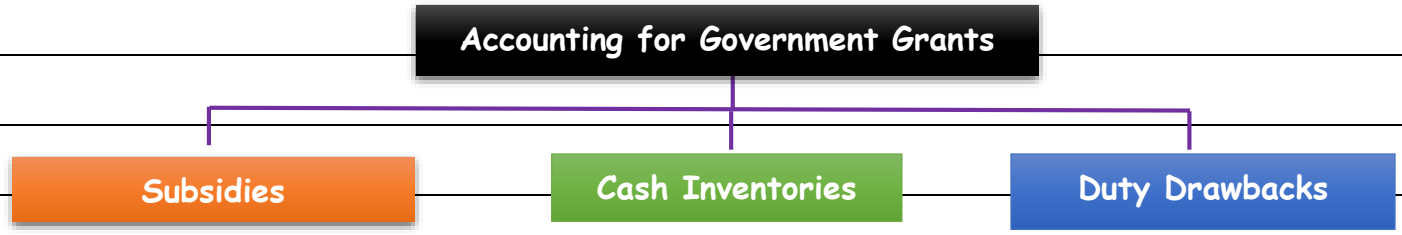
AS 12 : ACCOUNTING FOR GOVERNMENT GRANTS

CONCEPT 1 : INTRODUCTION

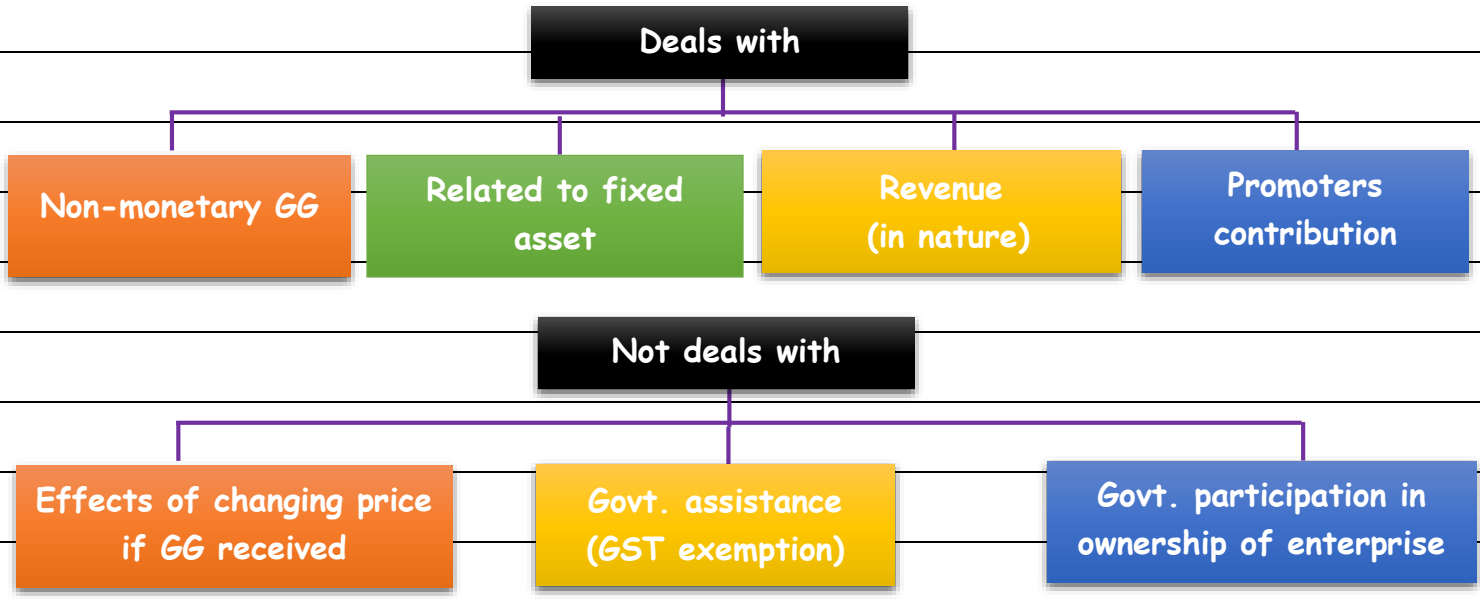


Note : Not recognised until reasonable assurance that enterprise will comply

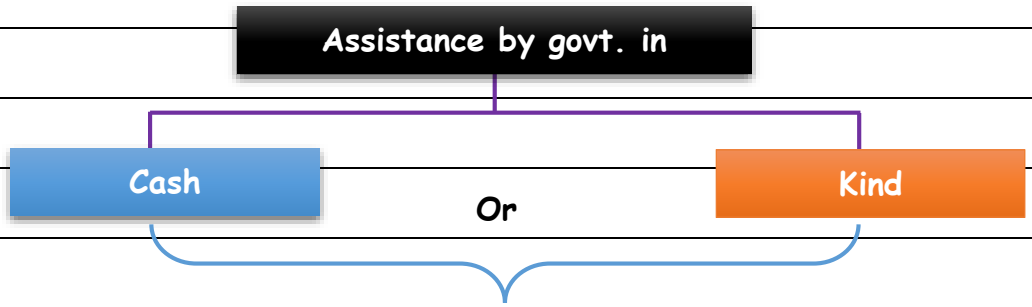
