4. Tangibles and Intangibles Assets

Non-financial assets recognised by an entity under Ind AS may include, tangible fixed assets such as Property, Plant and Equipment (PPE), investment property and intangible assets such as technology, brands, etc. This chapter includes a discussion on key clarifications on the implementation issues on applying the standards on non-financial assets.

Summary
This chapter covers:
- Ind AS 16, Property, Plant and Equipment
- Ind AS 38, Intangible Assets
- Ind AS 40, Investment Property

Key principles

General principles
- PPE are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.
- Intangible asset is an identifiable non-monetary asset without physical substance. It is ‘identifiable’ if it is separable or arises from contractual or legal rights.
- Investment property is property (land or a building-or part of a building-or both) held (by the owner or by the lessee as a right-of-use asset) to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes or sale in the ordinary course of business.

Significant differences from IFRS¹

Revenue based amortisation for toll road intangible assets
As per paragraph 7AA in Ind AS 38, the amortisation method prescribed by Ind AS 38 would not apply to an entity that opts to amortise intangible assets arising from service concession arrangements in respect of toll roads in accordance with the exception given in paragraph D22 of Ind AS 101. This exception is applicable to toll road related intangible assets recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS reporting period. This exception should be read in conjunction with Schedule II of the 2013 Act.

¹. Indian Accounting Standards (Ind AS): An Overview (Revised 2019) issued by ICAI
Recognition criteria

- The cost of an item of PPE or an intangible asset is required to be recognised as an asset if and only if it is probable that future economic benefits associated with the item flow to the entity and the cost of the item can be measured reliably.
- Items such as spare parts, stand-by equipment and servicing equipment are recognised in accordance with Ind AS 16 when they meet the definition of PPE. Otherwise, such items are classified as inventory.

Measurement at initial recognition

- An item of PPE or an intangible asset that qualifies for recognition as an asset should be measured initially at its cost. The initial measurement of an intangible asset depends on whether it has been acquired separately, acquired as part of a business combination or internally generated.
- Internally generated goodwill, brands, mastheads, publishing titles, customer lists and items similar in substance (e.g. start-up costs, advertising and promotional activities and relocation or a reorganisation expenses) should not be recognised as intangible assets.
- The cost of an item of PPE includes all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. Also, the estimated costs of dismantling and removing the item and restoring the site.
- Internal development expenditure relating to intangible assets is capitalised if specific criteria are met. These capitalisation criteria are applied to all internally developed intangible assets.
- Internal research expenditure is expensed as it is incurred.
- Investment property is initially recognised at cost. After initial recognition all investment property are measured under the cost model.

Depreciation

- When an item of PPE comprises individual components for which different depreciation methods or rates are appropriate, each component is depreciated separately.
- Any item of PPE or an intangible asset with finite useful life is depreciated/amortised on a systematic basis over its useful life. The depreciable amount of an asset is determined after deducting its residual value.
- The depreciation method/amortisation method used would reflect the pattern in which the asset’s future economic benefits are expected to be consumed by the entity.

- An intangible asset with an indefinite useful life is not amortised but tested for impairment.
- The estimates for the residual value, useful life of an asset and the method of depreciation/amortisation should be reviewed at a minimum at each financial year-end. In addition if expectations differ from previous estimates, the change(s) is accounted for as a change in an accounting estimate in accordance with Ind AS 8.

Significant differences from IFRS

Applicability of fair value model to investment property

IAS 40, Investment Property, permits both cost model and fair value model (except in some situations) for measurement of investment properties after initial recognition while Ind AS 40 permits only the cost model.

Derecognition

- The carrying amount of an item of PPE or an intangible asset should be derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of PPE is recognised in profit or loss when the item is derecognised unless it is a sale and leaseback. Gains are not to be classified as revenue.
- An investment property would be derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Transfers to or from investment property are made only if there has been a change in the use of the property.
- The intention to sell an investment property without redevelopment does not justify reclassification from investment property into inventory. The property continues to be classified as investment property until disposal unless it is classified as held-for-sale.
Guidance from ITFG clarifications

Initial recognition and measurement

Capitalisation of spares

Entities may purchase spares, standby equipment, etc. which may be used along with the relevant item of PPE. In a situation where an entity uses spare parts for an item of PPE, issues may arise on whether such spare parts should be recognised as inventory or capitalised as PPE and recognised as part of that equipment or whether depreciation should be computed separately for that spare part.

