About the Author



CA. Jai Chawla

CA JAI CHAWLA is the core faculty of D7 Fortune Classes, Bhopal and V'Smart Academy, Pune

He has a leading experience of more than 10 years of CA INTER ACCOUNTS AND ADVANCE ACCOUNTS & CA FINAL FINANCIAL REPORTING and has guided more than 1,00,000 students across India. His quality of teaching and friendly behavior along with the tendency to guide and help each student in the best possible ways, makes him so loving among the students His vision is to share his knowledge and skills to benefit the students and inculcate the tendency of learning and enchanting knowledge which may lead them towards the success.

He is also the author of Books of CA FINAL FINANCIAL REPORTING on INDAS and INTER ACCOUNTS & ADVANCED ACCOUNTS



Dammini Jai Chawla

DAMMINI JAI CHAWLA is the co-founder and proud owner of D7 FORTUNE CLASSES, BHOPAL. She is the student of CA Final and also pursuing CS and MBA course.

Her management and communication skills made D7 FORTUNE, a known brand in a short span of 2 years. She is also engaged in counseling & managment and doubt clearing sessions of IPCC/INTER in D7 FORTUNE CLASSES. She has devoted and dedicated her crucial time in supporting her husband to all the possible extent. She belives in CA JAI CHAWLA'S dream and vision as her own.

She is the Co-author of Books, CA FINAL -FINANCIAL REPORTING and CA INTER ACCOUNTS and ADVANCE ACCOUNTS



Dedicated to My Parents Shri Girish Chawla & Smt. Kanchan Chawla & My Life long Support My Wife Dammini Chawla.

Special thanks to my Mentor CA. Vishal Bhattad Sir from whom I have derived an idea to create this book.

I also want to Thank my Team who supported me Day & Night to create this Masterpiece.

Special Message to Students,

I am delighted and overwhelmed to share that the belief and love of you students has inculcated more enthusiasm and courage to do better and best for you all.

The Best example is My "Eagle View CHART BOOK" and I really want that every student should have something handy and précised form of the syllabus so that substantial portion can be revised in a jiffy. So, I along with the support of V'Smart Team, has decided to provide you this Chart Book (Which is Already Very Popular among CA FINAL Students).

It is my strong belief that if you revise the syllabus from Chart Book with the help of short revision videos uploaded on YouTube, will not only boost your confidence, It will also help you to get a proper understanding of the concepts, so that even the off-track questions may also be solved within the prescribed time in Exam.

I also urge you, to score good marks, so as to sail through the entire CA Inter, u must watch all the revision videos available on YouTube covering all Important Topics of AS and Other Topics.

Also feel free to give ur feedback to me and recommend to your friends and juniors.

From My Pen
CA. Jai Chawla & Team

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AS 1 - DISCLOSURE OF A/C POLICIES



Meaning of Accounting Policy

- Specific Accounting Principles &
- the Methods of applying those Principles
 Adopted by enterprise in Preparation & Presentation of Financial Statements

Examples:-

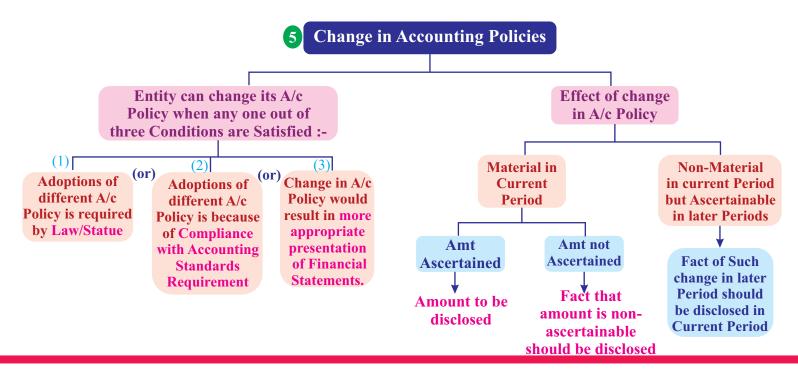
- 1) Inventories Valuation Method -
- FIFO, Weighted Avg.
- 2) Cash Flow Statement Presentation -Direct Method & Indirect Method

Basic Requirements of AS-1 All Significant Such Disclosure A/c Policies shall be made **Disclosure** adopted by shall form part at One Place entities should of Financial be Disclosed **Statements** Under **Financial Statements** So that users can Without the **Understand &** disclosure disclosure is Analyse the of A/c Policies, generally made in "Notes to Financial **Financial** Statements & take **Accounts &** Statements are **Significant Proper decisions** treated as A/c Policies incomplete Statements"

"Fundamental Accounting Assumptions" Going Consistency Accrual Concern **Business will run Entity has Financial** For Foreseeable followed same A/c statements are **Future Policies which it** prepared as per had Followed accrual Basis not in the last year as cash Basis

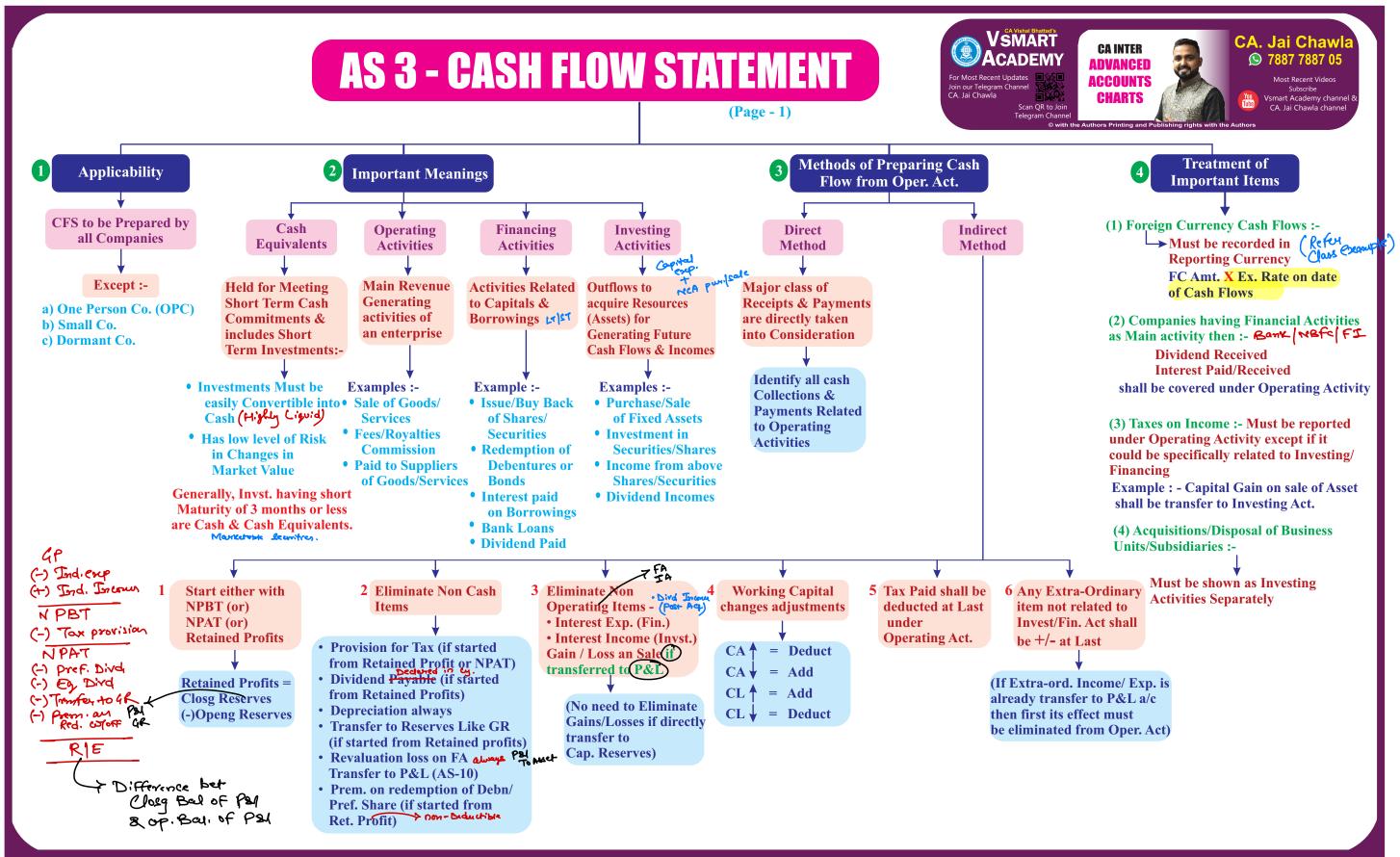
- 1) No Specific disclosures are required if above fundamental A/c Assumptions are Followed
- 2) If Fundamental A/c Assumption are not followed by entity than Fact Should be disclosed.

Selection of Accounting Policy Consider Following 3 Principles to select any A/c Policy for any Transaction or event **Substance over Materiality Prudence** Legal form A/c Policy should **Always Consider** Select the A/c be such that it the Substance of **Policy based** Consider **Transaction not** on Material **Foreseeable** its Legal Form **Facts** Losses or outflows of future



CA. Jai Chawl **CA INTER AS 2 - INVENTORIES** 7887 **7887** 05 **ADVANCED ACCOUNTS CHARTS** Measurement Non- applicability **Special Cases** Meaning **How to Identify cost?** When an Inventory of Inventory Recognized as an expense? An Asset 1) Trade Dis. vs. Cash Discount **Depends on** 1) WIP under Construction **Held for** In Proces Materials Lower of **Nature of Inventory** contracts (AS-7) or Supplies Sale in of **Not to Consider** Consider Ordinary Production to be When capitalized When COGS 2) WIP for Service Providers for Sale reduced to PPE Consumed course when 2) Conversion of PPE into Inventory **Such as Software Development** of Buss. (WIP) in Production Not ordinarily to NRV actually **Consultancy, Medical Services** (RM) ov (F.G.) Interchangeable in Hendowny sold When such PPE is sold regularly after using in the ordinary course of business By way of 3) Shares, Debentures & other **Specific Identification Depreciation** While Valuing **Securities held on stock in Trade** Method Sale of such PPE shall be booked as (Financial Instru) By way of **Closing** (Cost sheet of each sale of Inventory on Gross Basis **Debiting to** Stock at NRV 4) Livestock, Agriculture & & every inventory Trading A/c 3) Spares/Tools/Equipments used in PPE **Forest Products & Mineral** shall be taken into Oils, ores & gases. consideration) (They are measured at NRV) If it fulfills If it does not fulfil **Ordinarily** criteria of AS -10 the criteria of AS -10 Interchangeable FOX **OR** Then treated as PPE, **NRV Expenses out as** Historical **Non-Historical** COST may be as a separate **Estimated SP (-) Cost to Sale Inventory Approach Approach** component only if amount Purchase Price + as per AS 2 is material **Conversion Cost + Other Cost Estimate NRV Best evidence:-**Retail **Standard Cost Allocation of Cost to Joint Products** Sale event after BS date **FIFO** WAC price & By-Products " Lambort earl. **Prod OH** Labour **How to Use?** Standard price of NRV of Raw material NRV of NRV of WIP **How to Use?** a) Material **Fixed** Variable not measurable **Finished Goods** NRV of FG **Joint Products By Products** SP is to be b) Labour OH Est. SP of FG (-) Est. Further Cost adjusted with c) O/H (-) Cost to Sale to Complete GP% Allocate the total Cost **NRV of By-Product** are taken and Allocation on Allocation they are regularly of Conversion in ratio of shall be reduced from If NRV of If NRV of Normal' on Actual When to Use? relative Sales Value either at **Total Cost to value the** reviewed based on FG is higher FG is Lower when there are Capacity basis Capacity basis 1) Stage of Production Process **Cost of Main Product** revised prices wide variety than Cost except when always when Products becomes of Products with **Actual production** When to Use:-Measure RM at **Separately Identifiable** Measure similar margin is more than Cost records are **Replacement Cost or** Or RM at Normal maintained properly & Org. Cost of RM 2) at the Completion of **Actual Cost** In that case use (ost = SP-GP-1 every product is having whichever is Lower **Production Actual Capacity** diff profit margin

m Replacement



Continued to next ...

1) Insurance agrin others stock => 0
others stock => 0
2) TDS on Interest deduct => non Cash Soem to Supplieur & Interest there > Oper.
2) Loan to
5) Supplied & Interest There of Oper,
Loan from Debtors of OP.
Incree French Law Evit Compensation Penatty
Tour some form (Cus) fuit
Dividing the Control
Compensation fencetty
VRP
Imve. Clam
Ima, agm
5) Bref Diva On L
5) Pref Divd (le) Divd and
Ignoce)
6) Bank NBFe FI
/ Spell
Int Open.
F) ND N NDNT COO I I
7) NP => NPAT alsome always





Net Cash Inflow means <u>Cash Generated</u>

Net Cash Outflow means <u>Cash Used</u> If nothing is specified about Cash Sales & Cash Purchases then we would always assume the Total Sales & Purchases in Credit Only.

(Refer 0401)

at ses To Calculate Tax Payment, we should prepare following A/c

TAX A/c

(-) Lastone

Tax Paid shall be shown under Cash Flow from Operating Activities after all Adjustments (Sabse Last me likhna hai)

Treatment of Dividend
Declared or Payable

Opening Dividend in BS
Must have been paid in CY
i.e. Cash Item Should be
deducted under Financing Act.

Closing Dividend in BS
Non-Cash Item, it should
be eliminated from Retained Earning
under Indirect Method.

To Opening Balance of Advance Tax
To Cash Payment of Tax

To Closing Provision for Tax

CFOA

By Opening Balance of Provision for Tax By Tax Provision made in CY thru P&L By Closing Bal. of Advance Tax

RIE/NPAT

(+) Tax prov.

6 Pre-acquisition Dividend received on Investments

Should be deducted from Investment A/c while preparing the Investment A/c in working note and also it should be eliminated from NP.

It is not income, it should be deducted from Investment A/c. If it is wrongly credited to P&L then back from NP

If Debentures are shown in BS with % of Interest is also given even if nothing is mentioned about interest then also we have to make adjustment of Interest.

If Debenture or Pref. Shares are redeemed during the year at Premium, if Such premium is written off from P&L, then in such case Premium shall be added back under Operating Activities as elimination.

