



**V'Smart
Academy**

CA INTER

ADVANCED ACCOUNTS

HAGGLE VIEW CHART BOOK

Accounting Standards & Other Topics

- ✓ Coverage of All 27 Accounting Standards
- ✓ Also Covered Important Topics Other than AS
- ✓ Charts in Tree Form For Quick Revision for Exams

C.A. Jai Chandra
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FOR MAY'24, NOV'24 & MAY'25

VERSION 5.0



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 & management 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 believes 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

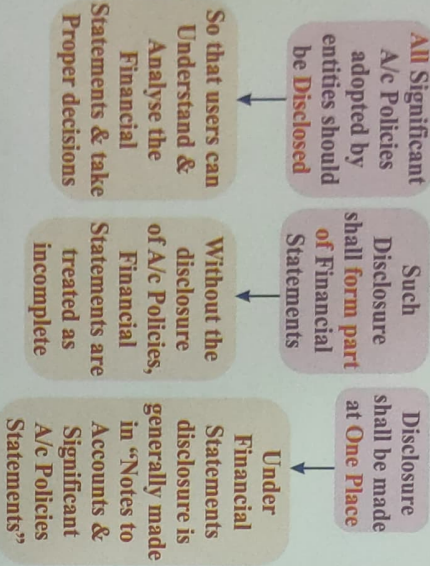
1 Meaning of Accounting Policy

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

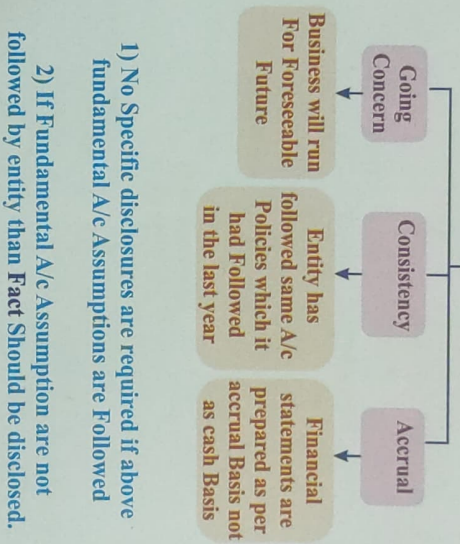
Examples :-

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

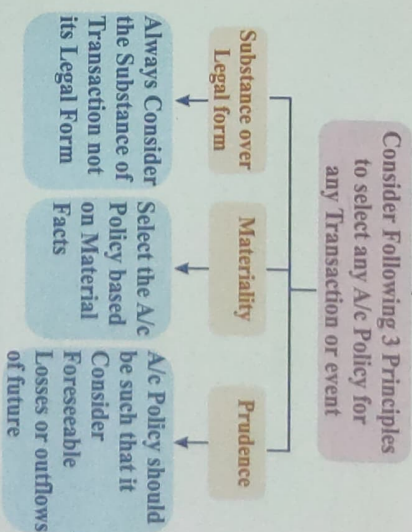
2 Basic Requirements of AS - 1



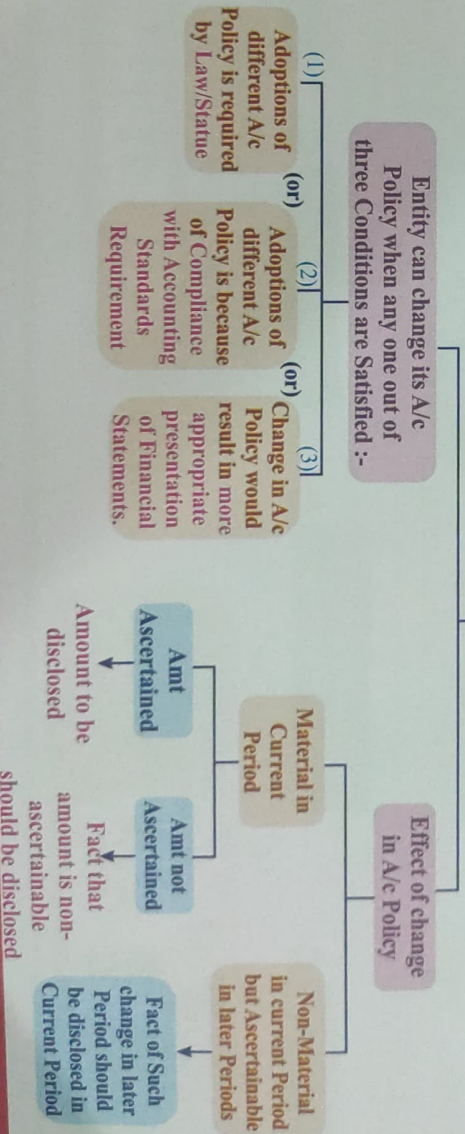
3 "Fundamental Accounting Assumptions"



