

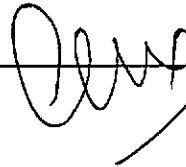
CHANGE CONTROL FORM
SYSTEM : ERP

Sr.#	Name of Screen / Report	Existing System	Proposed System	Justification for Change
1	Interest on Employee loan- Effective Interest Rate to be used.	At present, these reports are not mapped in the system.	Refer Annexure - "A" for reasons for the proposed system "Annexures"- Following three reports are to be developed in Metis. Formats of these reports are attached herewith along with Input Screen. - Report Format_Individual Employee. - Report Format_Summary Report_Monthly - Report Format_Summary Report_Opening Balancesheet Impact	Compliance with Ind-AS requirement.

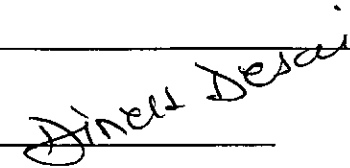
Prepared By :-



Checked by :-



Authorized by :-



Date :- 29th December 2015

Annexure- "A"

Standard Guidance

Employee loan meets the definition of a financial instrument under Ind AS 109, standards require measuring the financial assets initially at their fair value. If the loan is made on market terms, then clearly, its fair value at inception would have equalled the employee loan amount.

If the loan is not made on market terms, then, in order to determine the fair value of the Employee loan, Company needs to take the following steps:

1. Determine the market interest rate for similar instruments (here: 12% p.a.)
 2. Discount all cash flows (Instalment) from the loan with the market interest rate to arrive at their present value.
- The present value of all cash flows discounted at market interest rate is the fair value of the loan.

Treatment of Difference between Fair Value Loan & Actual Loan -

There will be a difference between the nominal amount of the loan (or the cash paid to an employee) and the fair value of loan.

This difference is an employee benefit and company must recognize it in line with Ind AS 19 rules.

Ind AS 19 does not provide any direct guidance on accounting for this form of benefits, and therefore we need to apply general principles of Ind AS 19 according to which we need to defer the expense and allocate it to the periods when the employee provides services and amortize the benefit in profit or loss.

We need to amortise these prepaid expenses in profit and loss A/c as Employee Cost.

Employee benefit cost to be charged to profit and loss A/c in each period is the difference between:

1. the interest income for the period based on the fair value of the loan asset (using effective interest method at the market rate of 12%); and
2. the interest payable by the employee (at 8%).

Date	Entry:-	Dr.	Cr.
Existing Set of Accounting Entries			
01-04-2016	Staff Loan A/c	12,00,000	
	To Bank A/c		12,00,000
	(Being the disbursement of loans to staff)		
30-04-2016	Salary A/c	XXXXX	
	To Payable to Employee A/c		XXX
	To Interest on Staff Loan A/c	8,000.00	
	To Staff Loan A/c	20,380.00	
	To Other Deductions A/c		XX
	(Being Salary entry passed along with respective deductions)		
Proposed Set of Accounting Entries			
01-04-2016	Staff Loan A/c	12,00,000	
	To Bank A/c		12,00,000
	(Being the disbursement of loans to staff)		
01-04-2016	Prepaid (deferred) expenses for employee benefits A/c	15,787	
	To Staff Loan A/c		15,787
	(Being the write off of excess of loan balance over present value thereof, in order to reflect the loan at its present value)		
30-04-2016	Salary A/c	XXXXX	
	To Payable to Employee A/c		XXX
	To Staff Loan A/c	28,380.00	
	To Other Deductions A/c		XX
	(Being Salary entry passed along with respective deductions)		
30-04-2016	Staff Loan A/c	8,763	
	To Interest on Staff Loan A/c		8,763
	(Being Interest income recognised @ Market Rate of 8.8% on the loan)		
30-04-2016	Employee Benefit A/c	763	
	To Prepaid (deferred) expenses for employee benefits A/c		763
	(Being amortisation of Prepaid Employee benefit ie Diff between Interest income @ 8.8% and 8% on the loan)		

Loan Schedule

Employee Code: E17158
Employee Name: SANJAY JAGATSINGH THAKOR
Cost Center:
Sts Code:
Original Loan Amount: 1,200,000.00
Date of Disbursement: Mar-13
Loan Closure Date: Feb-16
EMI: 26380
Prepaid Employee Benefits: 15,786.81
Interest Rate: 8%
Effective Interest Rate: 8.86%

