AS- 10 property plant and equipment

Ind AS-16.

→ capitalisation of expenses :- 2 basic criteria
(i) which increases utility or
(ii) increases useful life

→ only direct cost allowed to be capitalised (AOH, SOH etc are not capitalised)

→ Relocation cost - specifically disallowed by Ind AS16
→ cost of opening the factory - specifically disallowed by Ind AS16

→ As per AS-10, the cost of PPE should comprise its purchase price and any attributable cost of bringing the assest to its working condition for its intended use.

cost includes:-

- purchase price
- freight
- Handling Charges
- Insurance cost on machine in transit
- cost of special foundation
- cost of assembly
- Installation & testing.

→ As per AS-10, the cost of land should include all expenditure incurred for preparing it for its ultimate use, includes purchase price, Legal fees & title insurance and the old building must be razed-cost of demolition less proceeds from sale of scrap.

→ As per AS-10 only expenditure that increases the future benefits from the existing assest beyond its previously assessed standard of performance is included in Gross book value.

→ As per AS-10 subsequent expenditure relating to an item of fixed assest should be added to its book value only if it increases the future benefits from existing assest beyond its previously assesed standard of performance. And size of the expenditure is $\boxed{\text{not}}$ the criteria to decide whether subsquent exp should be capitalise.

→ setup costs, Rent, Removal costs, cost of salaries, utilities & storage of goods ⇒ Not to be capitalised.

→ operating cost incurred in the startup period — should not capitalize, should be recognised in statement of P&L

→ There will be no amount of resultant surplus/deficiency as the change in depreciation method which considered as a change in accounting estimate and therefore such change should be accounted prospectively.

→ As per AS-10 each part of an item of PPE that has a cost that is significant when compared to the total cost of the item should be depriciated seperately

→ AS-10 excludes biological assests.