4 Selection of Accounting Policy



5 Change in Accounting Policies



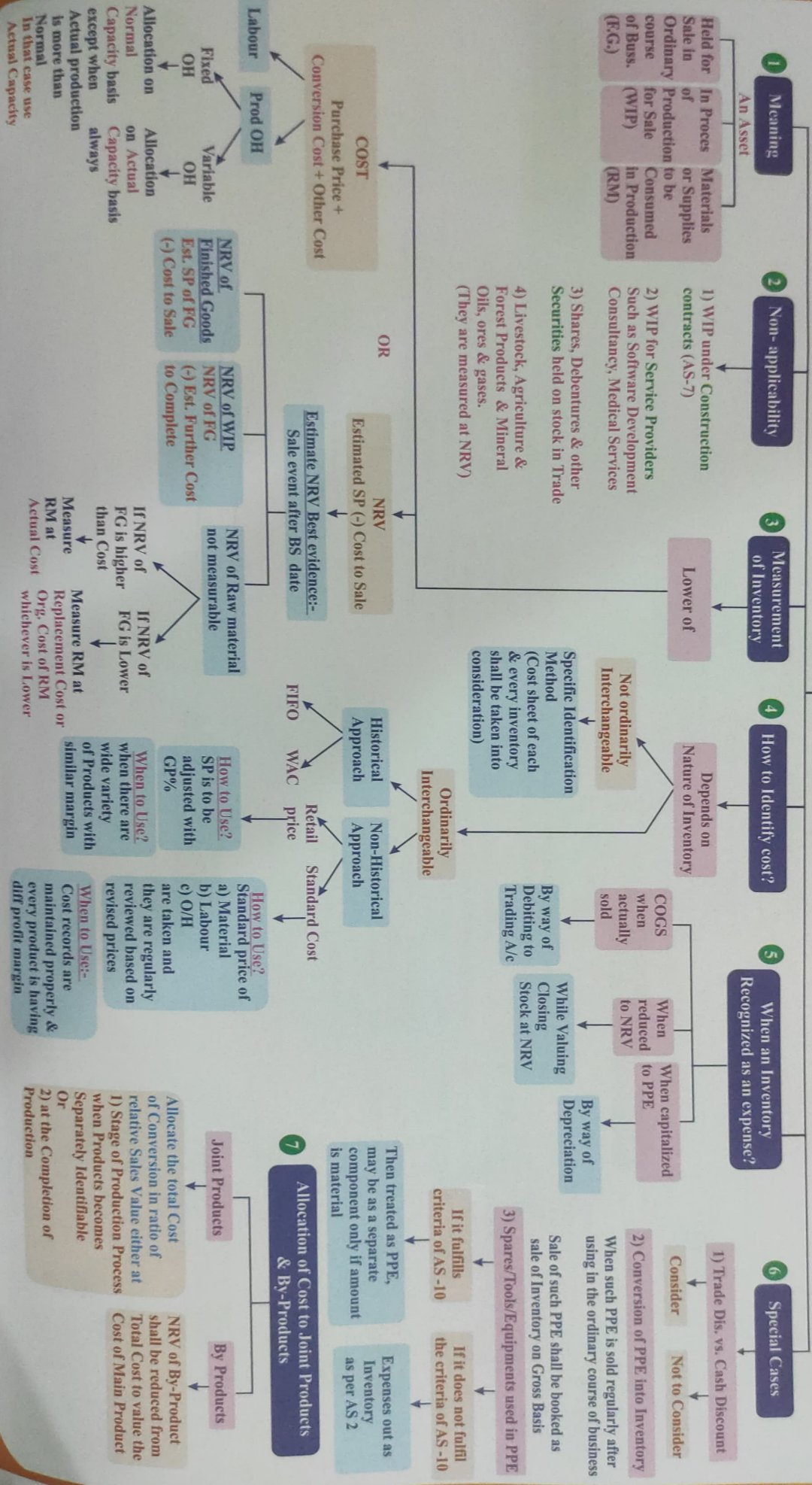
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AS 2 - INVENTORIES



