

Property, Plant & Equipment

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I propose to include the following Para in Property, Plant & Equipment : IAS 16 or IPSAS 17 includes the following criteria: - the recognition of the assets - the determination of their carrying amounts - their depreciation charges - their impairment losses

But it is observed some investment like land; Plant & Machinery which are not directly involved with the IAS 16 i.e. Property, Plant & Equipment which are mainly investments are included in IAS16 Property, Plant & Equipment. The Financial statement shows a wrong picture and third party became foolish on this kind of financial statement. Example: Company ?A? has a business with Machinery production. To produce the machine purchased two machine which cost totally Dollar 3.00 Crore and other land & building with other assets to produce the machine costs totally dollar 17.00 crore. But the company shows total assets in Plant & Machinery column Dollar 88.00 crore. How this is possible: The company purchased Machinery totally cost Dollar 20.00 Crore. And it purchased machinery, land & Building which is not directly involved with this concern for dollar 68.00 crore.

This dollar 68.00 crore mainly investment. Conclusion: IAS 16 Property, Plant & Equipment should include directly involve assets which are used to operate the company.

EXPOSURE DRAFT 64, LEASES Objective :This [draft] Standard sets out the principles for the recognition, measurement, presentation, disclosure and Valuation of leases. The objective is to ensure that lessees and lessors provide Material and Semi Material information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity for accountability and

decision making purposes .

Definitions: A lease is a contract, or part of a contract between two or more parties that conveys the right to obtain (whether for use or not) an asset (the underlying asset) for a specific period of time in exchange for consideration.

Lessee: A lessee is an entity that obtains the right on an underlying asset for a specific period of time in exchange for consideration.

Lessor: A lessor is an entity that provides the right on an underlying asset for a specific period of time in exchange for consideration.

Right -of-use:A right-of-use asset is an asset that represents a lessee?s right to obtain an underlying asset for the lease term.

Time Period:The phrase should be specific time period.

Use of Assets: The phrase should be obtain of assets.

Lease Risk: Risk which may or must arise at the specific lease time period