In the cases where spare parts meet the definition of PPE and satisfy the recognition criteria in Ind AS 16 then they, should be capitalised as PPE separately from the equipment with which it is intended to be used. The depreciation on an item of spare part would begin when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the management. The spare parts may be readily available for use and may be depreciated from the date of its purchase. In determining the useful life of the spare part, the life of the machine (in respect of which it could be used) could be one of the determining factors. (ITFG 2, Issue 4).

(Please refer chapter 9, First time adoption of Ind AS for more details on capitalisation and depreciation of spare parts on transition to Ind AS) (ITFG 3, Issue 9 and ITFG 5, Issue 6)

Capitalisation of enabling assets

Ind AS 16 states that the cost of an asset would include all expenditure directly attributable to bringing the asset to the location and working condition for its intended use. By the same analogy, it is often argued that expenditure on enabling assets (i.e. assets which are not owned or controlled by the entity) should be capitalised as such an expenditure is necessary for facilitating construction of a related item of PPE or making the relevant item of PPE capable of operating in the manner intended by the management.

Capitalisation of expenditure incurred on construction of enabling assets, such as an access road or a railway siding on a land not owned by an entity, would depend on facts and circumstances of each case. (ITFG 2, Issue 5)

The entity may not have ownership rights and consequently these enabling assets would be available for use to other entities and public at large. In such a situation, guidance on issues related to manner of capitalisation of enabling assets, their presentation and depreciation is as follows:

- **Capitalisation of enabling assets:** Ind AS 16 prescribes that an item may be capitalised as PPE, if it is probable that future economic benefits associated with it will flow to the entity, and the cost of the item can be measured reliably.

> Any costs directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management would form part of the cost of the PPE.

In this context, although the entity cannot restrict others from using the railway sidings, roads, bridges, etc., these are required to facilitate the construction of the related item of PPE and for its operation. Expenditure on enabling assets is incurred in order to get future economic benefits from the project/PPE as a whole. Hence, these expenses should be capitalised in the financial statements of the entity.

- **Presentation of enabling assets:** Since the entity may not be able to restrict others from using the enabling asset, it cannot capitalise them as individual items of PPE. Accordingly, the expenditure incurred will be considered as part of the overall cost of the related project and accordingly, would be allocated to and capitalised as a part of the items of the project. These assets would be presented within the class of asset to which they relate.

- **Depreciation of enabling assets:** Ind AS 16 requires that an item of PPE with a cost that is significant in relation to the total cost of the PPE should be depreciated separately (component accounting). Accordingly, enabling assets would be depreciated as follows:
  - **Useful life is different:** If the components have a useful life which is different from the useful life of the PPE to which they relate, they should be depreciated separately over their useful life. The useful life, however should not exceed that of the asset to which they relate.
  - **Useful life and depreciation method are the same:** If the components have a useful life and depreciation method that are the same as the useful life and depreciation method of the PPE, then they may be grouped with the related PPE and depreciated as a single component.
  - **Directly attributable costs:** Where the components have been included in the cost of PPE as directly attributable cost, then they should be depreciated over the useful life of the PPE. The useful lives of components should not exceed that of the asset to which they relate. (ITFG 11, Issue 8)
Accounting for restoration cost in case of a leasehold land

(ITFG 14, Issue 2) is based on Ind AS 17, Leases. Since Ind AS 17 is not applicable from 1 April 2019, this ITFG Bulletin is no longer relevant.

Revaluations

Application of revaluation model for land and building

When an entity that is transitioning to Ind AS has certain immovable properties, such as land or building, it is required to first evaluate whether the land and building held by it meets the definition of ‘investment property’ in accordance with Ind AS 40 or is considered as PPE in accordance with Ind AS 16. The entity may consider if it is permitted to use the revaluation model for such immovable properties instead of cost model in its first Ind AS financial statements on the following basis:

- **Land and building is classified as PPE**: Measure the land or building initially at cost. For subsequent measurement, the entity has an option to select the cost model or revaluation model for this class of PPE.

- **Land and building is classified as an investment property**: Only the cost model should be used for initial and subsequent measurement.