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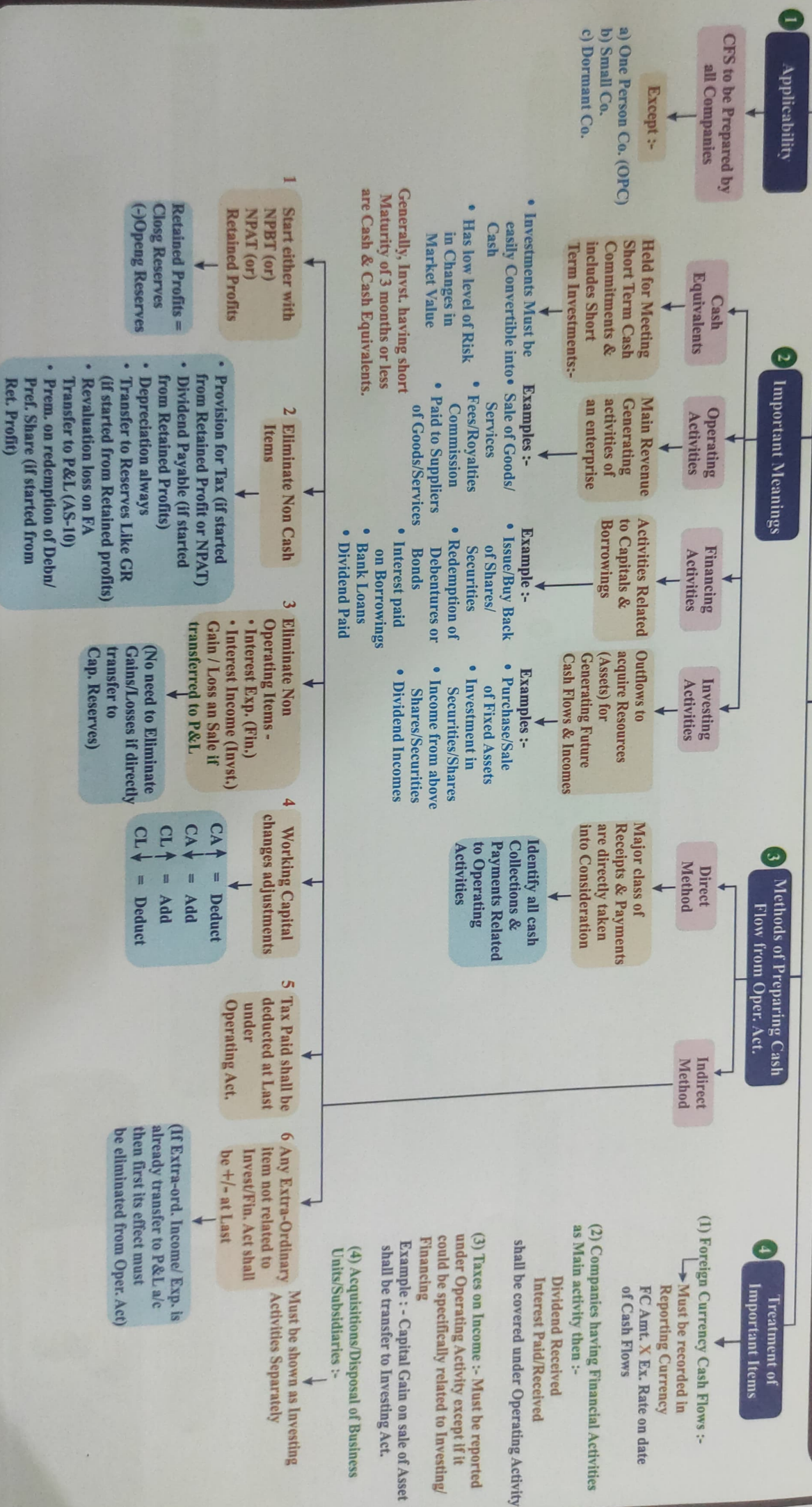
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AS 3 - CASH FLOW STATEMENT

(Page - 1)



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SUMMARY OF CASH FLOW STATEMENT

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1 Net Cash Inflow means Cash Generated & Net Cash Outflow means Cash Used

2 If nothing is specified about Cash Sales & Cash Purchases then we would always assume the Total Sales & Purchases in Credit Only.

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

TAX A/c

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

5 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 NP after Tax or from Retained Earning under Indirect Method.

To Opening Balance of Advance Tax
 To Cash Payment of Tax
 To Closing Provision for Tax

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

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 add back from NP

7 If Debentures are shown in BS with % of Interest is also given about interest then also we have to make adjustment of Interest.

8 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

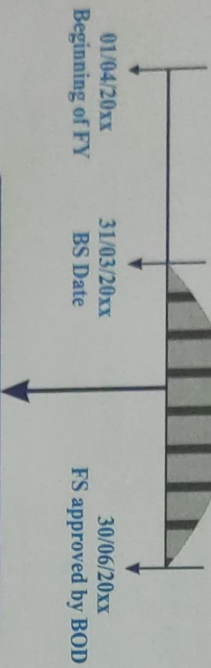
For Capital Projects Investing Activities
 If such grant is amortised in P&L Then less back under Operating Activities

For Revenue Expenses Operating Activities.
 If Already transfer to P&L then no need to eliminate under Indirect Method.

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

1 Meaning

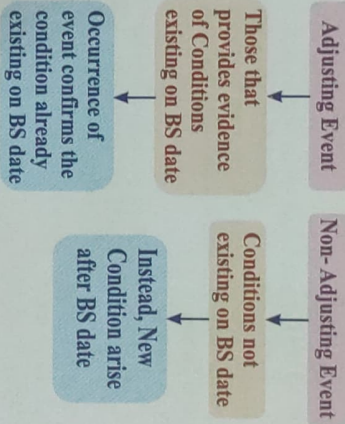
Any Event that occurs After the BS date & Before the Date when Fin. Stat. are Approved is called Events Occurring After the BS Date



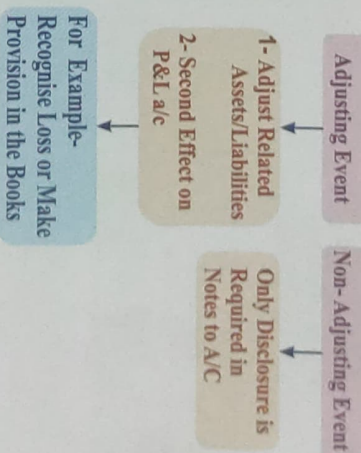
If any event occurred during this period then Fin. Effect of these events shall be adjusted or disclosed on BS date.

