

AS 10.ppt [Compatibility Mode] - PowerPoint



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## Cost Of FA Acquired In Exchange

- Exchanged for another asset (not similar). FMV of assets given up/FMV of asset acquired.
- Exchanged for another asset (similar) BV of asset given up /FMV of asset given up.
- Exchanged for securities FMV of asset purchase / FV of securities Whichever is reliable.

Click to add notes

SLIDE 8 OF 15 ENGLISH (INDIA) NOTES COMMENTS 68%

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- Start up cost like text name
- Finance cost upto date of completion
- Administration & other overhead attributable to acquisition
- Govt. grants on FA
- Trade discounts and rebates.

7

Cost of Self Constructed Fixed Assets

- Directly related cost
- Allocated common overhead
- Internal profit is to be excluded.

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Improvement Cost

- Capitalized: If it increases Quantity, Quality and Capacity of FA.
- Revenue: Otherwise.

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CS2.

As per AS-10, FA is shown at its acquisition cost.

As per AS-12, Grant received for FA are reduced from FA cost and the balance is to be depreciated.

So with reference to above content

$$\begin{aligned} \text{FA cost} &= \text{acquisition cost} - \text{grant} \\ &= 100 - 10 = 90 \text{ lakhs} \end{aligned}$$

Further depreciation would be on 90 lakhs.

f.  
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t

} rate.

1-t

F  
H  
D  
K  
T

} Amount.

CS3

Cost of building = 5 crores.

+ Brokerage (2% of 5) = 10 lakhs.

+ Stamp duty  
(7% of 5) = 35 lakhs

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Cost of building = 5.45 crores.

CS4 . See citizen II  $\rightarrow$  Gd.

As per AS-10, If similar asset is exchanged, then we consider BV/FMV of asset given up.

In this case, the asset given up was II floor flat, so Mr Khanna will record his Gd floor flat at

$$\text{COST} = 150000.$$

$$\text{FV} = 300000$$

whichever is more reliable.

CSS

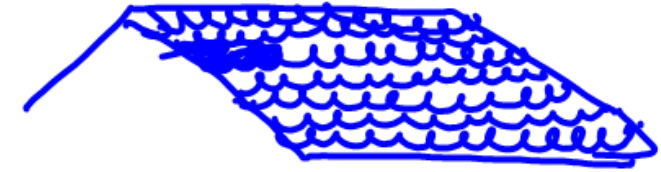
As per AS-10, if any FA is acquired against shares then we should consider FMV of FA acquired or FV of Securities given, whichever is more reliable.

In given case, FMV of Machinery is unknown. Moreover the FV of ~~Secu~~ Shares cannot be computed. So we are assuming that BSE value given is fair value, so the cost of Machinery acquired is  $50000 \times 15 = ₹ 750,000$



CS6 .

capital expense = 10 lakhs



CS7 .

12000 is added to BV of Cat