If Nothing is mentioned then always assume that Premium is not written off in the P&L A/c

9 Grant Received

For Capital Projects
Investing Activities
If such grant is amortised in P&L
Then less back under

Operating Activities

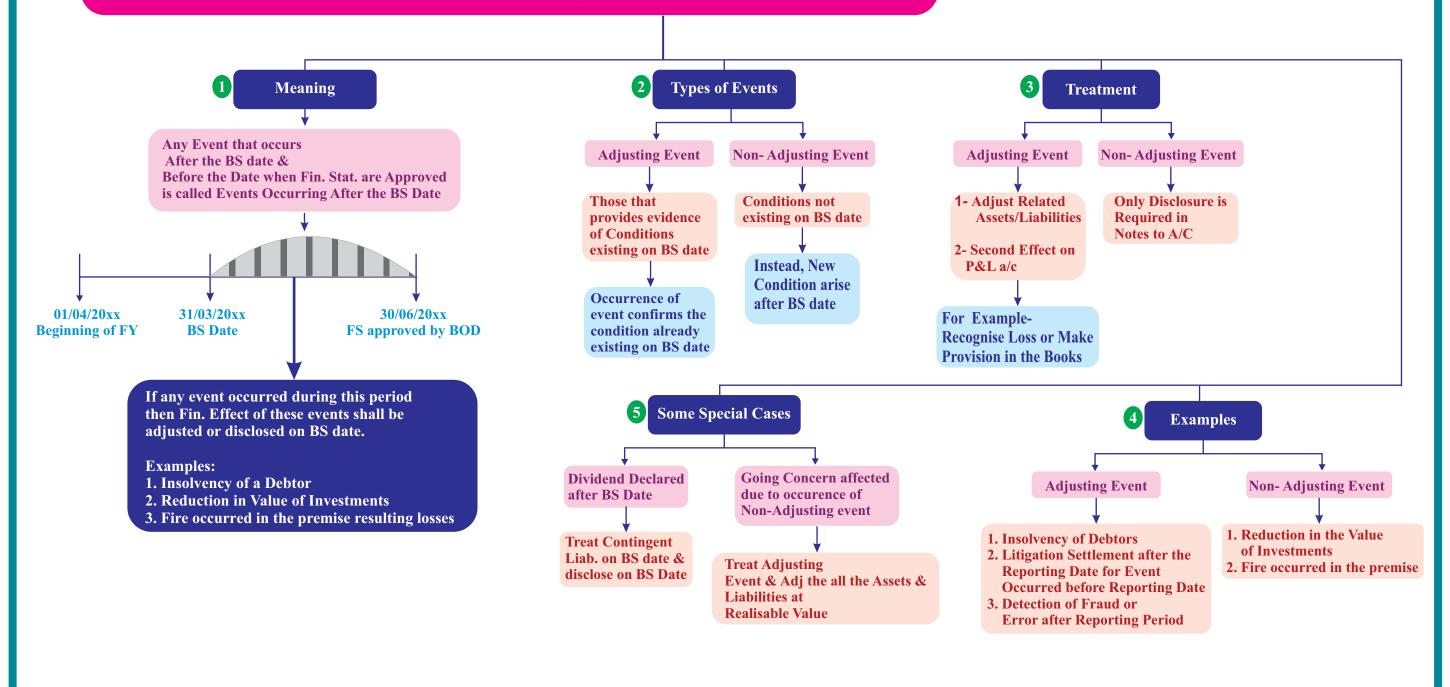
For Revenue Expenses
Operating Activities.

If Already transfer to P&L then no need to eliminate under Indirect Method.

Bank Afc
To Invertment (Pre Acg Divd)
To PSI (POST Acg. Divd)
EDI

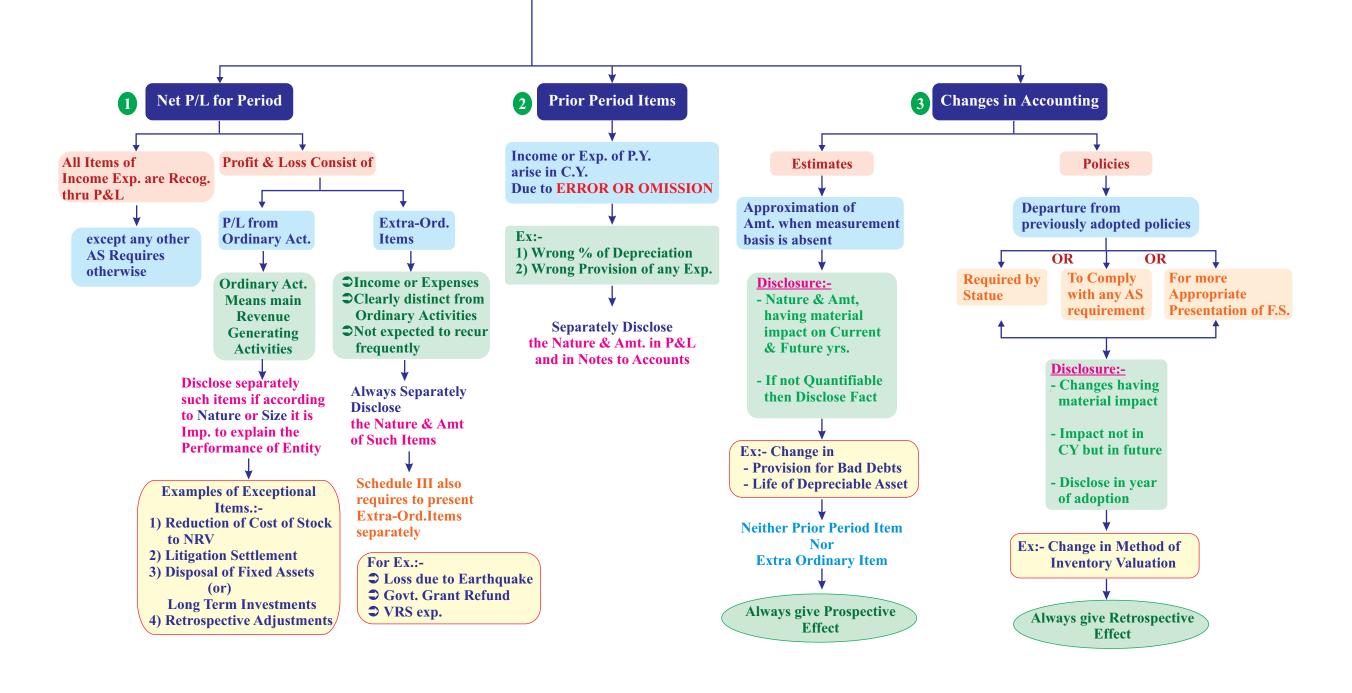
AS 4 - Contingencies and Events Occurring after the Balance Sheet date.





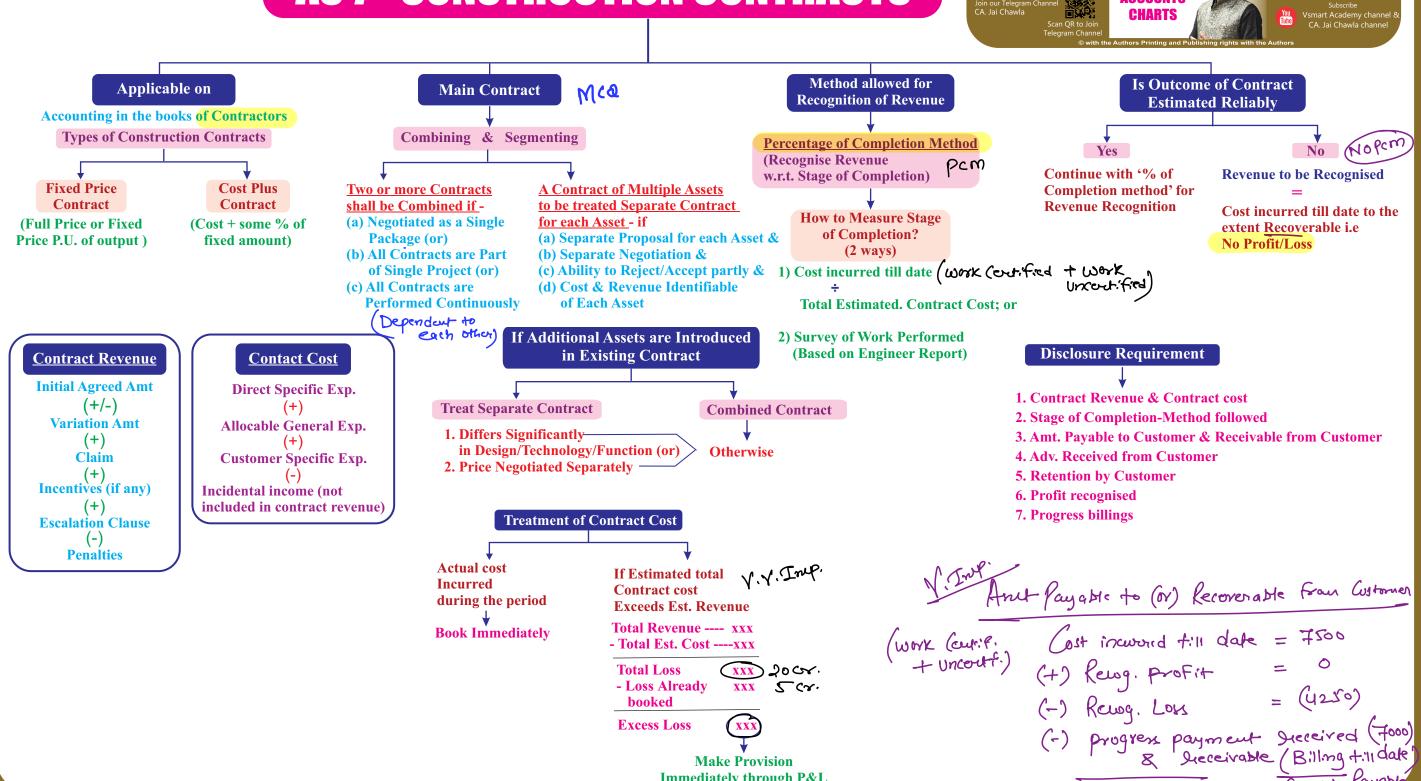
AS-5 Net Profit or loss for the Period, Prior Period Items & Changes in Accounting Policies