- Examples:
1. Insolvency of a Debtor
 2. Reduction in Value of Investments
 3. Fire occurred in the premise resulting losses

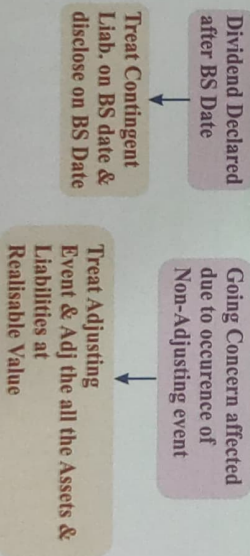
2 Types of Events



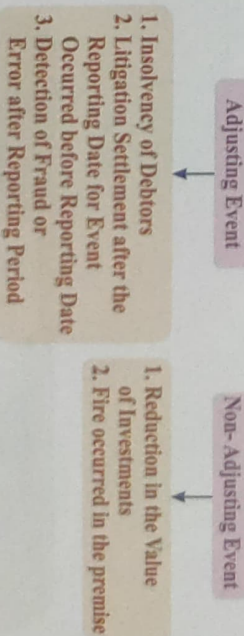
3 Treatment



5 Some Special Cases



4 Examples



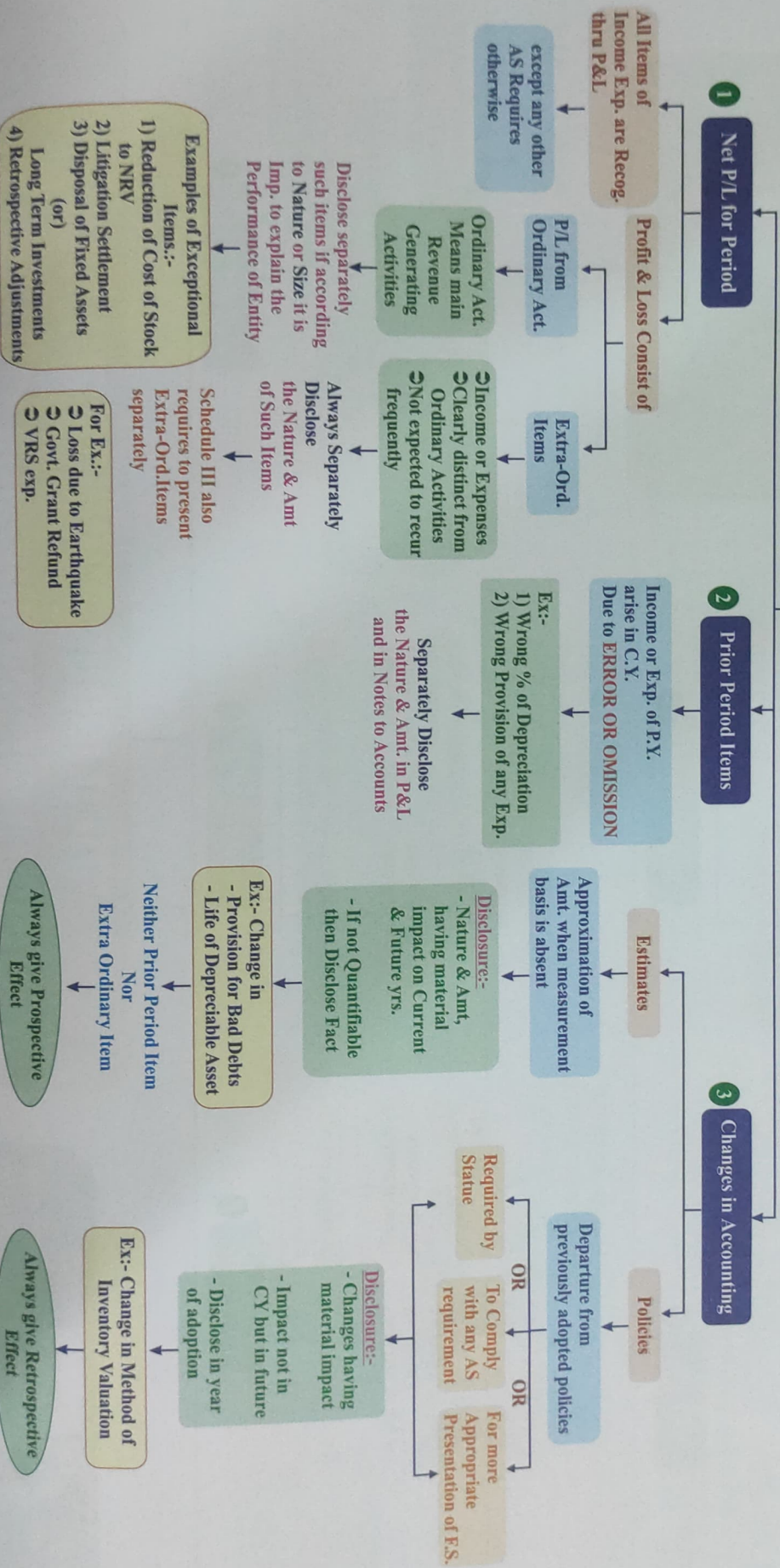
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AS-5 Net Profit or Loss for the Period, Prior Period Items & Changes in Accounting Policies



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AS 7 - CONSTRUCTION CONTRACTS

Applicable on Accounting in the books of Contractors

Types of Construction Contracts

- Fixed Price Contract**
(Full Price or Fixed Price P.U. of output)
- Cost Plus Contract**
(Cost + some % of fixed amount)