A related issue is whether an entity is permitted to opt for the cost model for some classes of PPE and apply the revaluation model for other classes of PPE in its first Ind AS financial statements.

Ind AS 16 states that ‘if an item of PPE has been revalued, the entire class of PPE to which that asset belongs should be revalued’.

An entity may elect to apply the revaluation model to a particular class of PPE and cost model to another class of PPE. (ITFG 12, Issue 1)

Retrospective application of revaluation model in PPE

An entity applied revaluation model under previous GAAP. On transition to Ind AS, it elected not to apply the deemed cost exemption under Ind AS 101. The entity opted to retrospectively apply the requirements of Ind AS 16 to all items of PPE and opted for revaluation model of Ind AS 16 for subsequent measurement.

Ind AS 16 states that in case an asset’s carrying amount is increased as a result of a revaluation, the increase should be recognised in OCI and accumulated in equity under the heading of revaluation surplus.

Therefore, the entity should apply the revaluation model of Ind AS 16 to its PPE. On the date of transition to Ind AS, the revaluation reserve determined in accordance with the requirements of Ind AS 16 (carried from previous GAAP) would be recognised as a revaluation surplus in equity. The opening balance of revaluation surplus (determined in accordance with previous GAAP) should be transferred to retained earnings or if appropriate, another category of equity. Any revaluation gains arising on subsequent recognition, i.e. after the date of transition, should be recognised in the OCI. (ITFG 14, Issue 6)
Other clarifications

Revenue-based amortisation

Ind AS 38 requires the amortisation method used for intangible assets with a finite useful life to reflect the pattern in which an asset’s future economic benefits are expected to be consumed by an entity. There is a rebuttable presumption that an amortisation method based on revenue generated based on the use of an intangible asset is inappropriate except in limited circumstances. Generally, intangible assets with a finite useful life are amortised on a straight-line basis over their useful life.

Paragraph 7AA of Ind AS 38 read with paragraph D22 of Ind AS 101 specifically permits revenue-based amortisation for intangible assets arising from service concession arrangements in respect of toll roads recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS reporting period. This method of amortisation is not generally permitted for intangible assets related to toll roads that are recognised subsequently.

Earlier Schedule II to the 2013 Act, permitted revenue-based amortisation for such intangible asset without any reference to any financial year. This was inconsistent with the guidance in Ind AS 101. (ITFG 3, Issue 13)

Accounting for mining lease rights as intangible assets after demonstration of technical feasibility and commercial viability of extracting a mineral resource

Both Ind AS 16, Property, Plant and Equipment and Ind AS 116, Leases exclude from their respective scopes the accounting for mining for extraction of lime stone or similar such resources. Accounting guidance related to exploration for and evaluation of mineral resources is provided in Ind AS 106, Exploration for and Evaluation of Mineral Resources. However, Ind AS 106 also does not apply after both the following characteristics of extracting a mineral resource are demonstrable:

- The technical feasibility and
- Commercial viability.

In the given case, ABC Ltd. is a cement manufacturer. It has entered into a lease agreement with PQR Ltd. for rights for the extraction of lime stone (i.e. principal raw material for manufacture of cement).

Rights for extraction of limestone

© 2020 KPMG, an Indian Registered Partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity. All rights reserved.
In the current scenario, ITFG considered the following two issues related to extraction of mineral resources (such as limestone), after the establishment of technical feasibility and commercial viability of extracting the mineral resource:

• Classification of such rights as assets
• Amortisation of such rights i.e., whether to be based on lease term in years (period-based) or based on quantity of mineral reserves (quantity based).

**Classification of mineral rights as assets**

In the current scenario, ITFG considered the following:

• The rights do not relate to a mine in exploration and evaluation stage but to a mine for which the technical feasibility and commercial viability of extracting the limestone has already been determined

• The payment made (or to be made) by the entity for obtaining the mining lease rights is neither expenditure on ‘development’ nor on ‘extraction’ of minerals or other non-regenerative resources.

In view of the above, the ITFG concluded that the mining rights under the current scenario would be classified as intangible assets and accordingly be accounted for as per Ind AS 38.

**Amortisation of mineral rights**

In accordance with the guidance provided by Ind AS 38, the depreciable amount of an intangible asset with a finite useful life is to be allocated on a systematic basis over its useful life.