↓

With conditions attached to them & GG will be received

CONCEPT 2 : SCOPE



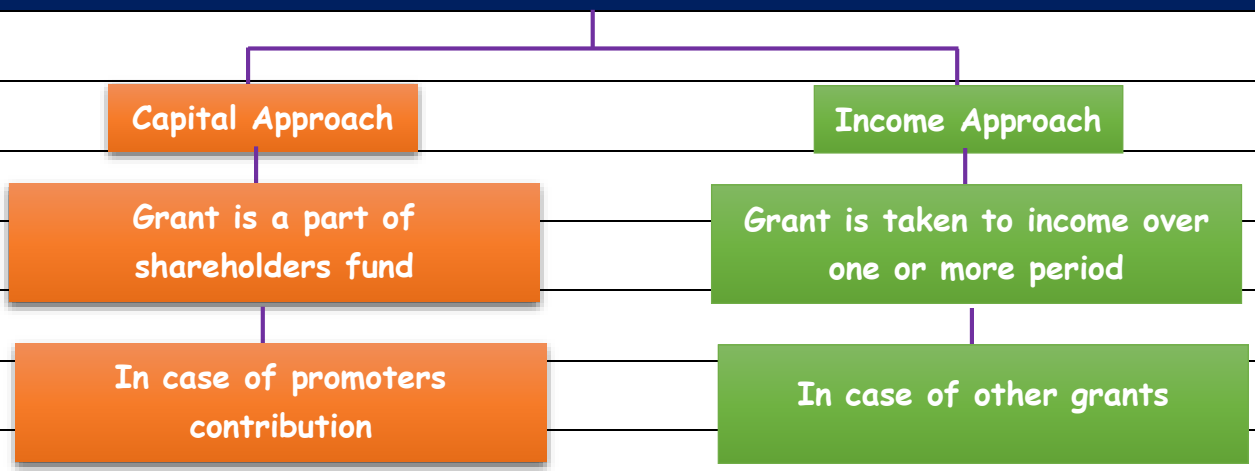
CONCEPT 3 : MEANING OF GOVERNMENT GRANTS



For part / future compliances with certain conditions

(Excludes : Normal Trading Transactions)