Main Contract

Combining & Segmenting

- Two or more Contracts shall be Combined if -
 - Negotiated as a Single Package (or)
 - All Contracts are Part of Single Project (or)
 - All Contracts are Performed Continuously
- A Contract of Multiple Assets to be treated Separate Contract for each Asset - if
 - Separate Proposal for each Asset &
 - Separate Negotiation &
 - Ability to Reject/Accept partly &
 - Cost & Revenue Identifiable of Each Asset

Method allowed for Recognition of Revenue

Percentage of Completion Method (Recognise Revenue w.r.t. Stage of Completion)

How to Measure Stage of Completion? (2 ways)

1) Cost incurred till date
+
Total Estimated Contract Cost; or

Is Outcome of Contract Estimated Reliably

- Yes** → Continue with 'Percentage of Completion method' for Revenue Recognition
- No** → Revenue to be Recognised = Cost Incurred till date to the extent Recoverable i.e. No Profit/Loss

If Additional Assets are Introduced in Existing Contract

Treat Separate Contract

- Differs Significantly in Design/Technology/Function (or)
- Price Negotiated Separately

Combined Contract

- Survey of Work Performed (Based on Engineer Report)

Disclosure Requirement

- Contract Revenue & Contract cost
- Stage of Completion-Method followed
- Amt. Payable to Customer & Receivable from Customer
- Adv. Received from Customer
- Retention by Customer
- Profit recognised
- Progress billings

Contract Revenue

- Initial Agreed Amt (+/-)
- Variation Amt (+)
- Claim (+)
- Incentives (if any) (+)
- Escalation Clause (-)
- Penalties (-)

Contract Cost

- Direct Specific Exp. (+)
- Allocable General Exp. (+)
- Customer Specific Exp. (-)
- Incidental income (not included in contract revenue)

Treatment of Contract Cost

Actual cost Incurred during the period
↓
Book Immediately

If Estimated total Contract cost Exceeds Est. Revenue

Total Revenue --- xxx
- Total Est. Cost --- xxx

Total Loss xxx
- Loss Already booked xxx

Excess Loss (xxx)

Make Provision Immediately through P&L

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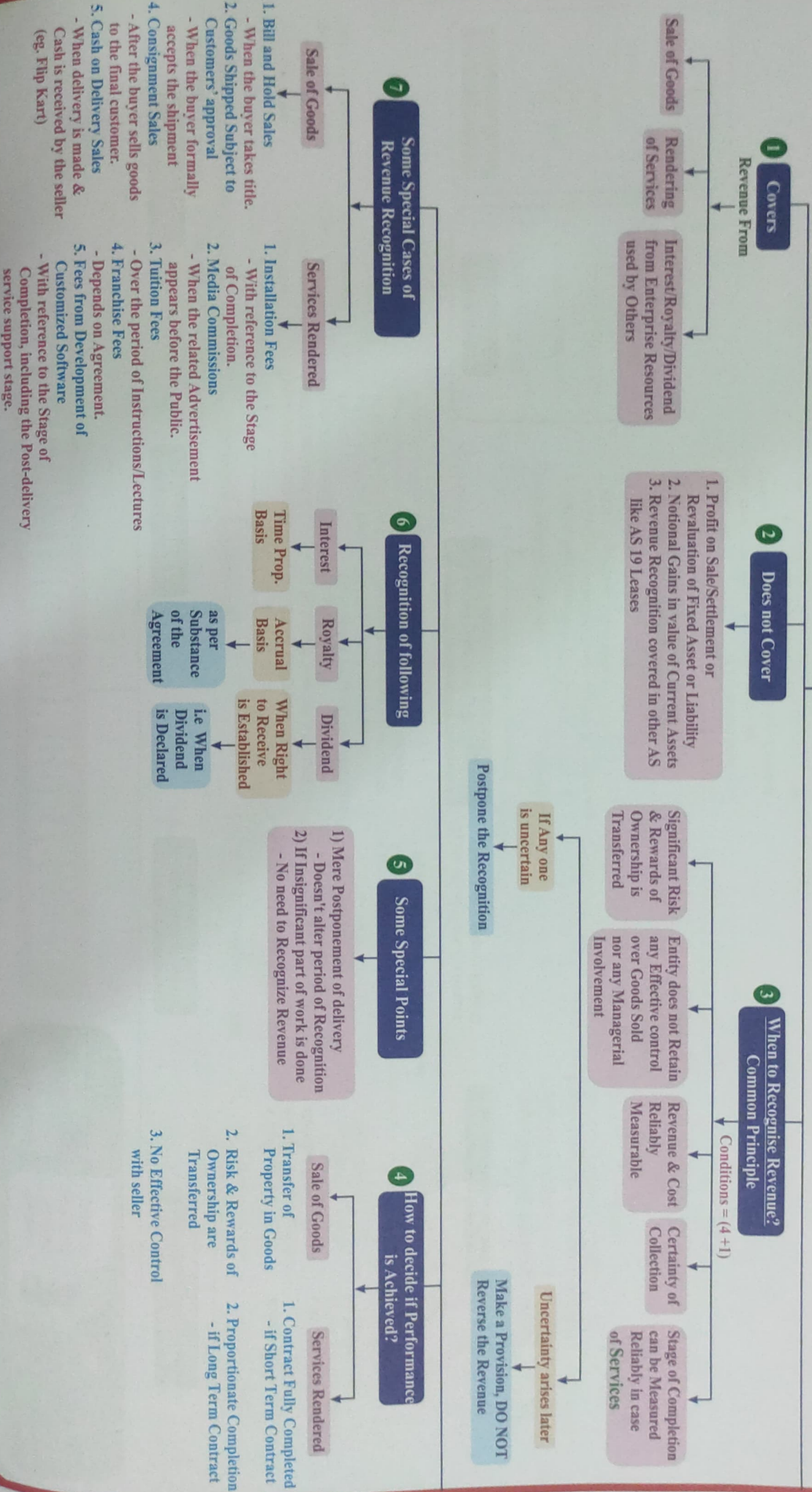
AS 9 - REVENUE RECOGNITION

