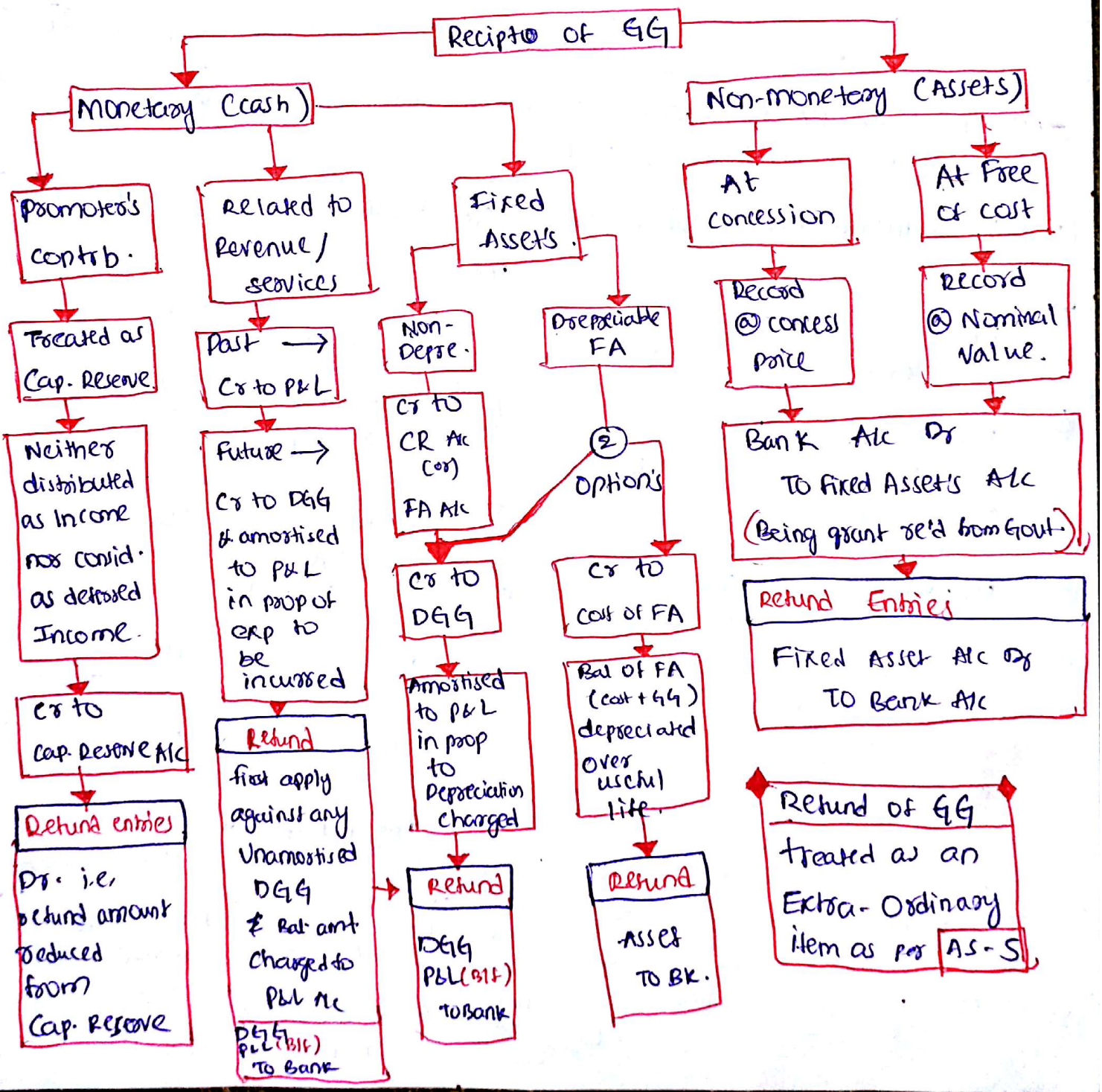
AS 12 : Accounting for Government Grants.

Applicablity	All entities ; Alcing periods comm. on cog after 1.4.1992.
Scope. ✓	This standard deals with Accounting for Government Grants
Meaning.	Duty drawbacks / Subsidies / cash Incentives
Not deals with ⊗	The special problems arising in Alcing for GG in FS reflecting the effects of changing prices (cog) in suppl. info. of similar nature Govt. assistance other than in the form of GG Govt participation in the Ownership of the enterprise



Recognition of GG	1. Where there is Reasonable Assurance that the entrp. will comply with the conditions attached to them +
	2. where such benefits have been earned by entrp and is Reasonably certain that the ultimate collection will be made.
Receipt of GG	Mere receipt of a grant is not necessarily conclusive evidence that condition attaching to the grant have been (or) will be fulfilled
Disclosure Requirements	A/cing policy adopted for GG, including the methods of presentation in the FS.
	The nature and extent of GG, recognised in the FS including grants of non-monetary assets given at a concessional rate (or) free of cost.

Comprehensive problem on ② methods of Depreciable Fixed Asset

Z ltd. purchased FA for ₹ 50L, estimate useful life 5yrs, SV ₹ 5L.
Government Grant received ₹ 10L

① GG deducted from value of FA

yr			
1st	FA	50L	
	To Bank		50L
	Bank A/c	10L	
	To FA		10L
	(Being Grant received)		
4 entries	Depreciation	7L	
	To FA		7L
	(Being dep on SLM) $\left[\frac{(50L-10L)-5L}{5yrs}\right]$		
	P&L	7L	
	To Dep		7L
2nd & further yrs. ②	Dep	7L	
	To FA		7L
	P&L	7L	
	To Dep		7L

GG treated as Deferred Income

yr	Particulars		
1st	FA	50L	
	To Bank		50L
	Bank A/c	10L	
	To DGG		10L
5 entries	Dep	9L	
	To FA		9L
	((50L-5) ÷ 5yrs)		
	P&L	9L	
	To Dep.		9L
	DGG	2L	
	To P&L		2L
	(Being prop GG taken to P&L A/c) (10L ÷ 5yrs)		
③ 2nd & future yrs	Dep	9L	
	To FA		9L
	P&L	9L	
	To Dep		9L
	DGG	2L	
	To P&L		2L