A										B										C=(A-B)	
Effective Interest Rate: % 8.86%																					
Sr No	Month	Principal	Interest	Principal + Interest	Monthly Deductions	Adjustment	Balance After Deduction	During FY- Principal	During FY- Interest	During FY- Total	PV Factor @ 8.86%	Present Value	Amortized Cost (Opening Balance)	Interest @ 8.86%	Repayment incl. interest	Amortized Cost (Closing Balance)	Employee Benefit Expense	Difference of Principal			
1	Mar-13	1,200,000.00	8,000.00	1,208,000.00	28,380.00	0.00	1,179,620.00	20,380.00	8,000.00	28,380	0.9927	28172	1184213	8,783	-28380	1164596	763	15023.73			
2	Apr-13	1,179,620.00	7,864.13	1,187,484.13	28,380.00	0.00	1,159,104.13	20,515.87	7,864.13	28,380	0.9854	27965	1164596	8,618	-28380	1144834	754	14269.85			
3	May-13	1,159,104.13	7,727.36	1,166,831.49	28,380.00	0.00	1,138,451.49	20,652.64	7,727.36	28,380	0.9781	27759	1144834	8,472	-28380	1124926	744	13525.43			
4	Jun-13	1,138,451.49	7,589.68	1,146,041.17	28,380.00	0.00	1,117,661.17	20,790.32	7,589.68	28,380	0.9709	27555	1124926	8,324	-28380	1104871	735	12780.66			
5	Jul-13	1,117,661.17	7,451.07	1,125,112.24	28,380.00	0.00	1,096,732.24	20,928.93	7,451.07	28,380	0.9638	27353	1104871	8,178	-28380	1084687	726	12095.69			
6	Aug-13	1,096,732.24	7,311.55	1,104,043.79	28,380.00	82,824.00	992,839.79	103,892.45	7,311.55	111,204	0.9567	106392	1084687	8,027	-111,204	981489	715	11350.71			
7	Sep-13	992,839.79	6,618.93	999,458.72	28,380.00	0.00	971,078.72	21,761.07	6,618.93	28,380	0.9497	26952	981489	7,783	-28380	960372	644	10706.62			
8	Oct-13	971,078.72	6,473.86	977,552.58	28,380.00	0.00	949,172.58	21,906.14	6,473.86	28,380	0.9427	26754	960372	7,107	-28380	939099	633	10073.72			
9	Nov-13	949,172.58	6,327.82	955,500.40	28,380.00	0.00	927,120.40	22,052.18	6,327.82	28,380	0.9358	26556	939099	6,949	-28380	917688	622	9452.21			
10	Dec-13	927,120.40	6,180.80	933,301.20	28,380.00	0.00	904,921.20	22,199.20	6,180.80	28,380	0.9289	26363	917688	6,791	-28380	896079	610	8842.27			
11	Jan-14	904,921.20	6,032.81	910,954.01	28,380.00	0.00	882,574.01	22,347.19	6,032.81	28,380	0.9221	26169	896079	6,631	-28380	874330	596	8244.09			
12	Feb-14	882,574.01	5,883.83	888,457.84	28,380.00	0.00	860,077.84	22,498.17	5,883.83	28,380	0.9153	25977	874330	6,470	-28380	852420	586	7657.88			
13	Mar-14	860,077.84	5,733.85	865,811.69	28,380.00	0.00	837,431.69	22,648.15	5,733.85	28,380	0.9086	25785	852420	6,308	-28380	830348	574	7083.82			
14	Apr-14	837,431.69	5,582.88	843,014.57	28,380.00	0.00	814,834.57	22,797.12	5,582.88	28,380	0.9019	25597	830348	6,145	-28380	808112	562	6522.13			
15	May-14	814,834.57	5,430.90	820,265.47	28,380.00	0.00	791,685.47	22,949.10	5,430.90	28,380	0.8953	25409	808112	5,980	-28380	785712	549	5973.00			
16	Jun-14	791,685.47	5,277.90	796,963.37	28,380.00	0.00	768,583.37	23,102.10	5,277.90	28,380	0.8887	25222	785712	5,814	-28380	763147	536	5436.63			
17	Jul-14	768,583.37	5,123.89	773,707.26	28,380.00	0.00	745,327.26	23,256.11	5,123.89	28,380	0.8822	25037	763147	5,647	-28380	740414	523	4913.23			
18	Aug-14	745,327.26	4,968.85	750,296.11	28,380.00	35,406.00	688,510.11	23,411.15	4,968.85	63,786	0.8757	24855	740414	5,479	-63,786	682107	510	4403.02			
19	Sep-14	688,510.11	4,578.73	691,088.84	28,380.00	88,159.00	574,547.84	23,567.27	4,578.73	116,539	0.8693	24680	682107	5,048	-116,539	570616	471	3832.15			
20	Oct-14	574,547.84	3,830.32	578,378.16	28,380.00	0.00	549,998.16	24,549.68	3,830.32	28,380	0.8629	24489	570616	4,222	-28380	549458	392	3539.82			
21	Nov-14	549,998.16	3,666.65	553,664.81	28,380.00	0.00	525,284.81	24,713.35	3,666.65	28,380	0.8566	24309	549458	4,044	-28380	522122	377	3162.78			
22	Dec-14	525,284.81	3,501.90	528,786.71	28,380.00	0.00	500,406.71	24,876.10	3,501.90	28,380	0.8503	24131	522122	3,864	-28380	497606	362	2800.97			
23	Jan-15	500,406.71	3,336.04	503,742.75	28,380.00	0.00	475,362.75	25,043.96	3,336.04	28,380	0.8440	23953	497606	3,682	-28380	477908	346	2454.73			
24	Feb-15	475,362.75	3,169.09	478,531.84	28,380.00	0.00	450,151.84	25,210.91	3,169.09	28,380	0.8378	23777	477908	3,500	-28380	448328	330	2124.30			
25	Mar-15	450,151.84	3,001.01	453,152.85	28,380.00	0.00	424,772.85	25,378.99	3,001.01	28,380	0.8317	23603	448328	3,315	-28380	422963	314	1809.91			
26	Apr-15	424,772.85	2,831.82	427,604.67	28,380.00	0.00	399,224.67	25,548.18	2,831.82	28,380	0.8256	23429	422963	3,130	-28380	397713	298	1511.80			
27	May-15	399,224.67	2,661.50	401,886.17	28,380.00	0.00	373,506.17	25,718.50	2,661.50	28,380	0.8195	23257	397713	2,943	-28380	372276	282	1230.23			
28	Jun-15	373,506.17	2,490.04	375,996.21	28,380.00	0.00	347,616.21	25,889.96	2,490.04	28,380	0.8135	23086	372276	2,754	-28380	346851	265	965.43			
29	Jul-15	347,616.21	2,317.44	349,933.65	28,380.00	0.00	321,553.65	26,062.56	2,317.44	28,380	0.8075	22917	346851	2,565	-28380	320896	248	717.65			
30	Aug-15	321,553.65	2,143.69	323,697.34	28,380.00	37,176.00	258,141.34	26,232.31	2,143.69	65,556	0.8016	22748	320896	2,374	-65,556	257854	230	487.15			
31	Sep-15	258,141.34	1,720.94	259,862.28	28,380.00	92,567.00	138,915.28	119,228.06	1,720.94	120,947	0.7957	96236	257854	1,907	-120,947	136614	186	301.45			
32	Oct-15	138,915.28	926.10	139,841.38	28,380.00	0.00	111,461.38	27,453.90	926.10	28,380	0.7898	22416	136614	1,026	-28380	111260	100	261.81			
33	Nov-15	111,461.38	743.08	112,204.46	28,380.00	0.00	83,824.46	27,639.92	743.08	28,380	0.7840	22251	111260	823	-28380	83703	80	121.57			
34	Dec-15	83,824.46	558.83	84,383.29	28,380.00	0.00	56,003.29	27,821.17	558.83	28,380	0.7783	22087	83703	619	-28380	55942	61	61.00			
35	Jan-16	56,003.29	373.36	56,376.65	28,380.00	0.00	27,996.65	28,005.84	373.36	28,380	0.7726	21926	55942	414	-28380	27978	41	20.38			
36	Feb-16	27,996.65	186.84	28,183.29	28,183.29	0.00	0.00	27,996.65	186.84	28183	0.7669	21613	27978	207	-28183	0	20	0.00			
Total			157,615.29		1,021,483.29	336,132.00		1,200,000.00	157,615.29	1,357,615.29		1,184,213.09		173,402.20			15,786.81				
Check										15787				15787		Check (0.00)					