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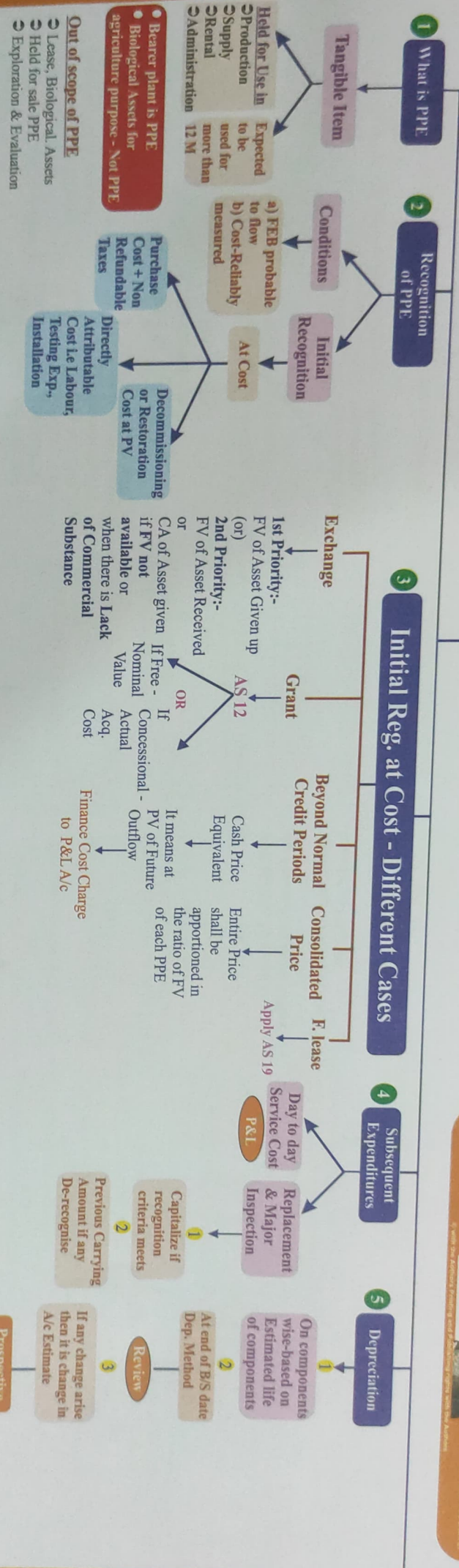
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AS 10 - Property, Plant & Equipment (PPE)

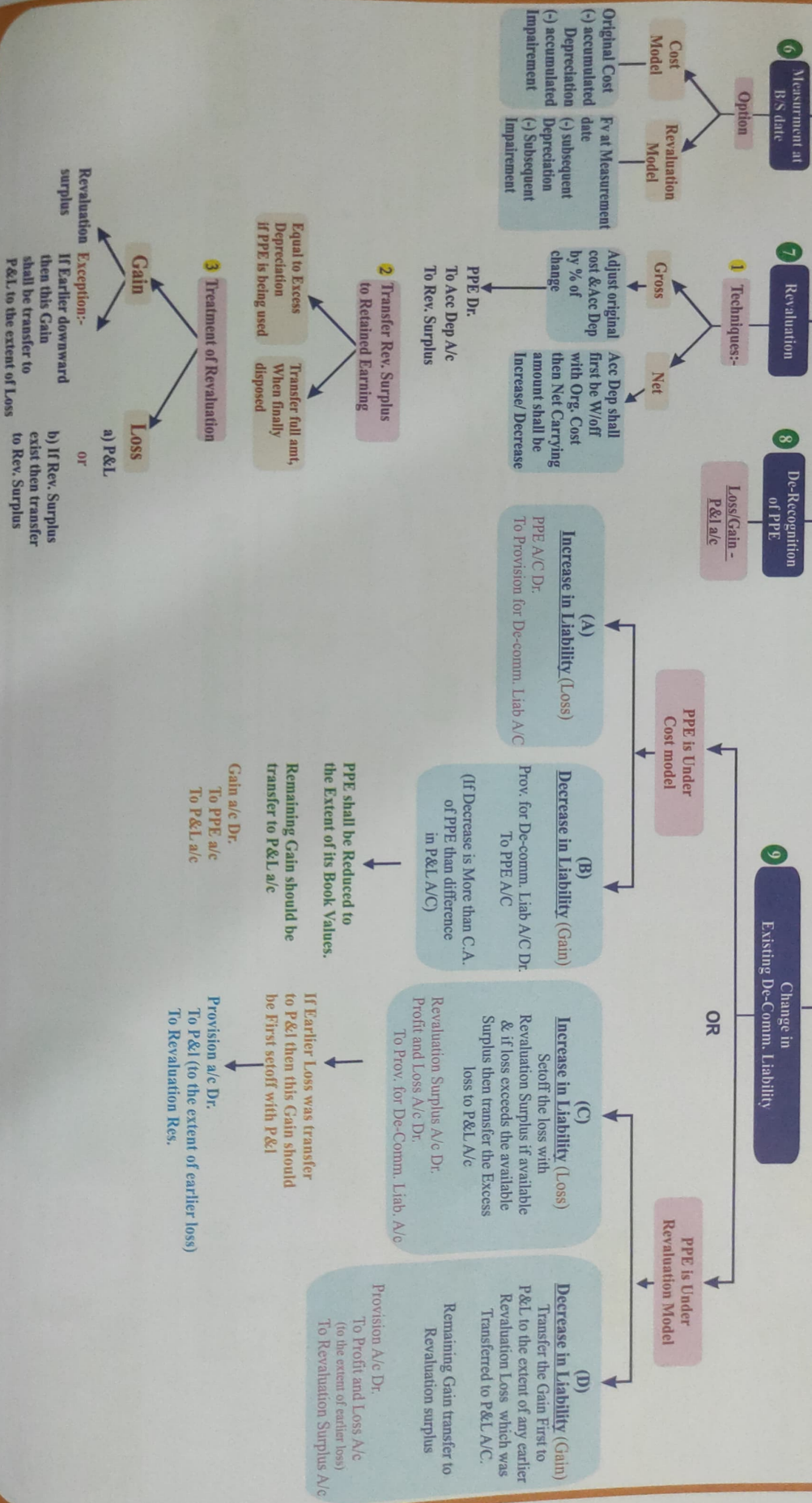
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AS 10 - Property, Plant & Equipment (PPE)