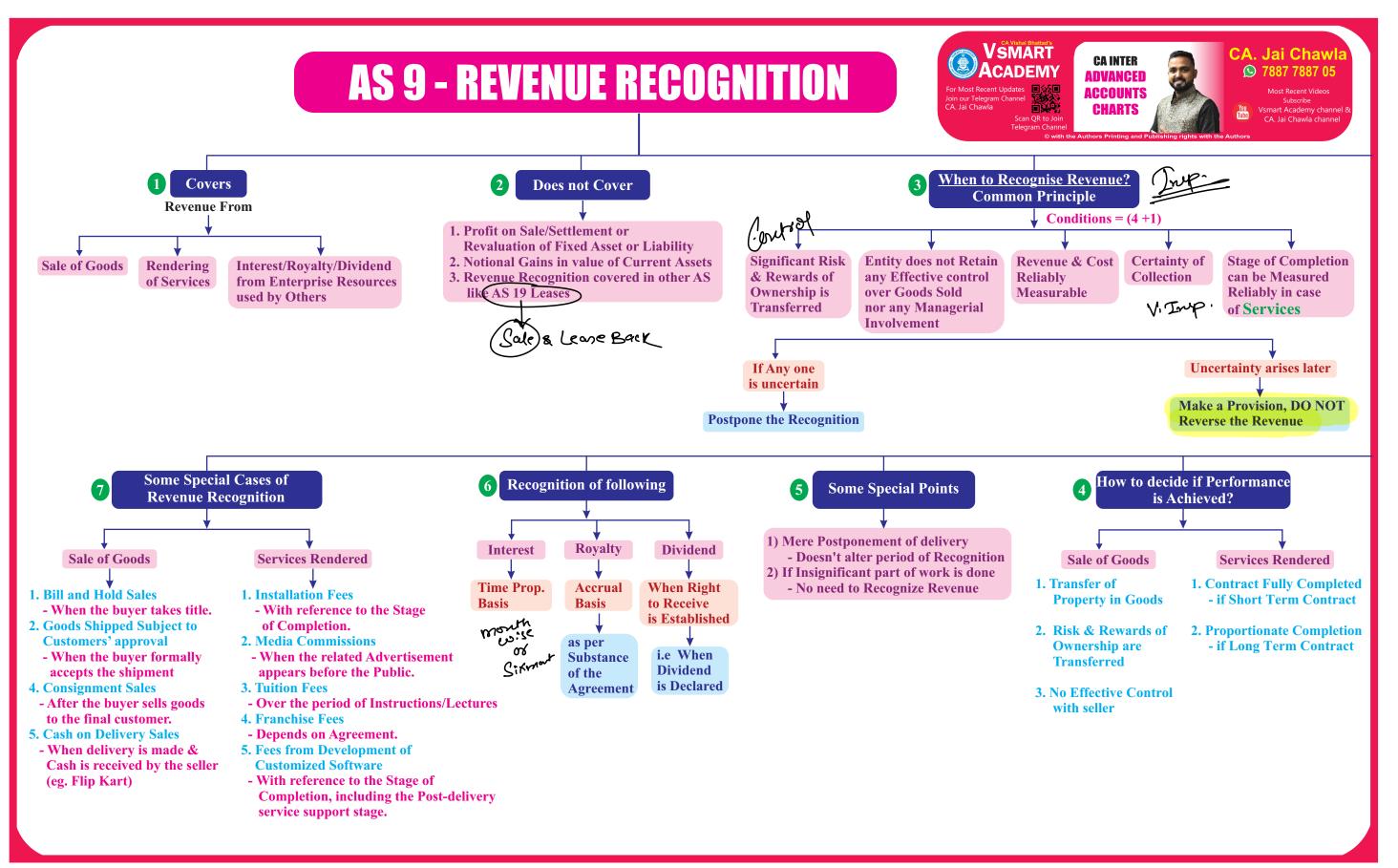
AS 7 - CONSTRUCTION CONTRACTS

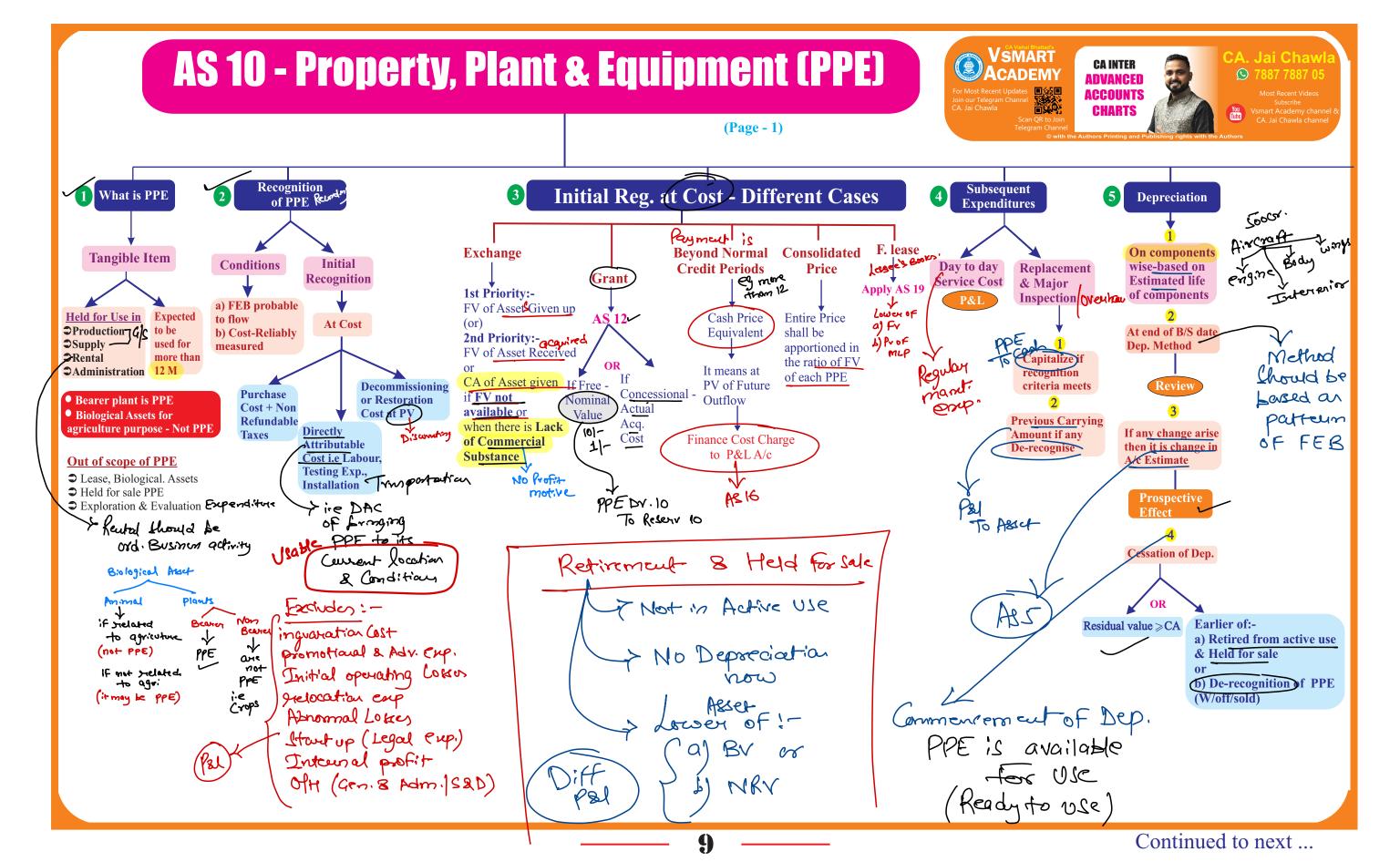


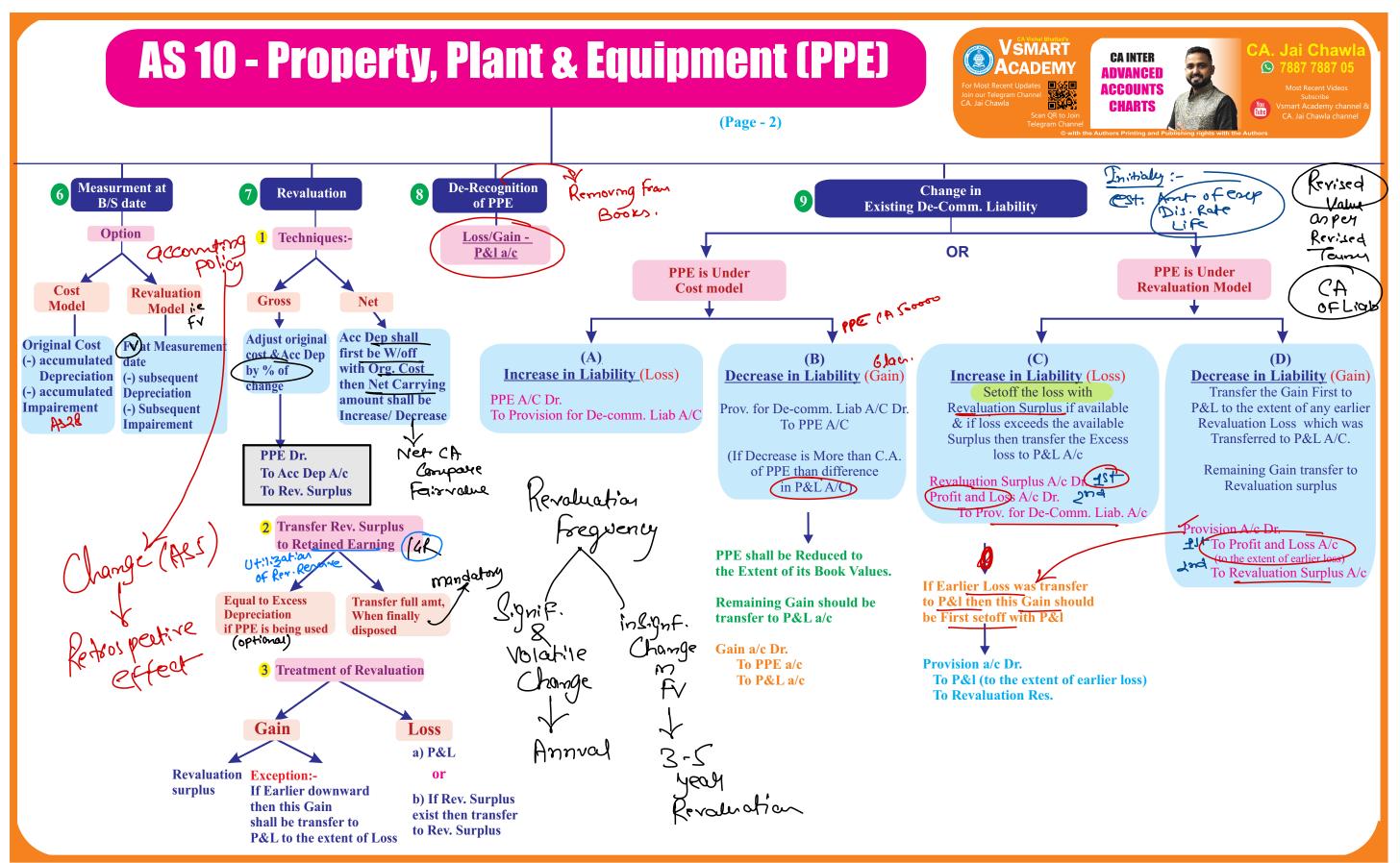


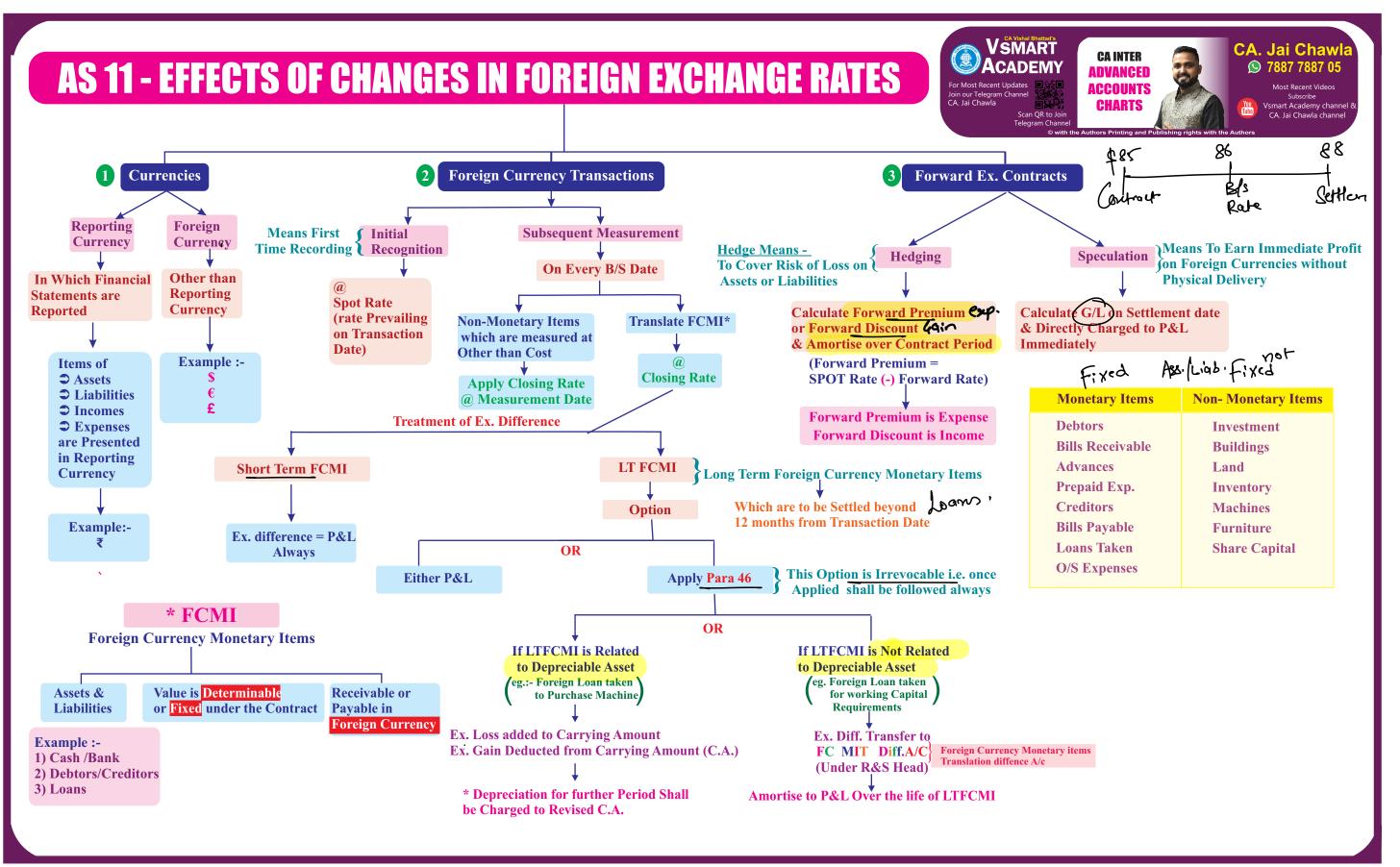
Make Provision Immediately through P&L

Excess Loss









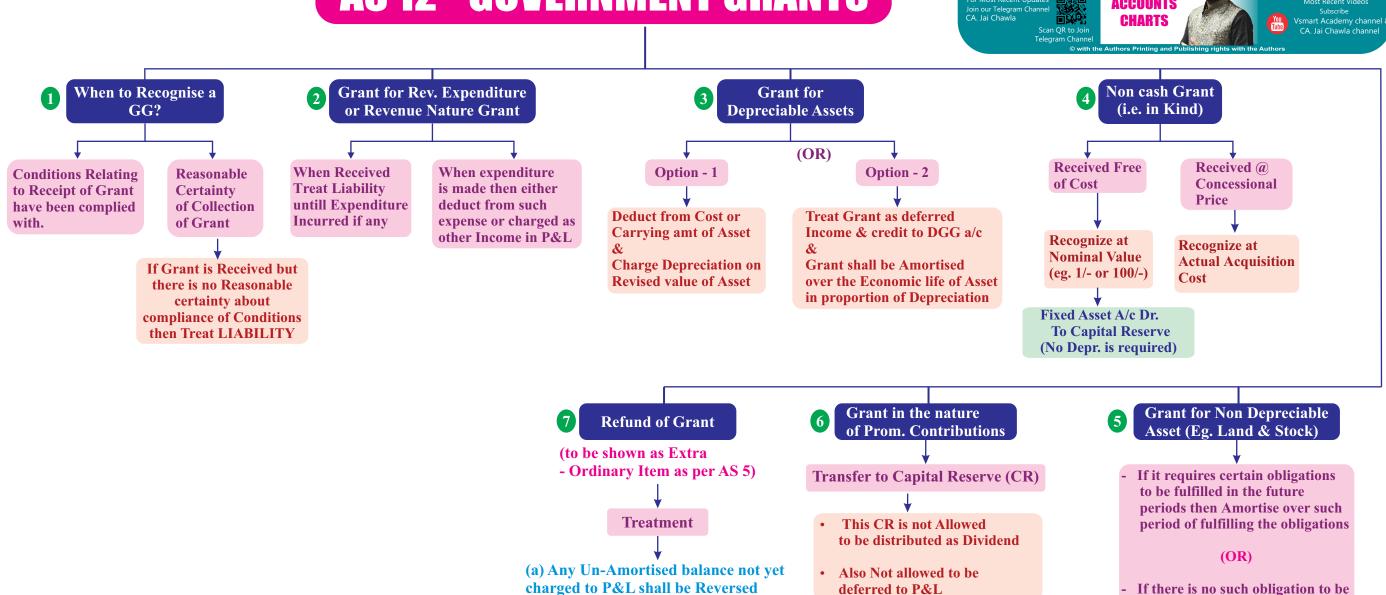
for. open. (fo) Integral Non-Testegraf all A/L => Closg.
Rate MI (A/L) = Closg Rate Nonm. (A/L) = Same Spot Revenue 7 Revenue item = Arg. a Chal Rate or Ang Rate opny Stock = ophote Cx. Diff P&I FC TR (K&S) (F0) 7 (ale

AS 12 - GOVERNMENT GRANTS



fulfilled then transfer to Capital

Reserve immediately



(e.g. Remaining Bal. of DGG a/c)

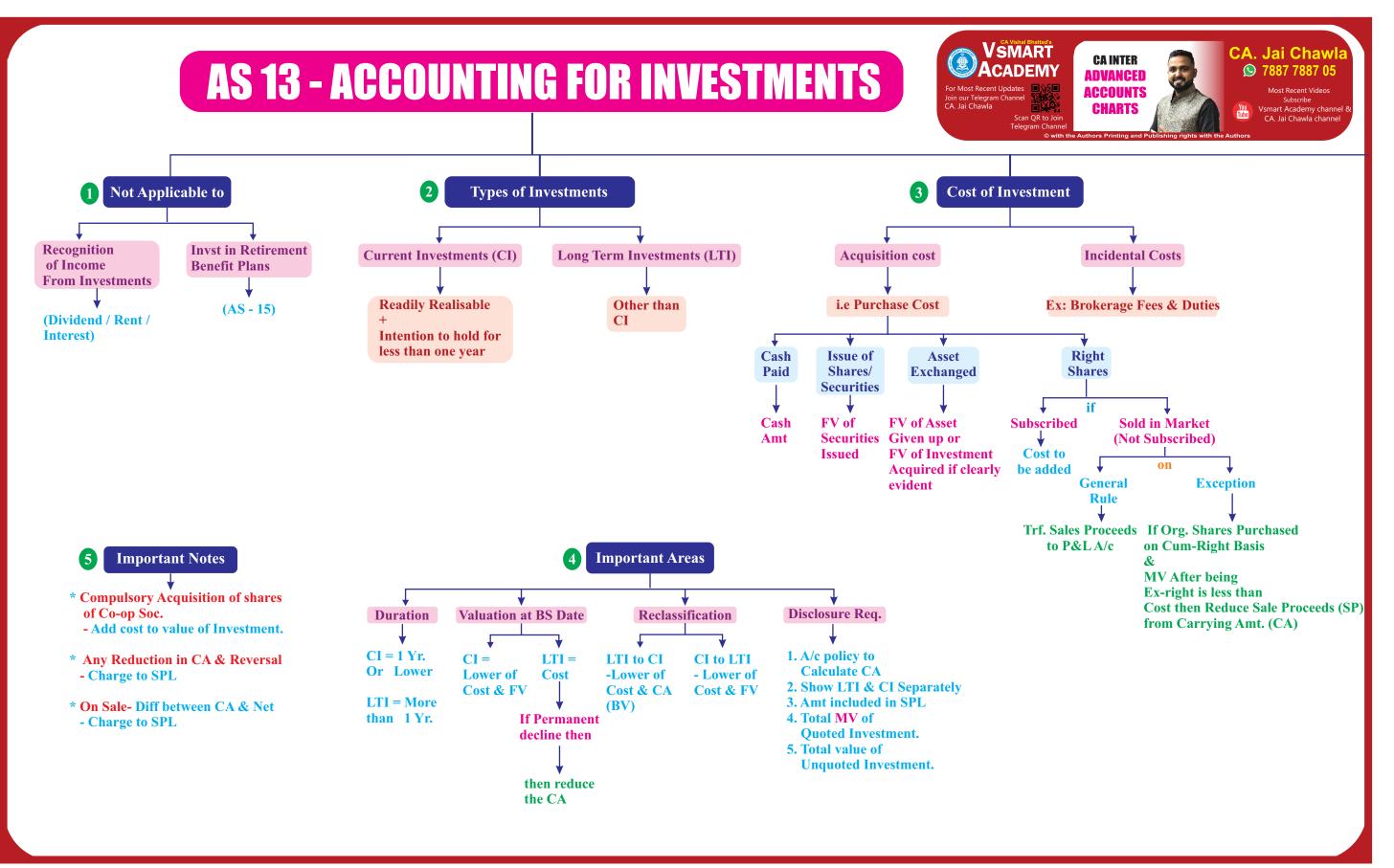
(b) Bal. if any shall be transfer to P&L