Report Ref: Parameters: Input
Employee Code: E17158
Employee Name: SANJAY JAGATSINGH THAKOR
Bonus Incremental %:
Effective Interest Rate: %

Summary Report- Monthly**Report Retrieval Parameters- Input**

Financial Entity- _____

Fiscal Year- _____

Period - From _____ To _____

Cost Center- From _____ To _____ OR Select particular Cost Centers

Site Codes- From _____ To _____ OR Select particular Site Codes

Output- Format of Summary Report- Monthly

Financial Entity- _____

Fiscal Year- _____

Period - From _____ to _____

Sl No.	Employee Code	Employee Name	Cost Center	Site Code	Original Loan Amount	Date of Disbursement	Loan Closure Date	EMI	Interest Rate %	Effective Interest Rate - %	Prepaid Employee Benefits *	Interest on Staff Loan-Income	Repayment including Interest	Employee Benefit Expense	Closing Bal of Employee Loan Actual	Closing Bal of Employee Loan Ind-AS	Difference of Principle
															(A)	(B)	C = (A-B)

Hard Coded Amounts ie will not change based on Period for which the Report is Run

Amounts will change based on Period for which the Report is Run

• For Loans existing as on 31.03.2015- Read figures from Report_Opening Balancesheet Impact

• For Loans taken after 31.03.2015- Take figures from Report_Individual Employee

Summary Report- for Opening Balancesheet Impact**Report Retrival Parameters- Input**

Financial Entity- _____

Fiscal Year- 2016

Period - As on 01.04.2015

Cost Center- From _____ To _____ OR Select particular Cost Centers

Site Codes- From _____ To _____ OR Select particular Site Codes

**Output- Format of Summary Report- for Opening Balancesheet Impact
For Employee Loans Outstanding as on 31.03.2015**

Financial Entity- _____

Fiscal Year- 2016

Period - As on 01.04.2015

SI No.	Employee Code	Employee Name	Cost Center	Site Code	Original Loan Amount	Date of Disbursement	Loan Closure Date	EMI	Interest Rate %	Effective Interest Rate- %	Closing Bal of Employee Loan- Actual (A)	Closing Bal of Employee Loan- Ind-AS (B)	Prepaid Employee Benefits * C = (A-B)
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