Further, Ind AS 38 requires that the amortisation method used should reflect the pattern in which the asset’s future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method should be used. Ind AS 38 recognises that a variety of amortisation methods could be used to allocate the depreciable amount of an asset on a systematic basis over its useful life. These methods include the following:

• The Straight-Line Method (SLM)
• The diminishing balance method and
• The Units Of Production (UOP) method.

The method used is selected on the basis of the expected pattern of consumption of the expected future economic benefits embodied in the asset and is to be applied consistently from period to period, unless there is a change in the expected pattern of consumption of those future economic benefits.

Also, Ind AS 38 recognises that in choosing an appropriate amortisation method, an entity could determine the predominant limiting factor that is inherent in the intangible asset. For example, the contract that sets out the entity’s rights over its use of an intangible asset might specify the entity’s use of the intangible asset as a predetermined number of years (i.e. time), as a number of units produced or as a fixed total amount of revenue to be generated.

Identification of such a predominant limiting factor could serve as the starting point for the identification of the appropriate basis of amortisation, but another basis may be applied if it more closely reflects the expected pattern of consumption of economic benefits.

In accordance with the above guidance, ITFG clarified that selection of an appropriate amortisation method for the mining lease requires consideration of the exact facts and circumstances of the case. This assessment would need to be made by the entity itself in the light of its detailed and in-depth knowledge of the facts and circumstances of its particular case. *(ITFG 22, Issue 3)*

**Applicability of Ind AS 115, Revenue from Contracts with Customers to distribution of gifts**

In a given case, ABC Ltd. (a pharmaceutical company) distributed gifts (mobile phones, decorative items and the like) along with its product catalogues to doctors to encourage them to prescribe medicines manufactured by it. No conditions are attached with the items distributed.

The issue under consideration by ITFG is with regard to application of Ind AS 115 to distribution of gifts to doctors or whether these are to be treated as part of sales promotion activities.

The ITFG reiterated the scope of Ind AS 115 among other things to include following:

- Existence of contract between the parties
- Counterparty to the contract is customer
- The goods or services are an output of the entity’s ordinary activities.
In the given case, in absence of all the above ingredients, ITFG clarified that the distribution of gifts to doctors does not fall under the scope of Ind AS 115. The only benefit of items distributed as gifts by ABC Ltd. is sales promotion by developing brands or create customer relationships, which, in turn, generate revenue.

The guidance contained in Ind AS 38 applies, among other things, to expenditure on advertising, training, start-up, research and development activities. Further, Ind AS 38 prohibit an entity from recognising internally generated goodwill, brands, customer lists and items similar in substance as intangible assets on the basis that expenditure on such internally generated items cannot be distinguished from the cost of developing the business.

Additionally, an entity is specifically required to recognise expenditure on such items as an expense when it has a right to access those goods regardless of when such goods are distributed.

Accordingly, ITFG clarified the timing of recognition of expenditure on items to be distributed as gifts as an expense when it owns those items or otherwise has a right to access them regardless of when it distributes such items to doctors. (ITFG 22, Issue 4)
Opinion by EAC

Accounting treatment of expenditure relating to employee benefits expenses, rent expenses, travelling expenses and house-keeping expenses which are compulsorily required to be incurred for construction of the project

In accordance with the guidance laid down in Ind AS 16, the basic principle to be applied while capitalising an item of cost to a PPE is that it is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Though various expenses may be incurred during construction period, however, it is not necessary that all such expenses are eligible to be capitalised to the project/asset being constructed.

The capitalisation of an item of cost to a fixed asset/project would depend upon the nature of such expenses in relation to the construction/acquisition activity in the context of laid down requirements of Ind AS in this regard. Further, just because the only activity at the time being undertaken by A Ltd. was the construction of the rail project would not mean that all the costs incurred were directly attributable costs of rail project in accordance with the requirements of Ind AS 16.

The EAC clarified that the select guidance of Ind AS 16 related to self-constructed asset is applicable when the self-constructed asset is also produced/made by the company for sale in its normal course of business. Therefore, only in such cases, principles of Ind AS 2 could be applied. Thus, principles of Ind AS 2 could not be applied in all cases of self-constructed assets.