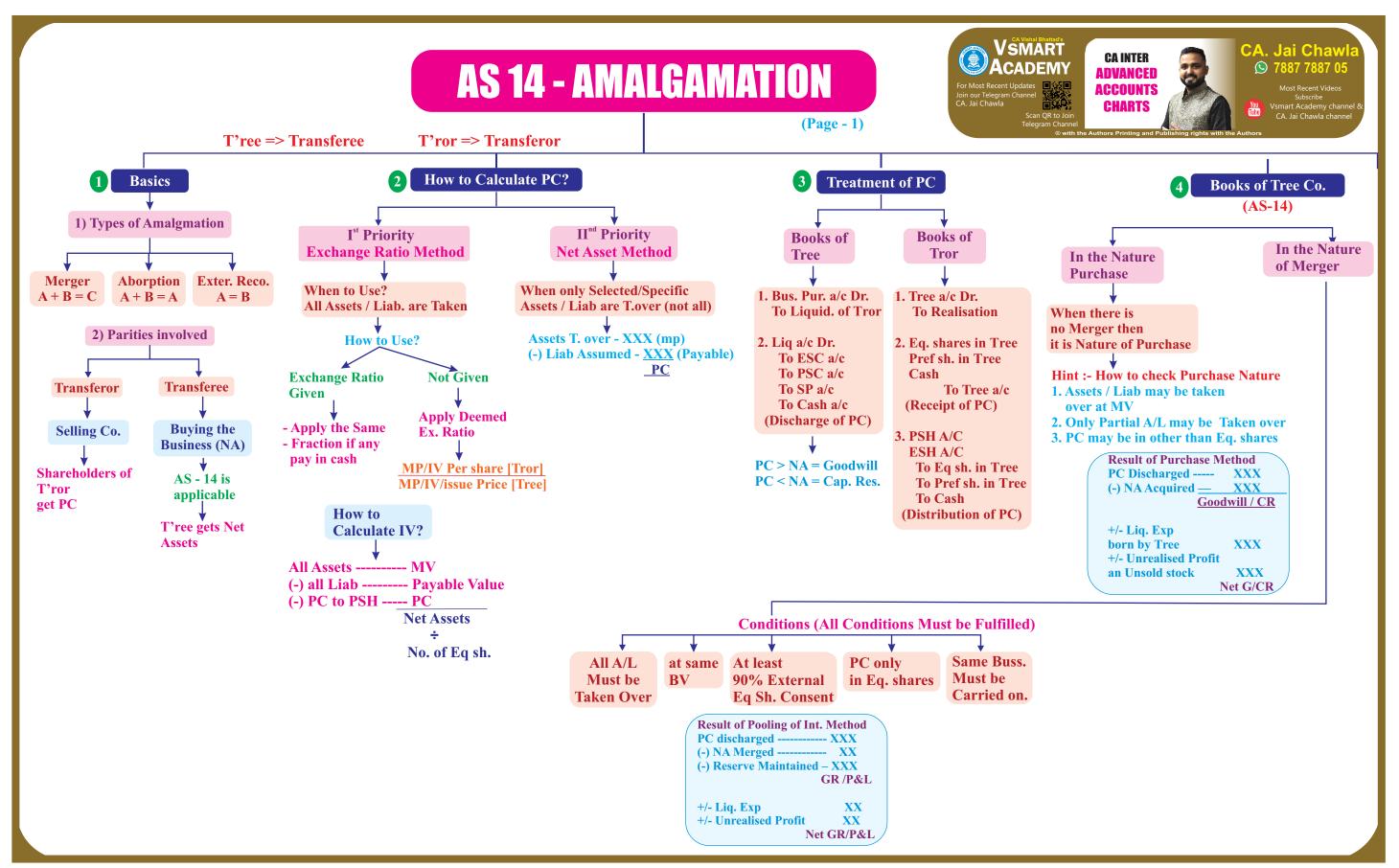
(c) If Grant was earlier credited to CR

(d) If Earlier credited to Fixed Asset A/c then to be charged to Fixed Asset A/c.

then CR shall be reversed

deferred to P&L





14

AS 14 - AMALGAMATION

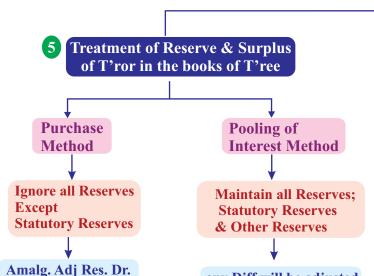
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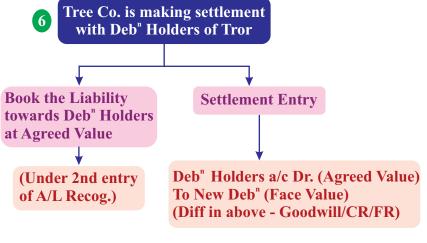
Note: Amal. Adj. Res. Must be shown Separately **Under R&S in BS**

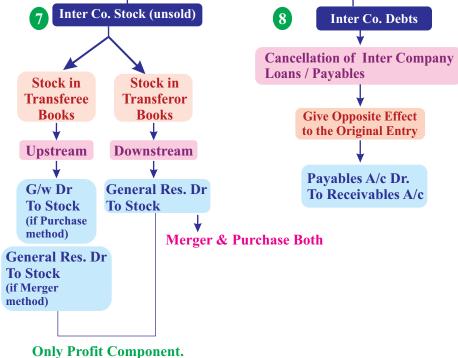
To St. Res.

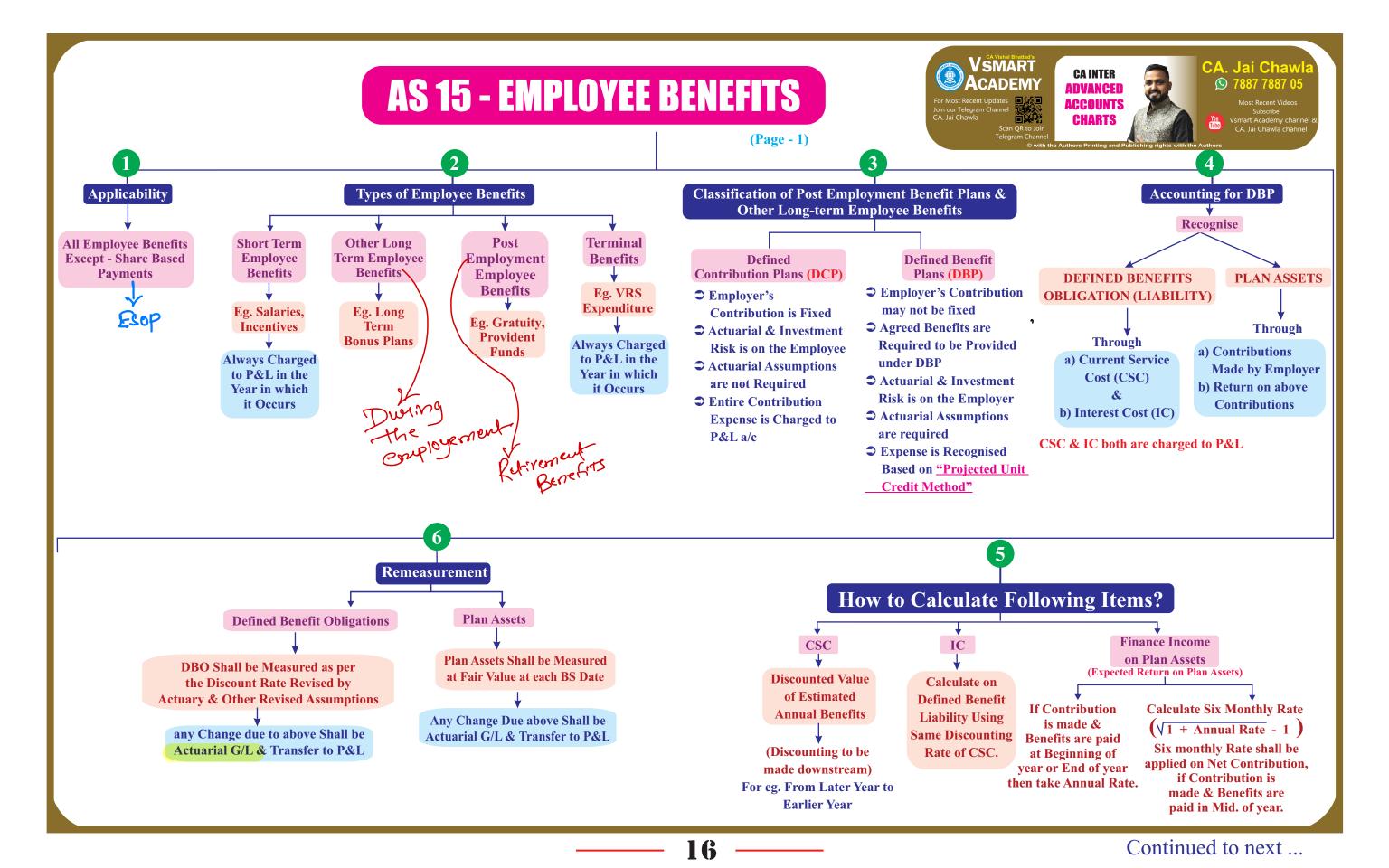
any Diff will be adjusted in Free Reserves

Example of Statutory Reserves

- 1) Investment Allw. Reserve
- 2) Export Profit Reserve 3) Revaluation Reserve
- 4) Tea Development Fund







AS 15 - EMPLOYEE BENEFITS

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Past Service Cost (PSC)

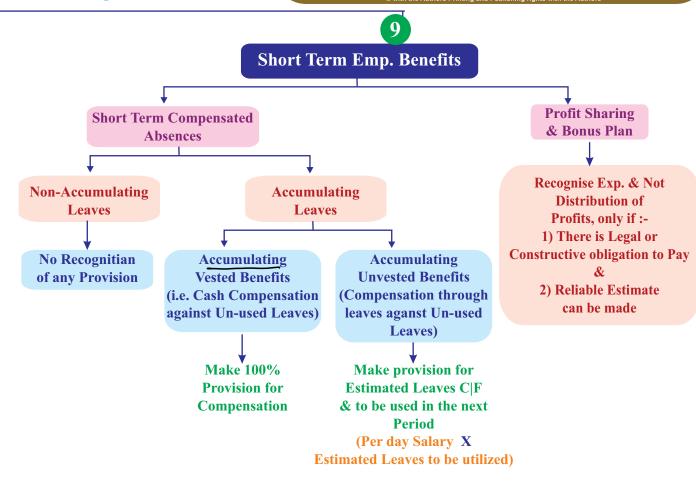
It means Change (Increase)
in Defined Benefit Obligation
(Liability) due to Plan
Amendments made by Entity
from Retrospectively

PSC is divided into two parts:
1. Amortised PSC for benefits already vested,
it is expense & transfer to P&L
immediately & Increase
DBO Liability A/c

2. Un-Amortised PSC for benefits not yet vested, it is to be recognised on SLM basis over the remaining Period.

Defined Benefit Liability is reduced with or without Settlement due to Modification made by Employer Gain on Curtailment shall always be transfer to P&L DBO Liab. A/c Dr. (Liability Reduced) To Un-amortised PSC A/c (Bal. Available) To Bank A/c (Settlement Amt.)

To Gain on Curtailment A/c (B/f)



AS 16 - BORROWING COSTS



Misc Provisions

Interest on Temp.

Investment of

Borrowed Funds

Deduction From Total

Borrowing Cost before

Capitalization & before

Calculating W.A.C.R.

 \overline{XXXX}

Definition of Borrowing Cost (B.C.)

Incurred in Relation to Arrangement of Funds, it includes -(a) Interest Cost

B.C. Covers Exclusively

(b) Other Costs

- 1) Interest: Short term & **Long Term both**
- 2) Finance Charges in Leases (AS 19)
- 3) Ancilliary Cost Such as Stamp Duty, Processing **Fees - Amortised Part**
- 4) Discount on Issue & **Premium on Redumption** of Debn - Amortised Part
- 5) Ex. Diff. to the extent of Saving in Interest on F.C. Loan*

*Lower of :-

(a) Ex. Loss

(b) Saving in Interest

Qualifying Assets (Q.A.) 12m or more Any Asset That takes To get For Intended **Substantial Ready Use or Sale Period of Time

Eg:- IP/PPE/Intangible Asset (Software)



Subsantial Period :- Generally 12months or more but a Lesser period can also be **Substantial based on Facts & Circumstances

Recognition of B.C.

If B.C. is incurred in relation to:-Acquisition (A) Construction (C) **Production** (P) of O.A., then **Capitalised** otherwise P&L

Commencement of Capitalization

Expenditure must be incurred on ACP

B.C. must **Necessary Activities** be **Should be** incurred in Progress.

Suspension

Active Development is Interrupted during Extended Period. **But When such Interruption is Necessary for active Development** then No Suspension of Capitalization

Cessation

A/C/P is Substantially Completed If Completion takes place in Parts, then **Cessation for Such Part of QA only** when the Part is Capable of being **Used/Sold Separately**

Types of Borrowing Cost

Specific B.C. One to One

Capitalise B.C. to a Specific Q.A. only

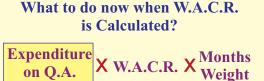
Relation of O.A.

& Borrowing

To Capitalise **B.C.** Calculate: W. Avg Capitalisation

Total B.C. During the Year

Total Borrowings O/s During the Period (Take months as Weight)

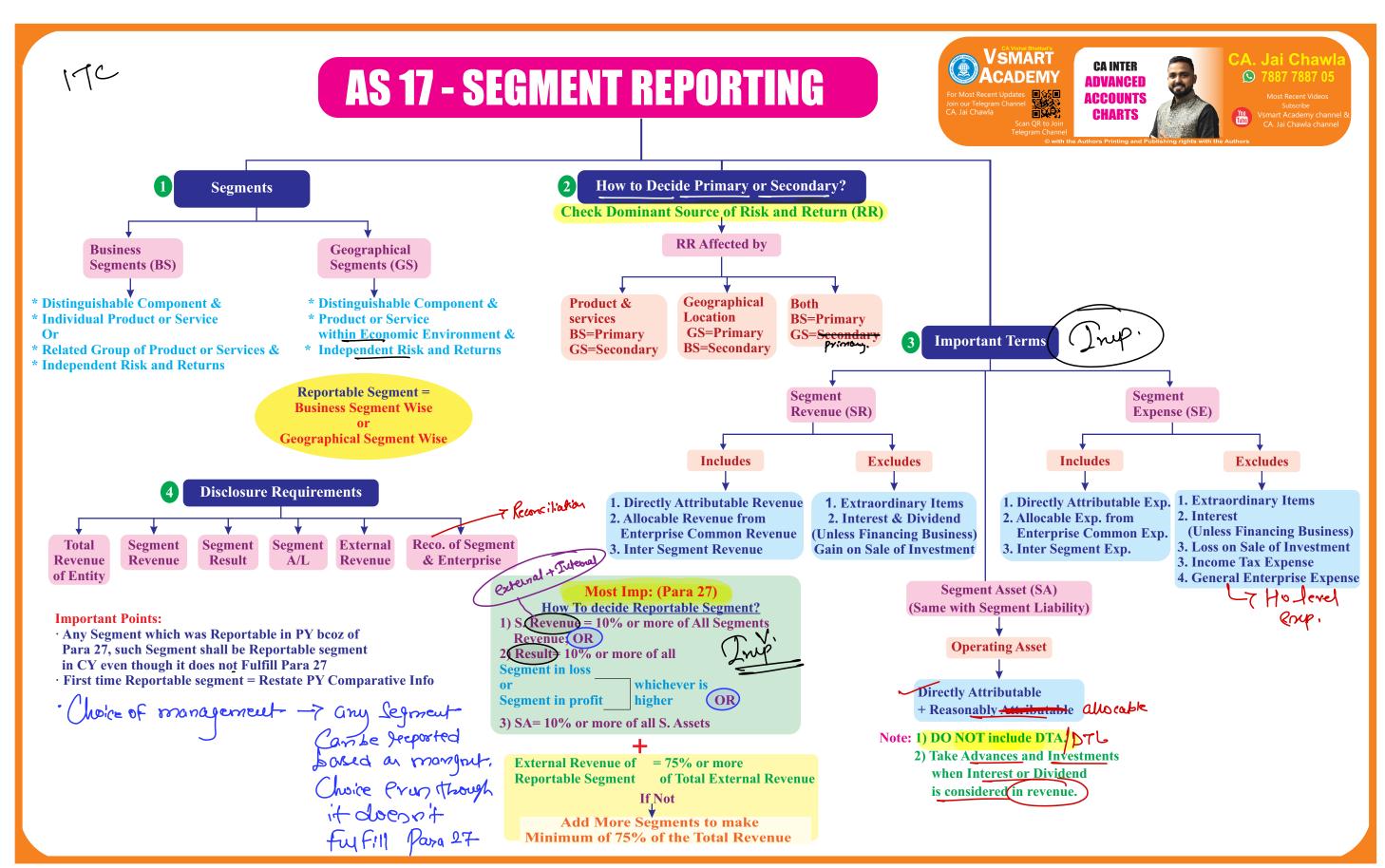


Expenditure Incurred till last year XXX (Including BC Capitalised) + Cash Payment on Material & Lab. XXX + Non - Cash Exp. XXX (-) Grant / Subsidy XXX (-) Progress Payments Received if any XXX

General B.C.