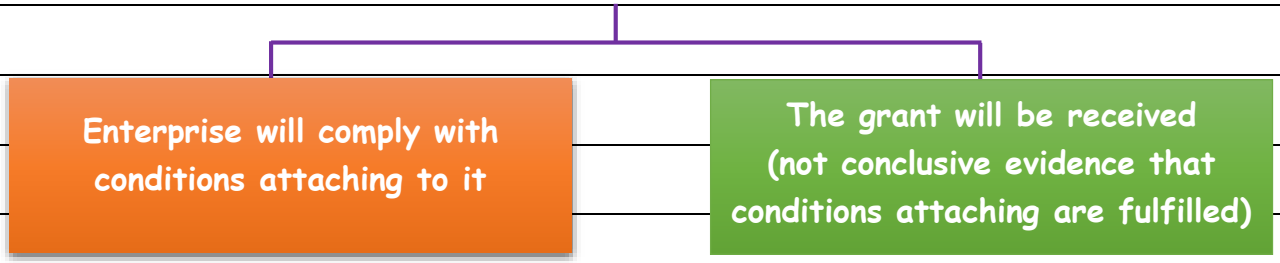
CONCEPT 4 : ACCOUNTING TREATMENT



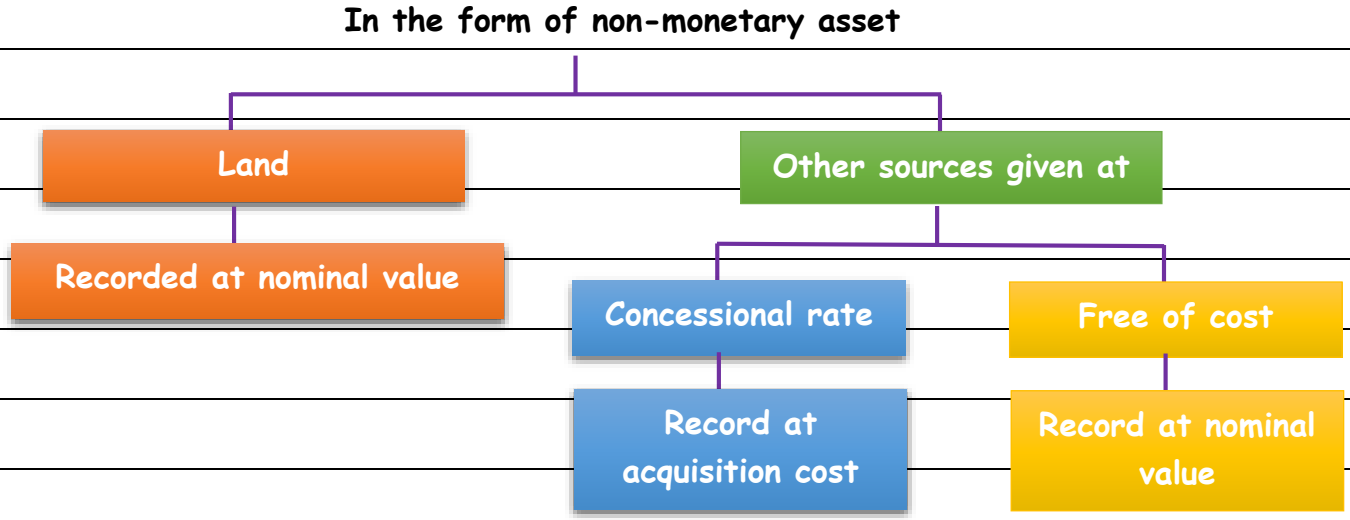
CONCEPT 5 : RECOGNITION OF GOVERNMENT GRANTS

Not recognised until

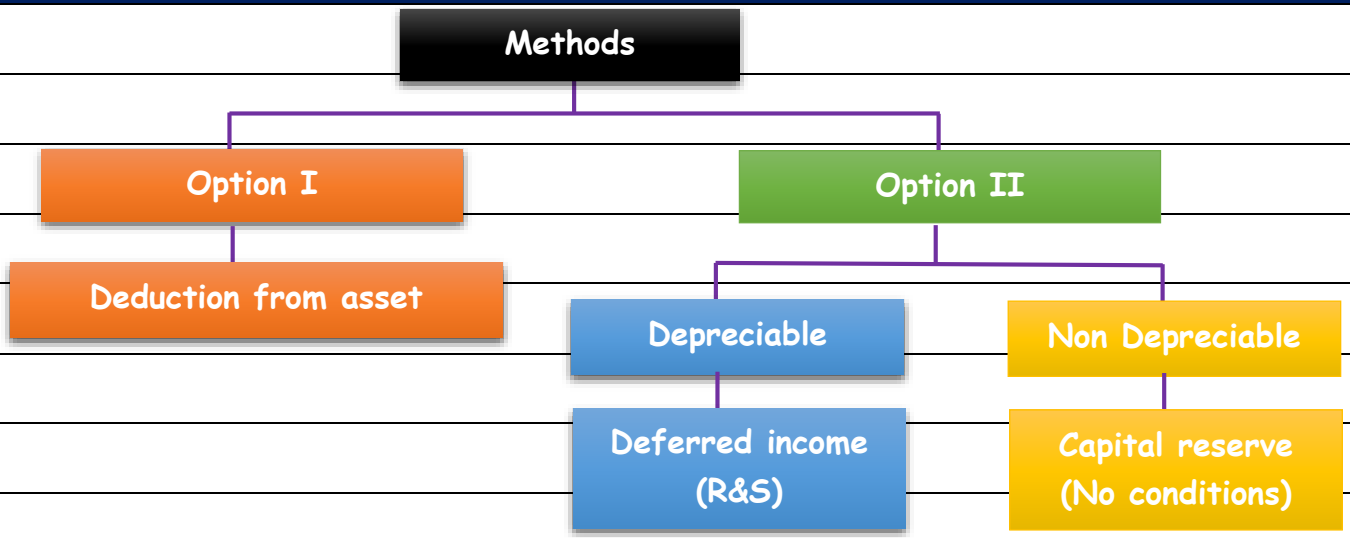
Reasonable assurance



CONCEPT 6 : PRESENTATION FOR NON-MONETARY GOVERNMENT GRANTS



CONCEPT 7 : PRESENTATION OF GG RELATED TO FIXED ASSET



Option 1 : Deduction from asset
Journal Entries

Sr. No.	Particulars		Dr	Cr
1]	Cash A/c	Dr	XXX	
	To Asset			XXX
2]	Depreciation A/c	Dr	XXX	
	To Asset			XXX

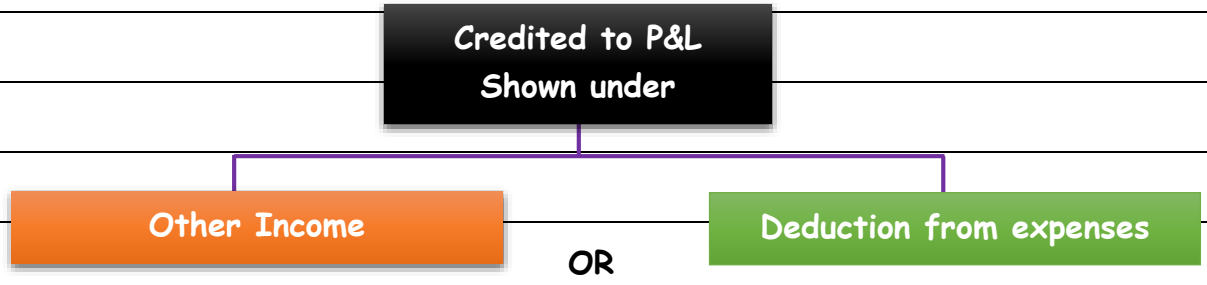
Option 2 : Depreciable
Journal Entries

Sr. No.	Particulars		Dr	Cr
1]	Cash A/c	Dr	XXX	
	To Deferred GG			XXX
2]	Depreciation A/c	Dr	XXX	
	To Asset (on original cost)			XXX
3]	Deferred GG A/c	Dr	XXX	
	To P&L A/c			XXX
	(on systematic & national basis over useful life of asset)			

Option 2 : Non Depreciable
Journal Entries

Sr. No.	Particulars		Dr	Cr
1]	Cash A/c	Dr	XXX	
	To Capital reserve (not charged to income)			XXX
2]	Cash A/c	Dr	XXX	
	To Deferred GG			XXX
3]	Deferred GG A/c	Dr	XXX	
	To P&L A/c			XXX
	(If fulfillment of certain conditions)			

CONCEPT 8 : PRESENTATION OF GRANT RELATED TO REVENUE



CONCEPT 9 : PRESENTATION OF GG AS PROMOTERS CONTRIBUTION

(i.e. part of total investment)

Normally no repayment is expected

↓

Credited to capital reserve

Note : No dividend out of capital reserve

CONCEPT 10 : REFUND

[certain conditions are not fulfilled treated as extra-ordinary item (AS 5)]