In accordance with the requirements of Ind AS 16, administrative and general overhead expenses should, ordinarily, not be capitalised with the item of PPE. However, in certain exceptional cases where it could be clearly demonstrated that these are directly attributable to construction, such costs could be capitalised.

The EAC specifically clarifies for certain expenses as follows:

- **Employee benefit expenses**: Employee benefit expenses in respect of project associated departments are apparently directly attributable costs and can be capitalised with the cost of the project. In respect of employee benefit expenses of finance department, normally, the costs incurred are not directly attributable costs, but are considered as administration and general overheads. Therefore, such costs should not be capitalised. However, in certain rare/exceptional circumstances, where and to the extent, the finance department is engaged in the construction activities, the same may be considered as directly attributable costs and could accordingly be capitalised. Similarly, employee benefit expenses of the managing director are normally of the nature of administration and general overheads and should, ordinarily, not be capitalised with the item of PPE. However, in certain exceptional cases where it could be clearly demonstrated that these are directly attributable to construction, these could be capitalised. Further, the employee benefit expenses of HR department and company law department cannot be considered as directly attributable costs.

- **Rent expenses**: Rent expenses in relation to site offices may be considered as directly attributable cost and can be capitalised to Capital Work in Progress (CWIP) till the time the item of PPE is in the location and condition necessary for it to be capable of operating in the manner intended by the management. However, if the project execution related activities are also being performed at head office resulting into ‘directly attributable costs’, and these could be ascertained on a reasonable and reliable basis, then only to that extent, rent should be capitalised as the cost of the project.

- **Travelling expenses**: These are required to be examined keeping in view the nature and purpose of such expenses and the extent to which these expenses are directly attributable to the construction of the train project. For example, the travel expenses of managing director, are normally for general and administration purposes and ordinarily, should not be capitalised. However, in certain exceptional cases where it could be clearly demonstrated that these are directly attributable to construction, such costs could be capitalised.

- **House-keeping expenses**: These expenses are purely in the nature of administration expenses. In accordance with guidance provided in Ind AS 16, these could not be considered as ‘directly attributable cost’ and therefore, could not be capitalised as cost of an item of PPE.
Refer to educational material on Ind AS 16 for following issues/topics:

<table>
<thead>
<tr>
<th>Issue number</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Guidance on capitalisation of expenditure incurred to obtain regulatory permission to set-up a factory</td>
</tr>
<tr>
<td>2</td>
<td>Guidance on capitalisation of expenditure incurred on enabling assets (such as railway sidings, roads, bridges) when an entity does not acquire ownership rights and guidance on accounting for their depreciation (Refer ITFG 2, Issue 5 and ITFG 11, Issue 8)</td>
</tr>
<tr>
<td>3</td>
<td>Guidance on presentation of the enabling assets when an entity does not acquire ownership rights</td>
</tr>
<tr>
<td>4</td>
<td>Guidance on accounting when certain items are expensed as incurred that are below certain threshold determined by the management</td>
</tr>
<tr>
<td>5</td>
<td>Guidance on capitalisation of machinery spares used for ‘more than one period’ (Refer ITFG 2, Issue 4)</td>
</tr>
<tr>
<td>6</td>
<td>Guidance on accounting for spares used for ‘more than one period’ (Refer ITFG 2, Issue 4)</td>
</tr>
<tr>
<td>7</td>
<td>Guidance on accounting for paintings and sculptures held for aesthetic purposes</td>
</tr>
<tr>
<td>8</td>
<td>Guidance on capitalisation of subsequent costs incurred on renovation of food court and gaming zone as PPE or to be expensed in the statement of profit and loss</td>
</tr>
<tr>
<td>9</td>
<td>Guidance on accounting for subsequent overhauling costs incurred on replacement of critical parts and servicing charges thereof</td>
</tr>
<tr>
<td>10</td>
<td>Guidance on accounting for site preparation costs which are directly attributable to the construction of a new factory</td>
</tr>
<tr>
<td>11</td>
<td>Guidance on accounting for production costs incurred during trial runs</td>
</tr>
<tr>
<td>12</td>
<td>Guidance on accounting for costs to be incurred to relocate an existing manufacturing facilities at a temporary site</td>
</tr>
<tr>
<td>13</td>
<td>Guidance on accounting for renovation expense prior to commencement of operation</td>
</tr>
<tr>
<td>14</td>
<td>Guidance on whether employee benefit expenses incurred on a project are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</td>
</tr>
<tr>
<td>15</td>
<td>Guidance on whether relocation costs incurred to relocate the residents to another site should be capitalised</td>
</tr>
<tr>
<td>16</td>
<td>Guidance on whether the cost of technical know-how fee related to plant design incurred under the engineering agreement should be capitalised as an intangible asset</td>
</tr>
<tr>
<td>17</td>
<td>Guidance on whether cancellation fees on a contract would be considered directly attributable to bringing the asset to the location and condition necessary for it to be capable of operations in the manner intended by management.</td>
</tr>
<tr>
<td>18</td>
<td>Guidance on whether liquidated damages in case of failure to meet performance conditions would be considered directly attributable to the construction of a plant</td>
</tr>
<tr>
<td>19</td>
<td>Guidance on accounting for liquidated damages on delay by a contractor</td>
</tr>
<tr>
<td></td>
<td>Guidance</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>20</td>
<td>Guidance on accounting for acquisition of land with an existing building in the books of accounts of a real estate developer</td>
</tr>
<tr>
<td>21</td>
<td>Guidance on accounting for fixed costs, including abnormal costs incurred during period on interruption</td>
</tr>
<tr>
<td>22</td>
<td>Guidance on whether demurrage should be considered as an element of cost for the purpose of determining the cost of imported plant and machinery</td>
</tr>
<tr>
<td>23</td>
<td>Guidance on accounting of exchange of a non-monetary asset</td>
</tr>
<tr>
<td>24</td>
<td>Guidance on definition of ‘class of asset’ in the revaluation model</td>
</tr>
<tr>
<td></td>
<td>(Refer ITFG 12, Issue 1)</td>
</tr>
<tr>
<td>25</td>
<td>Guidance on the classification of PPE on the basis of its geographical location</td>
</tr>
<tr>
<td>26</td>
<td>Guidance on accounting for revaluation of assets acquired in accordance with Ind AS 103, Business Combinations</td>
</tr>
<tr>
<td>27</td>
<td>Guidance on whether PPE held under finance lease be classified as a separate class of assets from the assets owned by the entity</td>
</tr>
<tr>
<td>28</td>
<td>Guidance on accounting for revaluation of plant and machinery and depreciation subsequent to revaluation</td>
</tr>
<tr>
<td>29</td>
<td>Guidance on whether technical advice from an external or an internal expert is necessary in case useful life is determined as per Schedule II is different from the Companies Act, 2013</td>
</tr>
<tr>
<td>30</td>
<td>Guidance on accounting of depreciation of PPE which contains significant component with separate of useful life</td>
</tr>
<tr>
<td>31</td>
<td>Guidance on allocation of total cost to each significant component of an asset when separate costs are not available</td>
</tr>
<tr>
<td>32</td>
<td>Guidance on accounting for dry docking costs incurred by an entity</td>
</tr>
<tr>
<td>33</td>
<td>Guidance on depreciation accounting for standby equipment, spare parts and servicing equipment</td>
</tr>
<tr>
<td></td>
<td>(Refer ITFG 2, Issue 4)</td>
</tr>
<tr>
<td>34</td>
<td>Guidance on whether an entity can apply Units Of Production (UOP) method while depreciating its tools</td>
</tr>
<tr>
<td>35</td>
<td>Guidance on accounting for insurance claim as a compensation when a PPE is damaged.</td>
</tr>
<tr>
<td>36</td>
<td>Guidance to determine the carrying amount of a replacement part of PPE</td>
</tr>
<tr>
<td>37</td>
<td>Application of Ind AS 16 vis-à-vis Ind AS 2 for certain items of assets</td>
</tr>
<tr>
<td>38</td>
<td>Guidance on accounting for receipt of sale commission from a broker while purchasing PPE in lieu of discount from vendor</td>
</tr>
<tr>
<td>39</td>
<td>Accounting for expenditure incurred rehabilitation and resettlement costs—whether such expenditure should be capitalised as a part of the cost of the project</td>
</tr>
<tr>
<td>40</td>
<td>Guidance on accounting for decommissioning and restoration costs</td>
</tr>
<tr>
<td></td>
<td>(Refer ITFG 14, Issue 2)</td>
</tr>
</tbody>
</table>