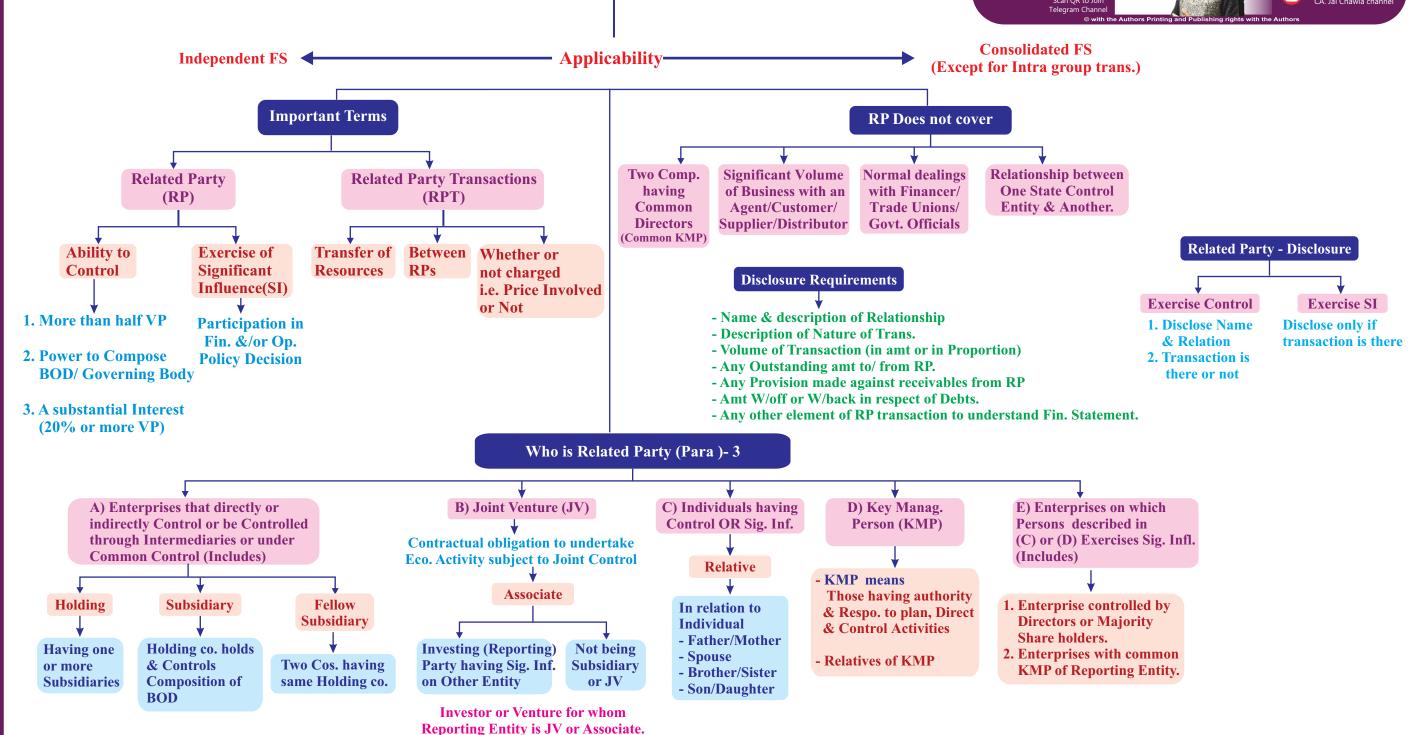
One to Many (or) Many to Many

Rate



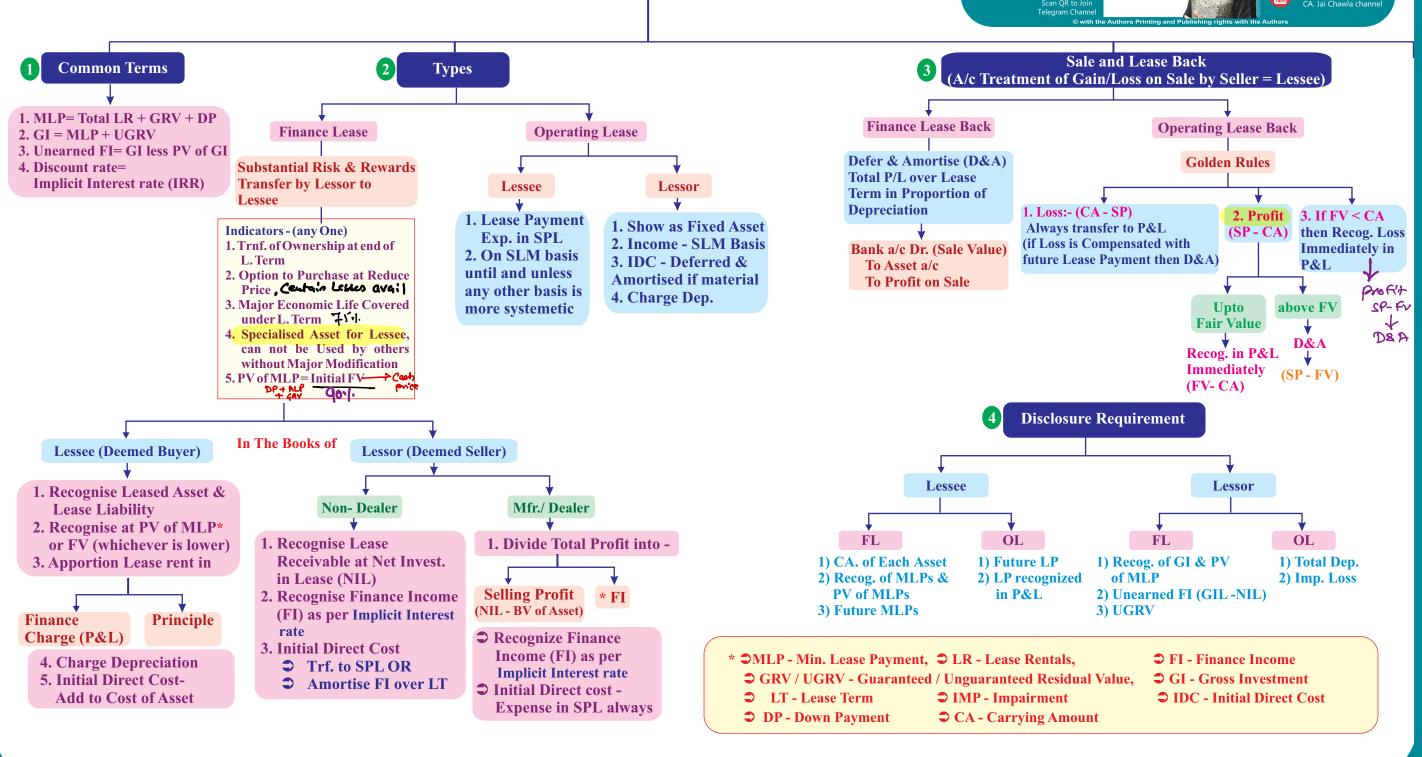
AS 18 - Related Party Disclosures





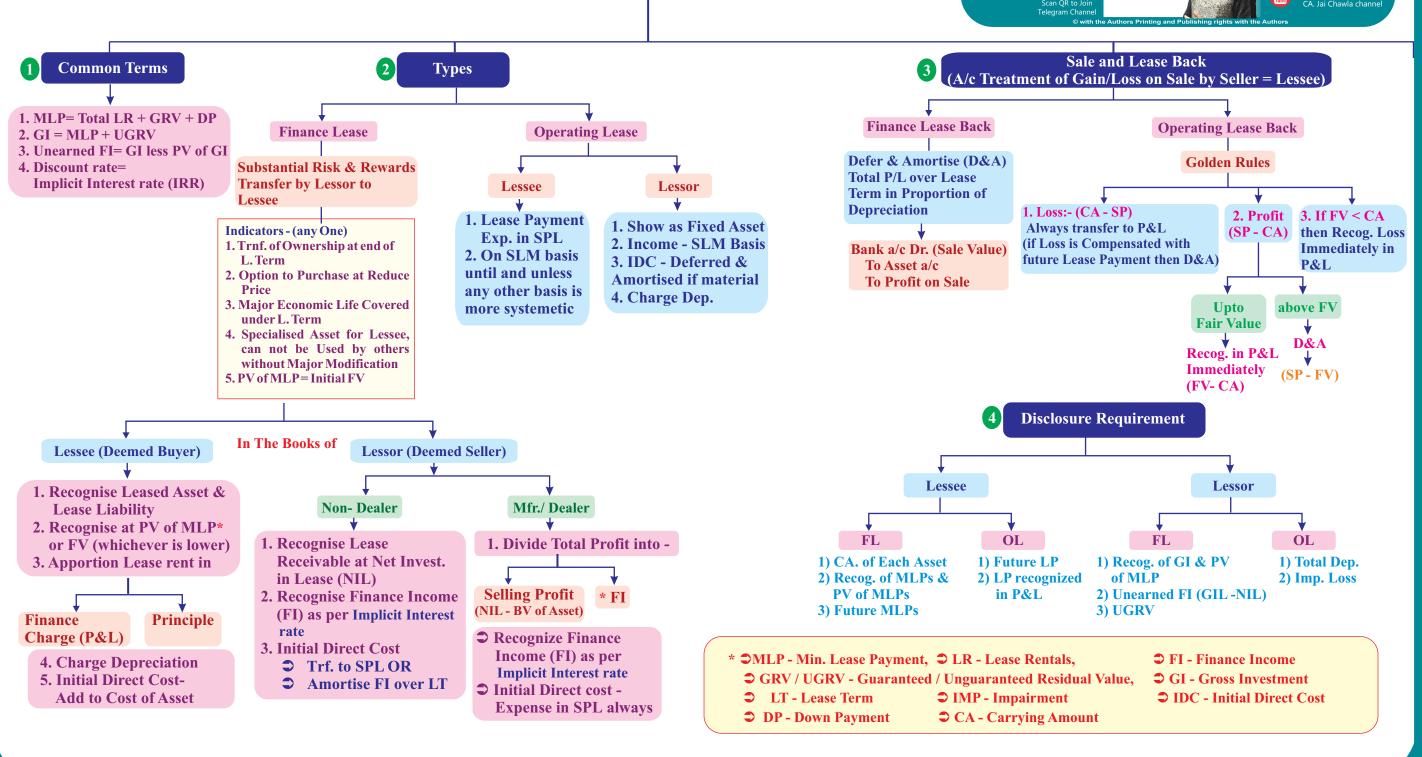
AS 19 - ACCOUNTING FOR LEASES

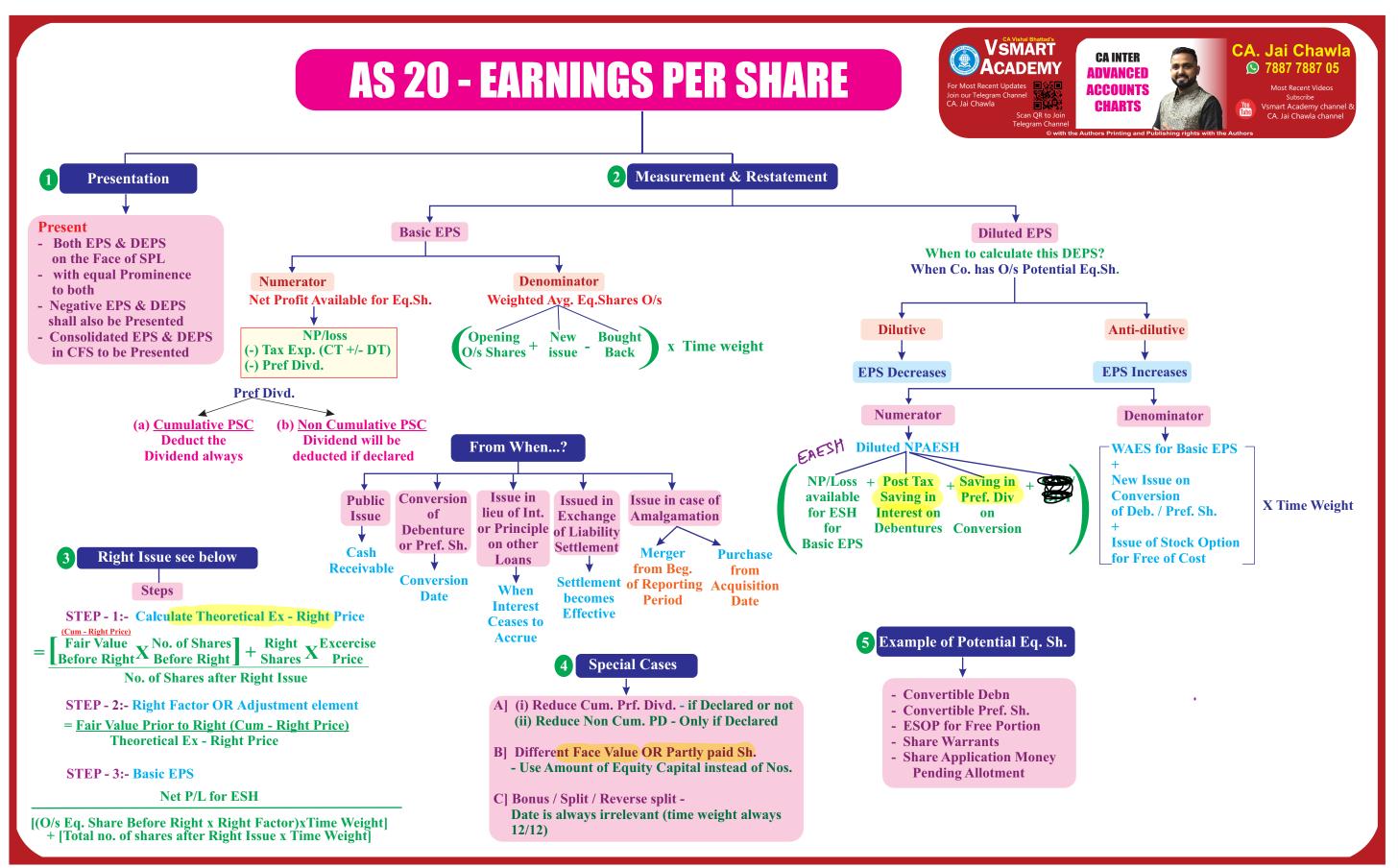


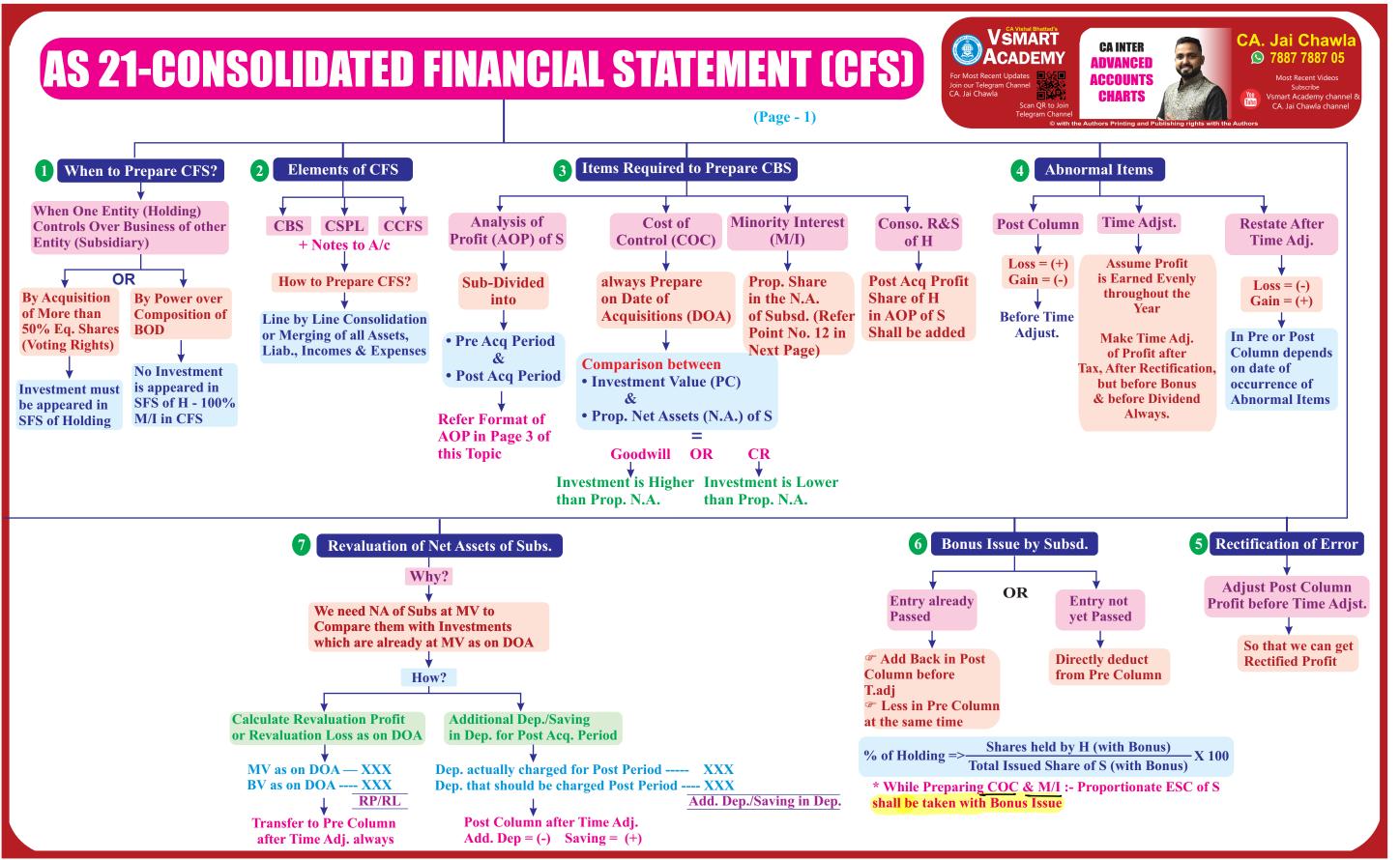


AS 19 - ACCOUNTING FOR LEASES









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VSMART CA. Jai Chawla ACADEMY **CA INTER** AS 21-CONSOLIDATED FINANCIAL STATEMENT (CFS) **9** 7887 7887 05 ADVANCED **ACCOUNTS** Most Recent Videos Subscribe Vsmart Academy channel & **CHARTS** CA. Jai Chawla channel (Page - 2) **Dividend Declared & Elimination of Unrealised Profit/Loss** Paid by Subsd. on Unsold Stock on Inter Co. Transaction Declared in CY on B/S date **Downstream Upstream Declared During the Year** (Sale by H to S) (Sale by S to H) **OR** (Unsold Stock with S) (Unsold Stock with H) **Entry Passed** (Profit Earned by H) (Profit Earned by S) Entry not yet **AOP** Received by Passed (Not Shown (Shown on **Holding Co.** on Liab. Side of BS) Liab. Side) • Add Back in Post Acq **Deduct Profit AOP Consol. Inventory Deduct Profit** If Pre-Acq Divd. • Time Adj **AOP AOP Deduct Profit Deduct Profit** from Consolidated from Consolid. • Deduct from Pre Column from Post Column from Consolid. Directly Deduct • Add Back in Post Acq R&S of H figure of Inventory or Post Column depends after T.adj figure of Inventory after Time adj (Loss to be added) in BS on Period of Dividend • Time Adi (Loss to be added) (Loss to be added) from Pre/Post (Loss to be added) • Deduct from Pre Column **Deduct under COC Deduct from** or Post Column depends from Cost of Consol. P&L of on Period of Dividend **Investment if** H if Wrongly Cr. Wrongly Cr. to P&L to P&L bv H **Dividend Received by Holding** Oping Bal. of Treatment of Pref. S. Capital of S **Minority Interest Inter. Company Debts** R&S of Sub. Missing (Contra Adjustment) Prop. Share in Pre Acq Post Acq **Portion Held Not Held** Payables a/c Dr. NA of Sub. Other P&L Divd Divd by H by H To Receivable a/c (GR or CR) Zero Should be deducted Should be Calculation If Negative M/I • Part of Investment Balance Same as from Investment Cr. to P&L (Coz of Loss) in COC Part Closing of H (Para 26 of AS 21) • Deduct Prop. Pref. in M/I Prop. ESC Sh. Cap from + Prop. PSC **Investment under COC** The Negative Bal. If actually If Wrongly + Pre-Acq Profit born by H Temporarily deducted from + Post Acq Profit Cr. to P&L a/c Investment When Subsd. starts Do nothing, your **Earning Profit Deduct from Deduct from Investment is** Investment Consolidated already shown under COC P&L of H That amt. of Loss already borne by H shall be after deduction Compensated with the Profit Share of M/I of Dividend

FORMAT OF AOP



(Page - 3)

Particulars	8₺ Pre-Acq DOA	Post Acq	Total B/S Date(
Balances Of R&s	XXX	XXX (Bal. Fig.)	XXX
+/- Abnormal Items Elimination		(XX)	
+/- Bonus Issue	(XX)	+XX (If already entry Passed)	
+ Dividend Paid/ Declared		XX (If already entry Passed)	
+/- Rectification of Errors Bal. of R&s		XX	
+/- Time Adjustment	XX	(XX)	
Balance	XX	XX	
+/- Abnormal Items	XX	XX	
(-) Dividend	XX	XX	
+/- Revaluation Of Assets	XX	XX (Additional Dep. saving in Dep)	
Balance	XX	XX	
+/- Elimination Of Unrealised P/I On Unsold Stock (Upstream Transaction)		XX	
Final Balance Soid & Soid	Holding's M/I's Share Shares	Holding's M/I's Share Shares	

VSMART CA. Jai Chaw ACADEMY **CA INTER** AS 22 - ACCOUNTING for TAXES ON INCOME **9** 7887 7887 05 ADVANCED **ACCOUNTS CHARTS** Types of Taxes (as per AS 22) Imp. Definitions Difference between A/c Income & Taxable Income Based Prodence Timing Diff. - Temporary Difference **Accounting Income** -Concept **Current Tax Deferred Tax** and PBT as per P&L a/c Permanent Diff. **Arises in One Period Arises in One Period & Taxable Income** to be Reversed in Future but no Reversal in Future **CT** Asset CT Liab. DTL DTA Tax Calculated as per **Tax Law (IT Act, 1961) Examples: Examples: TDS Income Tax Tax Saving in Future** Tax Liab. of Future - Donations, - Bonus not yet paid (Sec. 43 B) Adv. Tax payable for Current **Current Tax** - Penalty, - Interest to Nationalised