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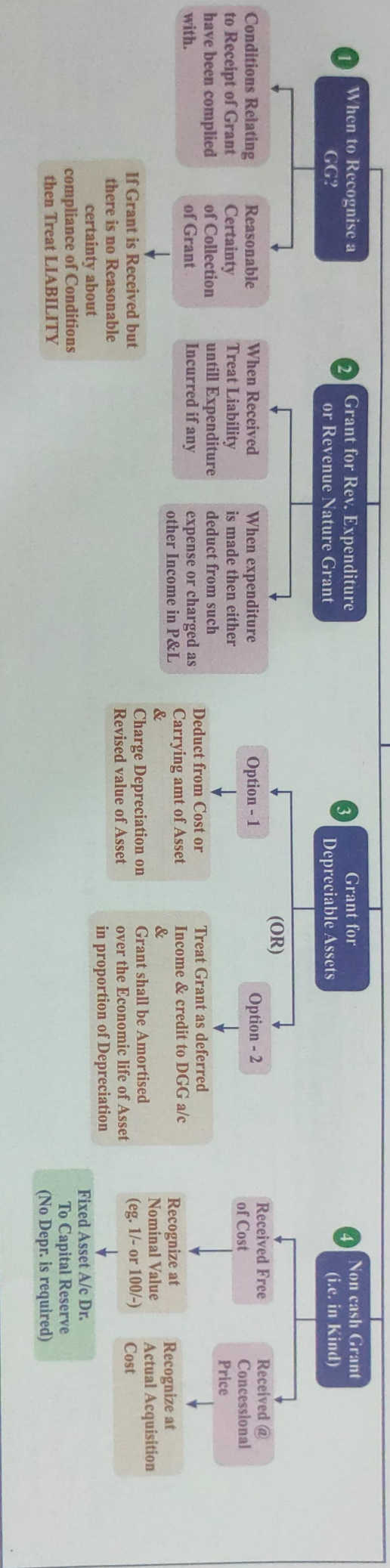
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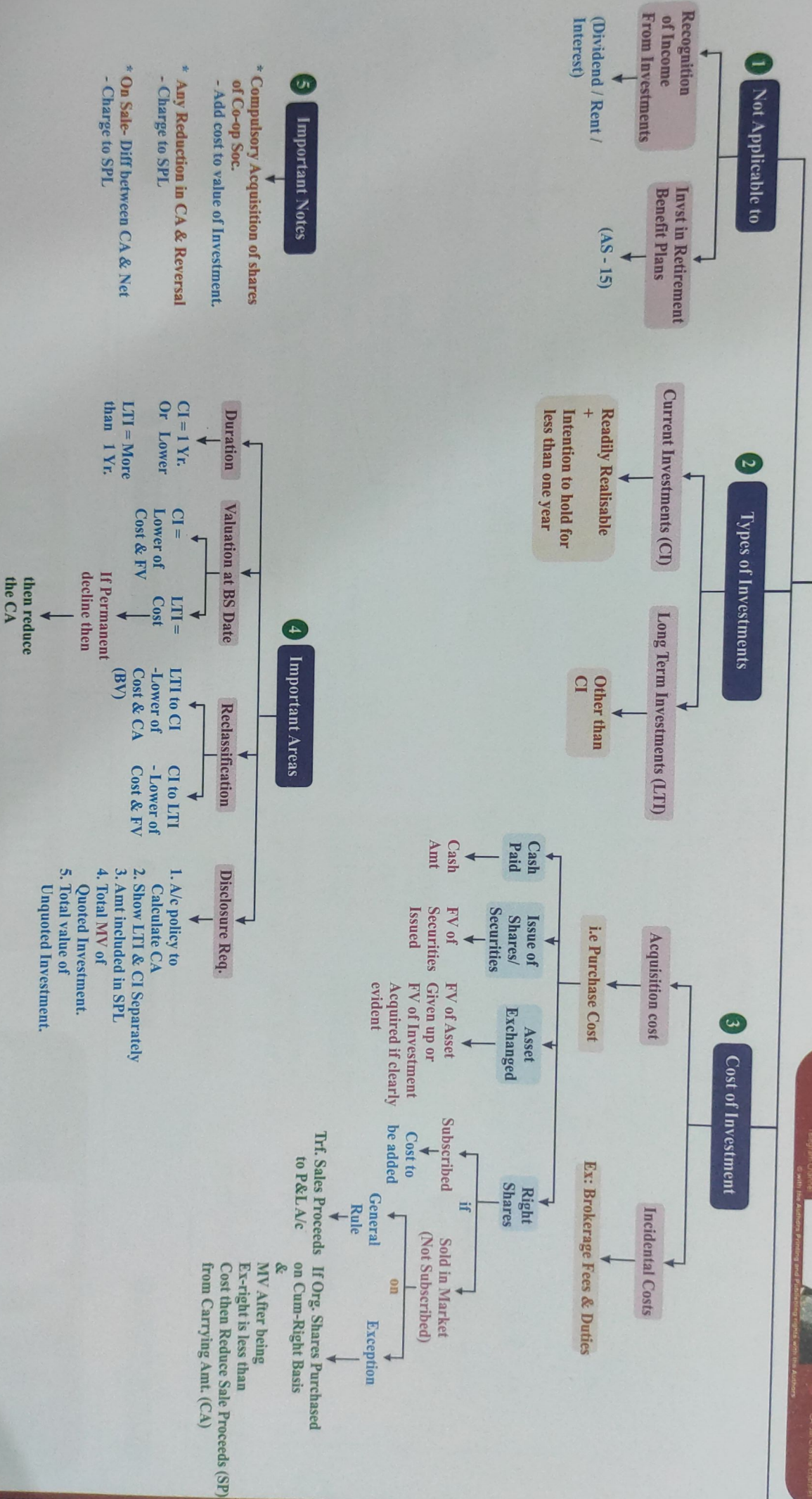
AS 12 - GOVERNMENT GRANTS


