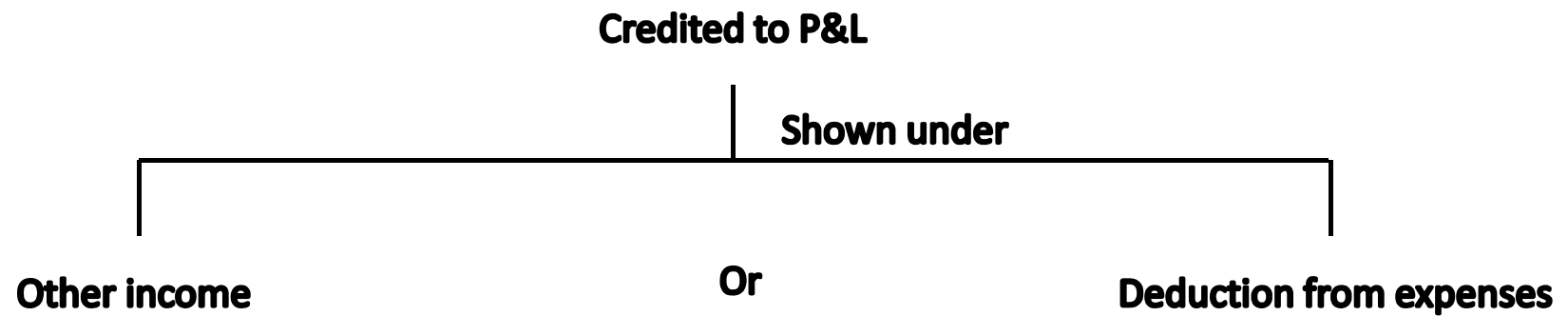
NON DEPRECIABLE

Entry

Particulars	Dr.	Cr.
Case I : If no conditions imposed by Govt.		
Cash A/c Dr.	XXX	
To Capital reserve		XXX
Case II : Conditions imposed by Govt.		
Cash A/c Dr.	XXX	
To Deferred GG		XXX
Deferred GG A/c Dr.	XXX	
To P&L A/c		XXX



PRESENTATION OF GRANT RELATED TO REVENUE





PRESENTATION OF GG AS PROMOTERS CONTRIBUTION

Normally no repayment is expected



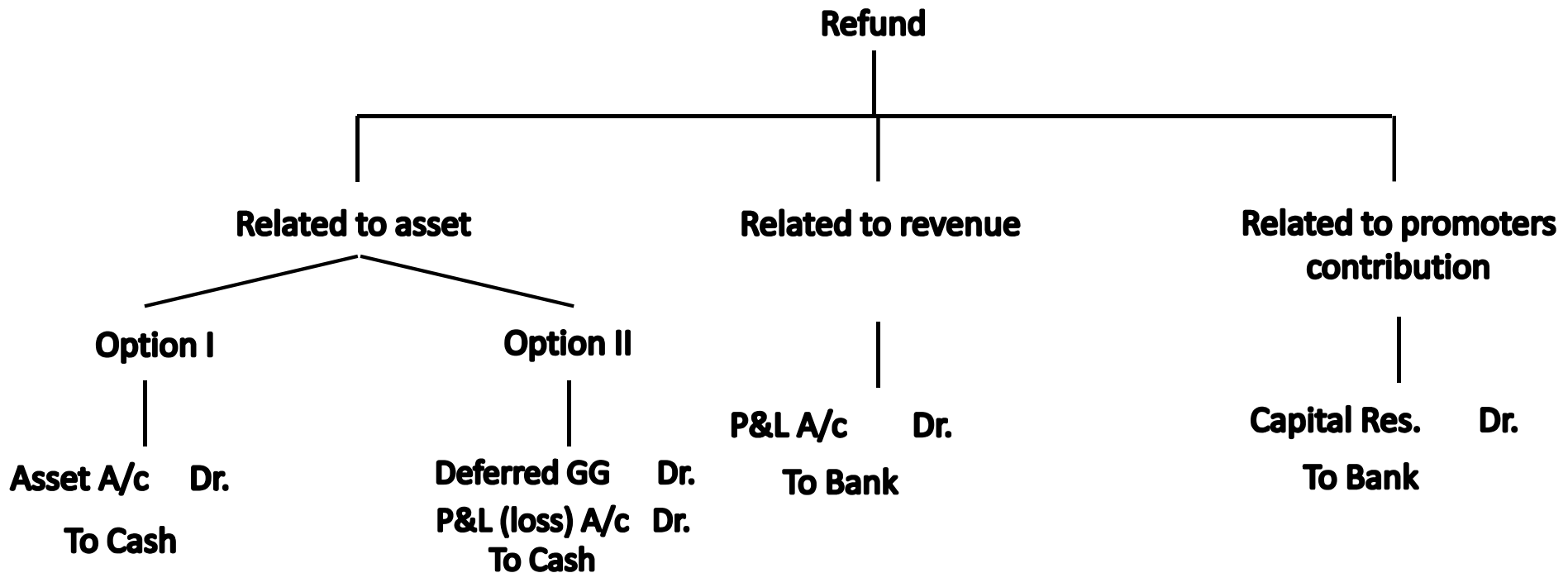
Credited to capital reserve

Note : No dividend out of capital reserve



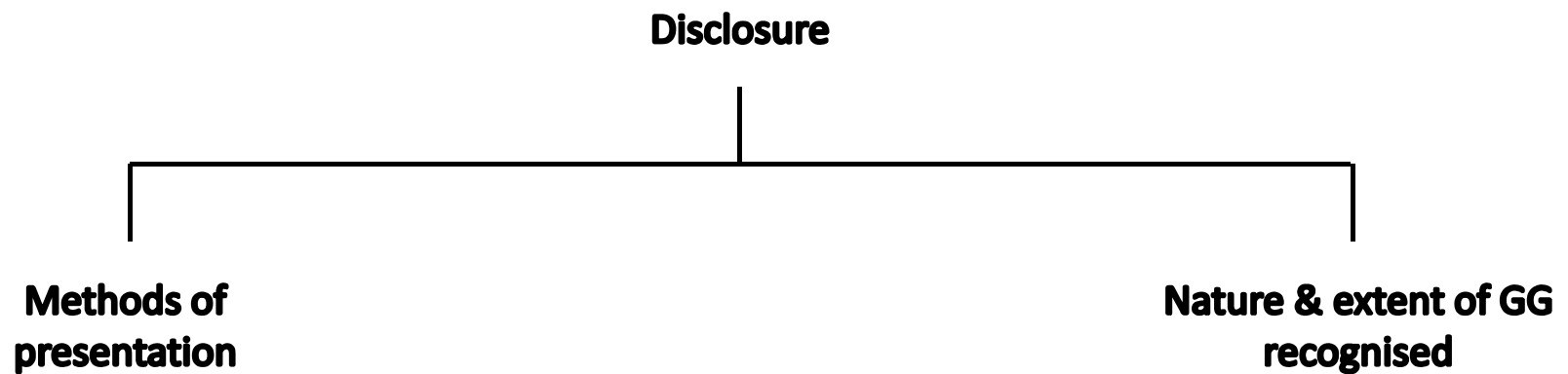
REFUND

Certain conditions are not fulfilled treated as extraordinary item (AS 5)





DISCLOSURE





THANK YOU