bank (Sec. 43 B) & Previous years **P&L A/c** ---- **Dr DTA** ---- **Dr** Tax on Taxable - Personal Expenses - PF Contribution (Sec. 43 B) To P&L A/c Income To DTL Income - Govt. taxes (Sec. 43 B) P&L a/c Dr. - Prov. for BD / Legal damages (Sec. 36) heck prob. of Future Taxable DTA subject to below To CT/ Prov. for Tax **Deferred Tax** - Depreciation (Sec. 32) Inusue No DTA/DTL Tax on Timing Para 15 Para 17 **Difference** Items other than B/F Losses Entity has B/F Losses & Unabsorbed Dep" Chemics do.1. arria. & Unabsorbed Depⁿ Tax Exp. (Su) CT + DTL - DTACheck Reasonable Certainty **Check Virtual Certainty with Convincing** -DTL Reversal of Future Taxable Income **Evidence (VCCE) of Future Taxable Income** + DTA Reversal > Contonier Yes No Yes order **Timing Difference Create DTA** Do not Create DTA Do not Difference of A/c **Income & Taxable Income** Special Cases 5 Other Areas Offsetting of Presentation of CT & DT Remember Tax Holiday Period (THP) **Minimum Alternative Tax (MAT)** CTA & CTL / DTA & DTL (Eg. Sec 80 IA) 1. DTA/DTL - No discounting BS P&L No Impact on **Treatment of MAT** at Present Value **Possible If DT Calculation** Otherwise Timing TD arise in THP 2. Measurement at applicable After PBT If MAT is more Diff arise in **Not Possible** & to be Revered **Tax Rate** DTA/DTL than Regular Tax CTA/CTL THP & after THP for DT 3. Reviewed / Recalculated at - Entity has Legal **Reversed in THP Show Tax Calculation** each B/S date Right to set off Current Non **Expense on** ignore -**Excess of MAT Created &** and (Short Term Current **Current Tax** -Book Profit over Regular Tax **Ignore - No** DTA/DTA **Intention to Settle Provision CTL** + DTL Recog of MAT DTA/DTL in the year as Net Basis **Other Current** - DTA Recog & **Recognise Additional Tax** of Occurrence For Eg. Entity has right to **Assets - CTA** + DTA Reversal - Mat Rate Expense in P&L Setoff TDS of AY 20-21 - DTL Reversal with Tax Liability of AY 20-21 + MAT Creens Liab.

AS 23 - INVESTMENT IN ASSOCIATES





Applicability

When there is
Investment in
Associate, then
Investor has to apply
AS 23 in its
Consolidated
Financial Statements

2

Who is Associate Co.

- **⇒** Where Investment is 20% or more but upto 50%
- **⊃**Investor gets "Significant Influence" over the Investee but not "Control"
- ⇒ Significant Influence means "Power to Participate in decision making on Financial / Operating Decisions"

3

Equity Method For Associates / JV

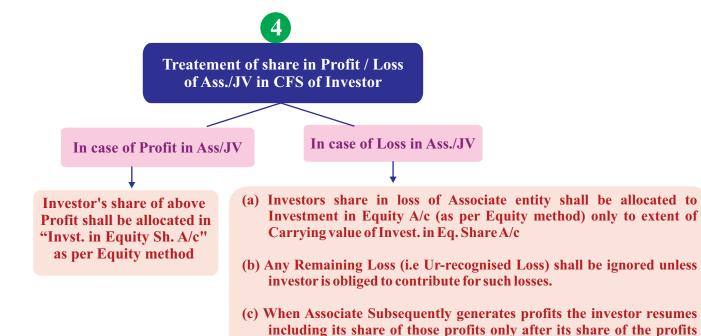
▼	
Investment at cost in Ass. / J.V	XXX
(including Goodwill / CR)	
(+) Post Acquisitions share in Profit -	XXX
(-) Dividend Distributed -	XXX
(+/-) Depreciation additional / Saving due to	
Revaluation of Assets -	XXX
(-) Unrealised Profit to the Extent of	
Investor's Share	(xx)
Value of Investment as per Equity Method	XX
, c, c	

For this purpose Investment Shall be compared with Fair Value of Net Assets as on Date of Acquisition

> If there is CR :- Then Investment A/C Dr. To CR A/C

If there is Goodwill then No recognition separately

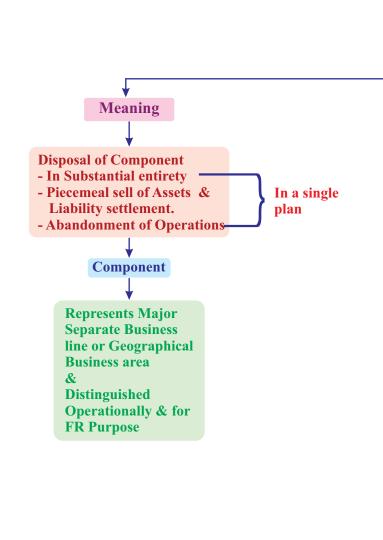
- Goodwill under
 Associate is not required to be Recognised
 Separately.
- If value of Investment is more than value of N.A. as on DOA (under equity method) the Excess Amt. is Goodwill, which is Included in Investment



equals the share of net losses that have not been recognised.

AS 24 - DISCONTIUNING OPERATIONS





Initial Disclosure

Areas Covered

1) Binding Agreement on a Specific date-**BOD** approves & Announces

Whichever is earlier

- 2) Initial disclosure Event after B/S date- Apply AS 4
 - Non Adjusting Event
- 3) Initial disclosure:

Formal Plan

- > Operation Description
- > Date & Nature
- > Expected completion of Discontinuation
- > CA of A/L
- > Revenue & expenses of Ordinary Act.
- > PBT or loss of Ordinary Act & Tax*
- > CFs from Operating, Financing, Investing Act. (Net)
- 4) Other Disclosures:

(When Asset sold/ Liabilities settled)

- > Recognised PBT/loss & Tax*
- > SP of assets / Range of Price
- > Expected time of receipt of CFs
- > CA of such A/L

Disclosure of face SPL Others - In Notes to A/c **Special Cases**

Below cases are not always a Discontinued Operations.

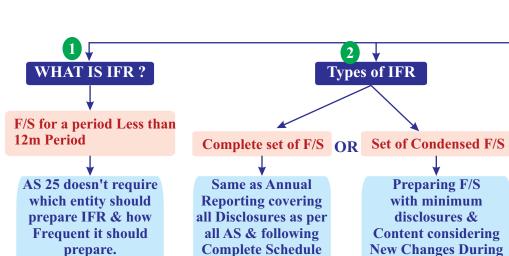
- 1. Phasing out- P/S
- 2. Cutting down any process for Cost Reduction.
- 3. Shifting Plant/Dept. to new Location
- 4. Cutting down several products
- 5. In CFS- Sale of Subsidiary in similar business line

Plan is cancelled - Disclosure with reason **Impotent Notes**

- 1. Separate Disclosure for each.
- 2. Disclosure until completion.
- 3. Revenue/Exp. Or A/L calculation - As per other AS.
- 4. Date of Agreement is important
- Sale off/ Receipt may be later 5. Going Concern Assumption
- Not affected.

AS 25 - INTERIM FINANCIAL REPORTING





III requirements.

Form & Content of **Condensed Fin. Statements**

- Same Headings / Sub-headings to be used as per most recent Annual F/s
- **Selected Explanatory Notes**
- Additional line items & Notes if their omission may result in misleading Information.
- Basic & DEPs EPS to be Disclosed also

Periods for Which Interim Financial

Statements are Required to be Presented

Seasonal / Occasional Revenue

No Deferment or anticipation is allowed (Jis Period me mila ussi period me report Hoga) **Cost Incurred Unevenly** (eg. Property Tax; Advert. Exp; Bad-debts) **Important Notes**

Can be Deferred or Anticipated if it is appropriate to do so (i.e. fulfilling the definition of Asset/Liab. then only allowed to Differ or

Anticipated) (Agar Exp. Ka benefit next interim period me milega to differ kar sakte hai)

(Agar Exp ka Benefit last interim period me mila hai to last interim period me bhi anticipate kar sakte hai)

Example – Current FY = 22-23**Current Interim Period -**

AS 25 Requires

minimum content to

be disclosed while

preparing IFR.

1) Balance Sheet

C4a4aman4	Convert mariad	Commonative menied
Statement	Current period	Comparative period
Balance sheet	End of current interim period	End of immediately preceding financial year
Statement of profit and loss	Current interim period and cumulatively for the year – to – date (YTD)	Comparable interim period and year-to-date of immediately preceding financial year
Cash flow statement	Cumulatively for the current financial year-to-date	Comparable year-to-date of immediately preceding financial year

the Interim Period.

(Shortcut Approach)

Q2 = (July to Sep)

Current Period Comparative 30/9/22 31/03/22

2) Statement of P&L (Financial Results)

Current Period	Comparative
Q2	Q2
1/7/22 to 30/9/22	1/7/21 to 30/9/21
YTD	YTD
1/4/22 to 30/9/22	1/4/21 to 30/9/21
	YTD 1/4/21 to 30/9/21

3) Cash Flow Statement **Current Period** | Comparative 1/4/21 to 30/9/21 1/4/22 to 30/9/22 Only YTD Only YTD

- Interim financial results (as per clause 41 of SEBI listing agreement) is not Interim Financial Report as per AS 25
- Change in Estimate from one Interim Period to another is justified & allowed if it is as per any AS. Nature & Amt. of Such change should be disclosed in selected Explanatory Notes of IFR
- While recognizing Tax Exp of each Interim Period, it should be Estimated based on Annual Calculation first (i.e Calculate

W. Arg Tax Rate $\Rightarrow \frac{\text{Total Estm. Tax}}{\text{Total Estm. Income}} \times 100$

Interim Income X W. Avg. Tax Rate

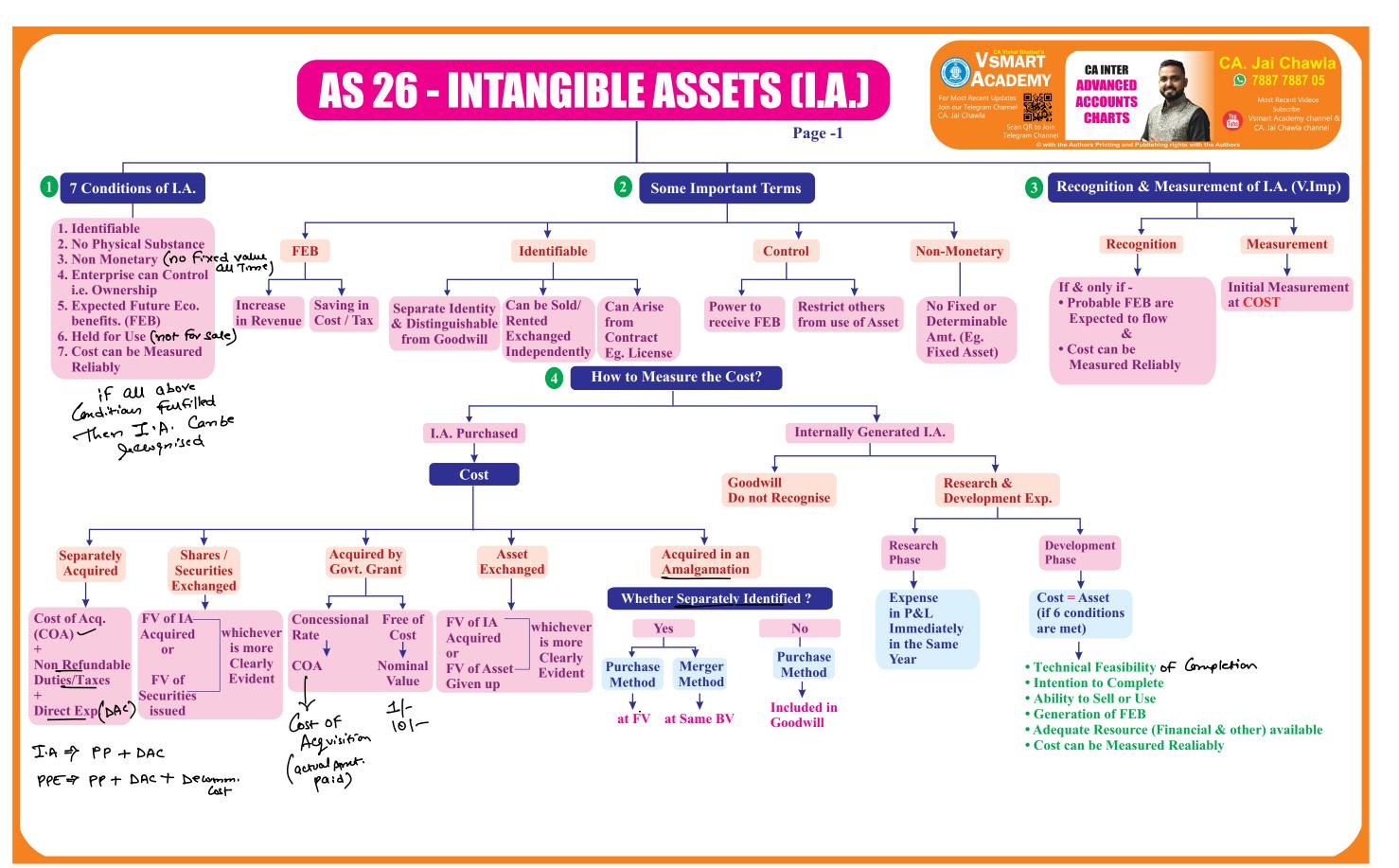
5. SELECTED EXPLANATORY NOTES

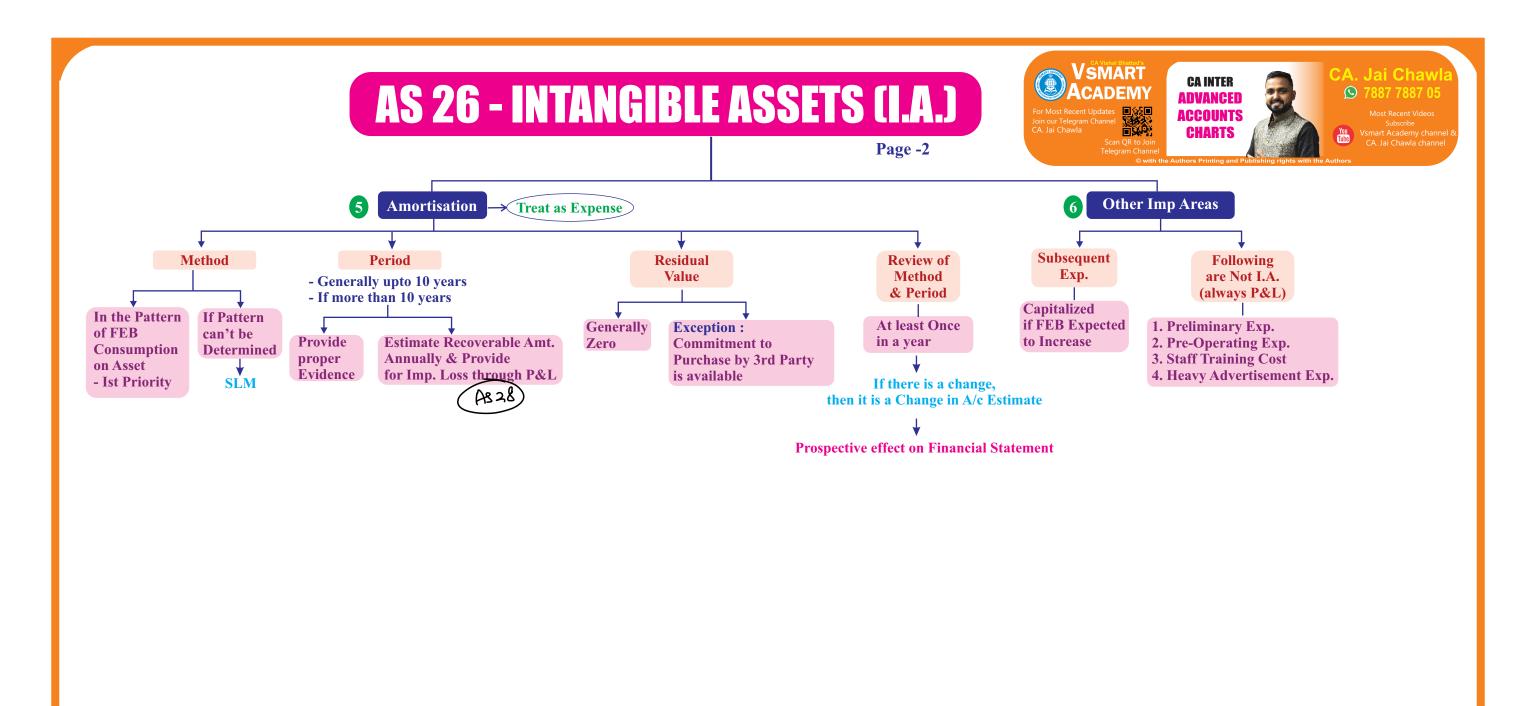
An enterprise should include the following information, as a minimum, in the notes to its interim financial statements, if material and if not disclosed elsewhere in the interim financial report:

- (a) A statement that the <u>same accounting policies are followed</u> in the interim_financial statements as those followed in the most recent annual financial statements or, if those policies have been changed, a <u>description</u> of the nature and effect of the change.
- Explanatory comments about the seasonality of interim operations.
- The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidence as per AS 5.
- (d) The nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.
- (e) <u>Issuances, buy-backs, repayments and restructuring</u> of debt, equity and potential equity shares.

 (f) <u>Dividends</u>, aggregate or per share (in absolute or percentage terms), separately for equity shares and other shares.
- (g) Segment revenue, segment capital employed (segment assets minus segment liabilities) and segment result for business segments or geographical segments, whichever is the enterprise's primary basis of segment reporting.
- (h) The effect of changes in the composition of the enterprise during the interim period, such as amalgamations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations and
- (i) Material changes in contingent liabilities since the last annual balance sheet date.

The above information should normally be reported on a financial year-to-date basis. However, the enterprise should also disclose any events or transactions that are material to an understanding of the current interim period.





AS 27 - Financial Reporting of Interest in JV





Contractual Arrangement of Two or more Parties sharing Control over **Business Activity.**

- Contract must specify "Sharing of Control"
- Specific % of Holding is not necessary maintained

Classification of JV

1. Jointly Control **Operations (JCO)** 2. Jointly Controlled Assets (JCA) 3. Jointly Controlled **Entities (JCE)**

JCO

- No Separate Legal **Entity**
- Each Venturer uses his own Asset & incurs own Liability
- Common Revenue & Exp. are shared only
- JCO doesn't have its Separate financial statatements

JCA

- No Separate Legal Entity
- Common Asset is maintained/ **Purchased by Venturers**
- Each Venturer shall record its own share in such Asset
- No separate financial statements of JCA



- A Separate Legal Entity is created
- It has its own Books & Financial **Statements**
- JCE has its own Assets /Liabilities & Revenue/Exp.
- Each Venturer has defined share in Net Assets & NP of JCE
- Venturer shall follow "Proportionate Consolidation method in their CFS

Proportionate Consolidation Method (JCE)

- Transaction between **Ventures & JV**

from or thru JV

- → Own share of Loss can be recognised only when there is Goods or there is an **Impairment Loss of**
- → Assets/Inventory purchased & recorded by Venturer shall exclude its Own

Venture shall Consolidate its

own share of Asset/Liab./

Revenue & Exp. in its CFS

No Minority Interest unlike

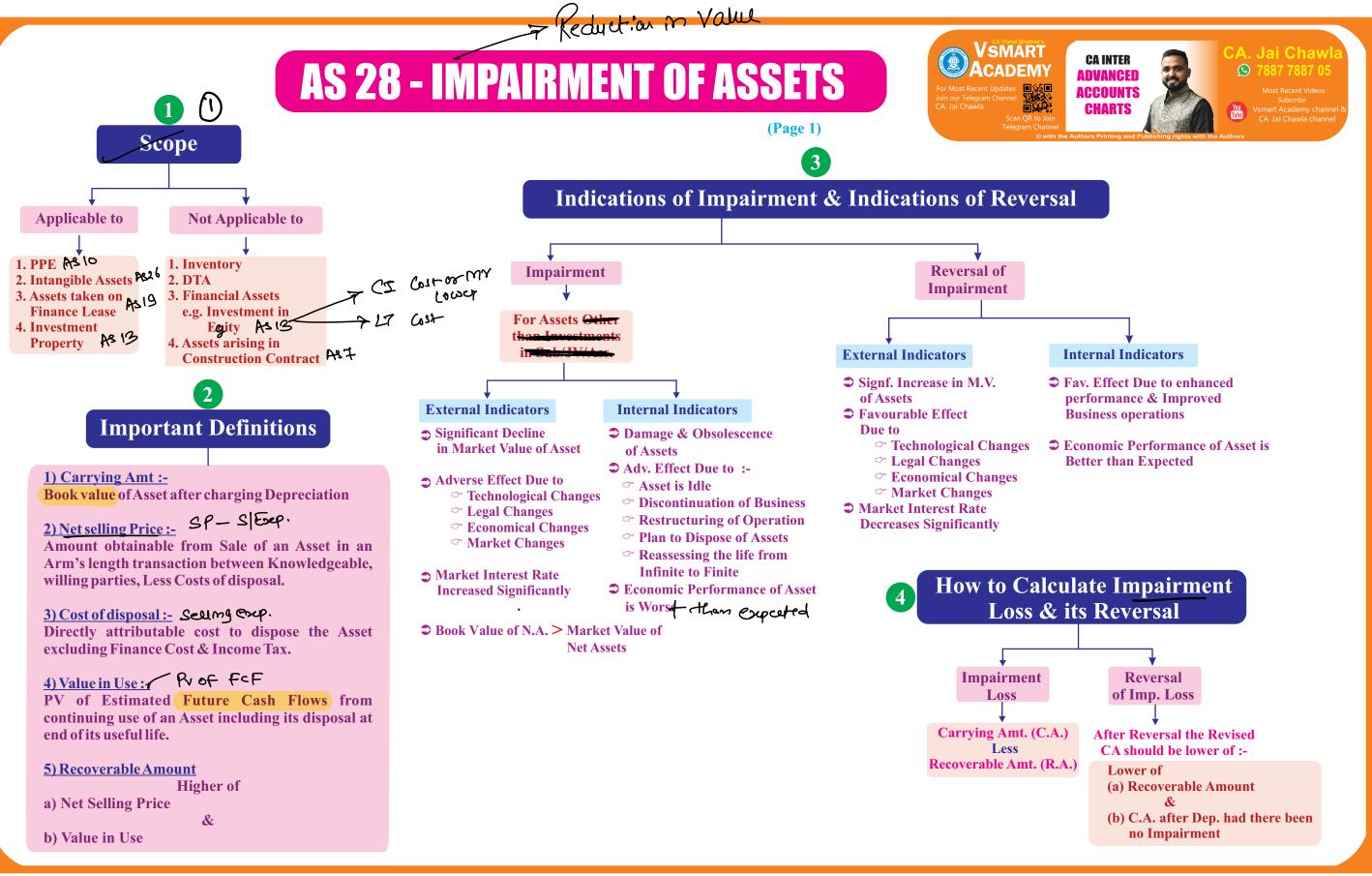
recognised by preparing Cost

Subsidiary Co.

• Goodwill / CR to be

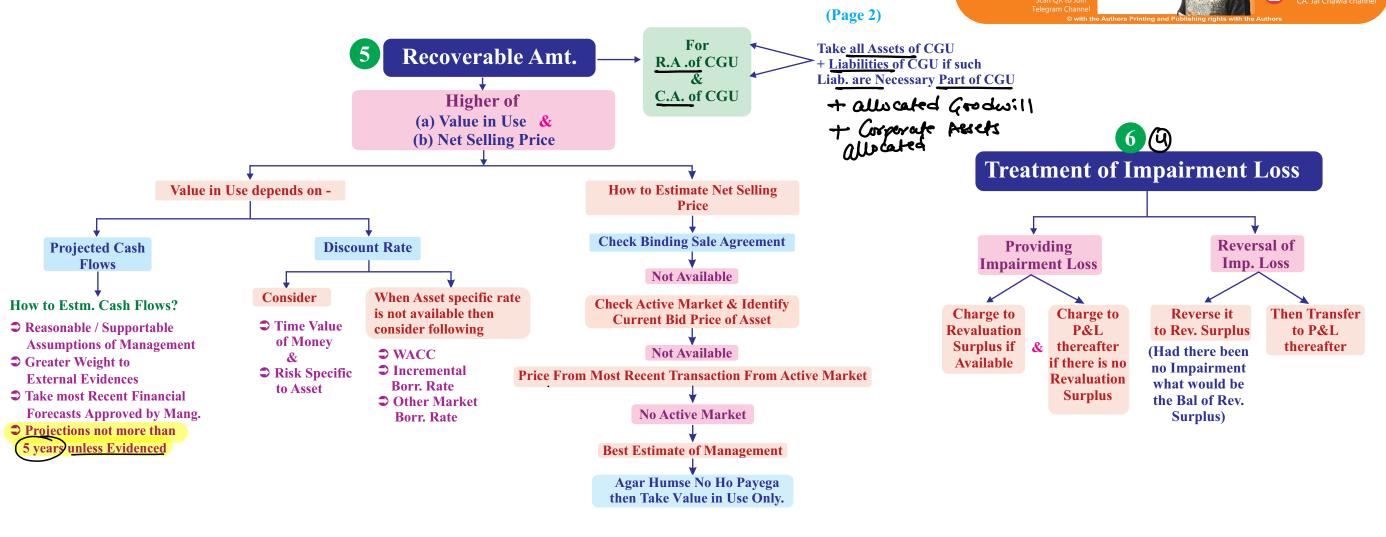
of Control (COC)

- → Venturer shall not record its own share of Profit/loss made
- reduction to NRV of Asset
- share of Profit.



AS 28 - IMPAIRMENT OF ASSETS





34

TITE => Impairement Tentrong of Single Asset

First => CQU

Priority

AS 28 - IMPAIRMENT OF ASSETS

VSMART ACADEMY

is Planned to be Sold

in its Entirety

CA INTER ADVANCED **ACCOUNTS CHARTS**

CA. Jai Chaw **©** 887 7887 05

(Page 3) Impairment Testing **⊃** Smallest Identifiable group of Assets **⊃** Generate Cash Inflows When Individual Asset is **⊃** Independently from other not able to Generate to Individual Asset only group of Assets **Independent Cash Inflows**

> **How to Allocate Goodwill & Corp. Assets** In absence of any info, allocate Goodwill in

Ratio of Fair Values of

all CGU's at

time of Acquisition

First Preference

C.A. of Asset

R.A. of Asset

Allocate Corp. Assets in **Proportion of respective Carrying Amt. of CGUs** **Consider Cash Generating Unit (CGU)**

How to Impair the entire CGU

Apportion to all Assets including Corp. Assets in **Ratio of Carrying Amount**

Total Impairment Loss

(-) Goodwill Value

Bal. Imp. Loss

Under Bottom Up -CA of CGUs is compared with R.A. of CGUs.

If Value is

Allocable to

all CGU's

Bottom Up

Approach

If Impairment Loss arise then allocate the loss first to Goodwill, then all Remaining **Assets Including Corp. Assets.**

Goodwill and

Corporate Assets

If **Un-allocable** to all CGU's

First Bottom up

then Top Down

Under Top Down -Entire Entity's CA is compared with Entity's R.A.

If Impairment Loss arise then allocate the loss first to **Unallocable Goodwill** then Unallocable Corp. Assets.

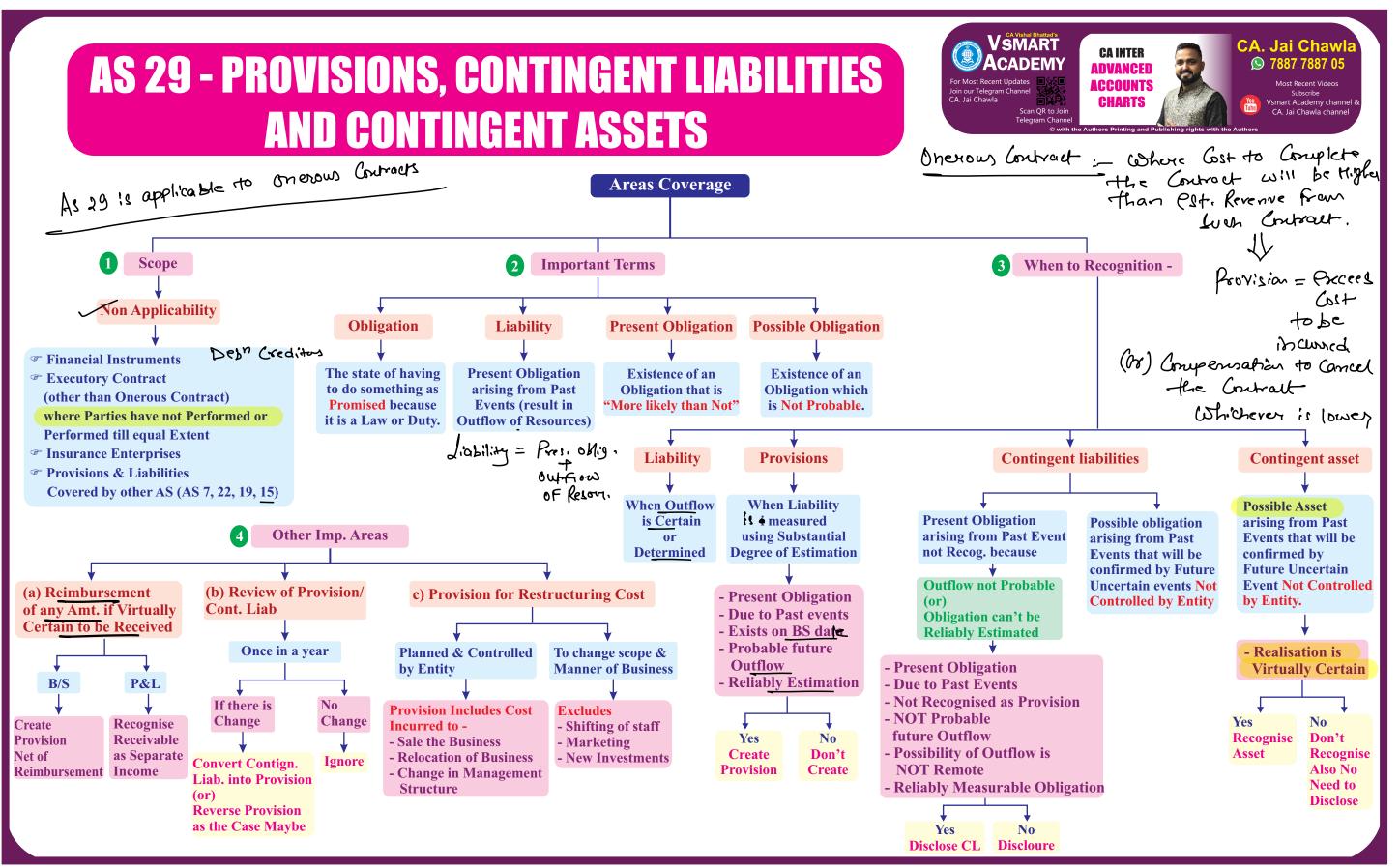
Impairment in case of **Discontinuing Operations** If entity Plans to dispose **If Discontining Operation**

Apply Impairment Apply Impairment Test for whole Test for Individual Asset operation or Grp of Asset wise



the Assets individually

(Piecemeal Sale)



DIVISIBLE PROFITS



CA INTER ADVANCED **ACCOUNTS CHARTS**

(Esc + Psc)



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Payment of Dividend

Only out of Profits (excluding **Notional Gains & Revaluation** Surplus ets.)

Out of CY Profits without any **Condition**

Ist Priority

II Priority

Out of Undistributed Profits of Previous years (if CY profit is not adequate) **Subject to fulfillment** of Certain Conditions

Undistributed Profit also called Accumulated **Profits or Free Reserves**

Both CY & PY Profits can be utilised if CY Profits are Insufficient

Out of the Money Provided by Central or State Govt. if Guaranteed

Dividend Rate shall not exceed Avg. of Dividend Rates of Previous 3 years

Condition - 1

16% **14.33%**

Following Conditions Must be Fulfilled to Pay Dividend out of Previous years Profits

Condition - 2

Maximum withdrawal of **Profit out of Accumulated Profits for Dividend shall**

be upto 10% of Paidup sh. Capital-+ Free Reserves of last Audited B/S

543000

lastyenP&1 (r. = 32 lacs.)
Cy NP = 10 lacs.

Balance Remaining in Acc. Profits/ Free Reserve should be at-least 15 % of Paidup Sh. Capital

Condition - 3

ree Reserves includes **Genral Reserve** & P&L A/c Cr. Bal.

We Can not Use Following:

- 1. CRR
- 2. DRR
- 3. SP a/c
- 4. Revaluation Reserve
- 5. Capital Reserve

PSC = 45 AGGs. PSC = 20 AGGs. GR = 50 AGGs. Bal = 22Ex: 2 Esc = 75 las.

(Lastyr.) Pse a/c Dr. Bal. = (15 lass) 1,30,00,000 × 10,1.

withdrawal = 1300000

1) If Cy is 1st year for Company. :- NO Dividend

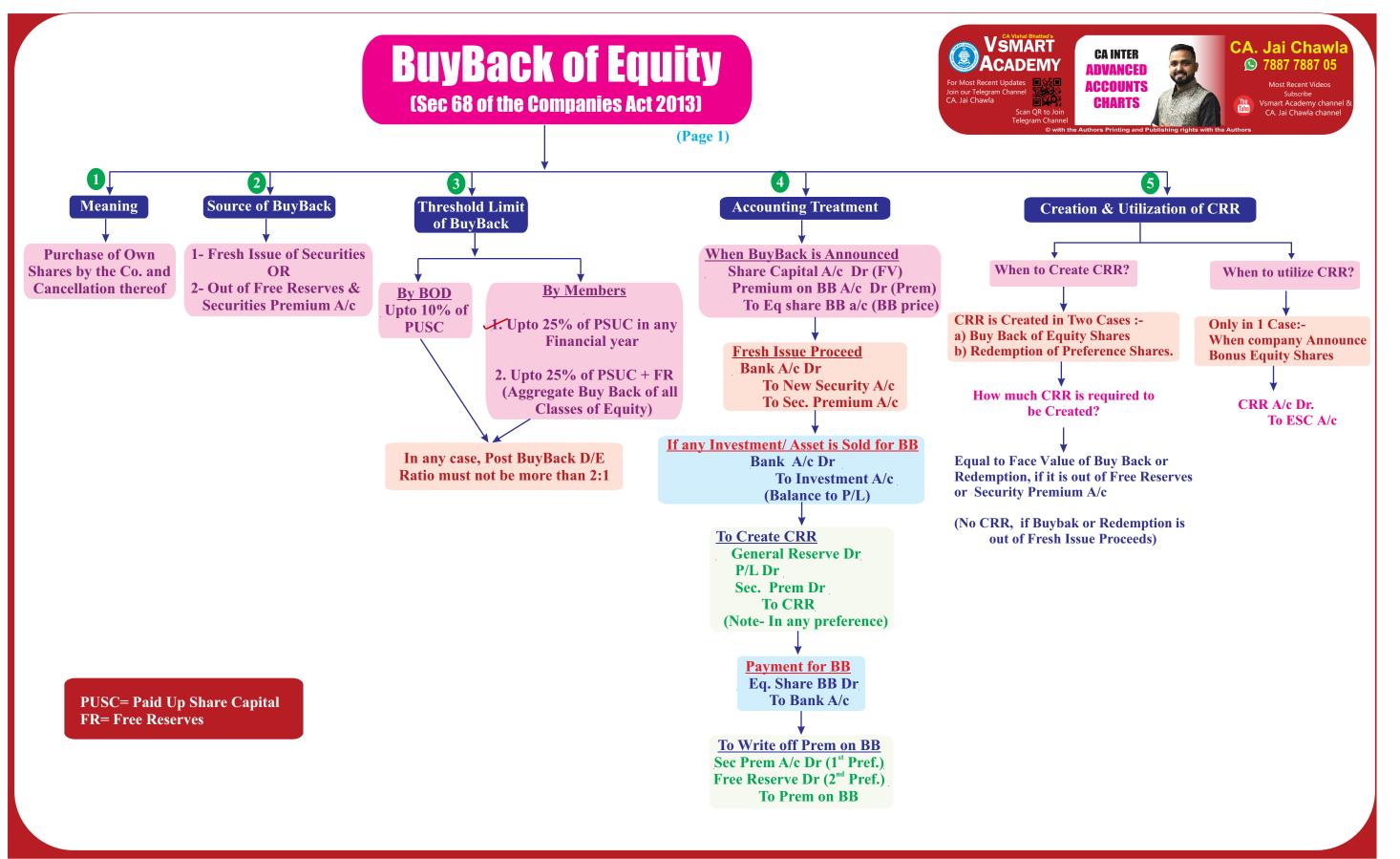
2) IF cy is 3rd yr. only For Company: - Take Avg

3) Company occerdistoiseted any Dividend in last 3 years -> No Dividend

4) If Dividend of Last 3 years are:

10,1.

Avg => 15+0+10 = 8.33.1. Av9,



Continued to next ...