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- (a) Any Un-Amortised balance not yet charged to P&L shall be Reversed (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 then CR shall be reversed
- (d) If Earlier credited to Fixed Asset A/c then to be charged to Fixed Asset A/c.

AS 13 - ACCOUNTING FOR INVESTMENTS



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AS 14 - AMALGAMATION

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T^ree => Transferee T^ror => Transferor

1 Basics

1) Types of Amalgamation

Merger A + B = C
Absorption A + B = A
Exter. Recn. A = B

2) Parties Involved

Transferor
Selling Co.
Shareholders of T^ror get PC
Buying the Business (NA)
AS - 14 is applicable
T^ree gets Net Assets

2 How to Calculate PC?

Ist Priority Exchange Ratio Method

When to Use?
All Assets / Liab. are Taken

How to Use?

Exchange Ratio Given
Not Given

- Apply the Same Ex. Ratio
- Fraction if any pay in cash

How to Calculate IV?

All Assets ----- MV
(-) all Liab ----- Payable Value
(-) PC to PSH ----- PC

Net Assets

No. of Eq. sh.

IInd Priority Net Asset Method

When only Selected/Specific Assets / Liab are T^rover (not all)

Assets T^r over - XXX (mp)
(-) Liab Assumed - XXX (Payable)

PC

3 Treatment of PC

Books of Tree

1. Bus. Pur. a/c Dr.
To Liq. of T^ror

2. Liq a/c Dr.
To ESC a/c
To PSC a/c
To SP a/c
To Cash a/c
(Discharge of PC)

PC > NA = Goodwill
PC < NA = Cap. Res.

Books of T^ror

1. Tree a/c Dr.
To Realisation

2. Eq. shares in Tree
Pref sh. in Tree
To Tree a/c
(Receipt of PC)

3. PSH A/C
ESH A/C
To Eq. sh. in Tree
To Pref sh. in Tree
To Cash
(Distribution of PC)

4 Books of Tree Co. (AS-14)

In the Nature of Purchase

When there is no Merger then it is Nature of Purchase

Hint :- How to check Purchase Nature
1. Assets / Liab may be taken over at MV
2. Only Partial A/L may be Taken over
3. PC may be in other than Eq. shares

Result of Purchase Method
PC Discharged ----- XXXX
(-) NA Acquired ----- XXXX

Goodwill / CR

+/- Liq. Exp born by Tree XXXX
+/- Unrealised Profit XXXX

Net G/CR

Conditions (All Conditions Must be Fulfilled)

All A/L Must be Taken Over

at same BV

At least 90% External Eq Sh. Consent

PC only in Eq. shares

Same Buss. Must be Carried on.

Result of Pooling of Int. Method
PC discharged ----- XXXX
(-) NA Merged ----- XX
(-) Reserve Maintained - XXXX

CR / P&L

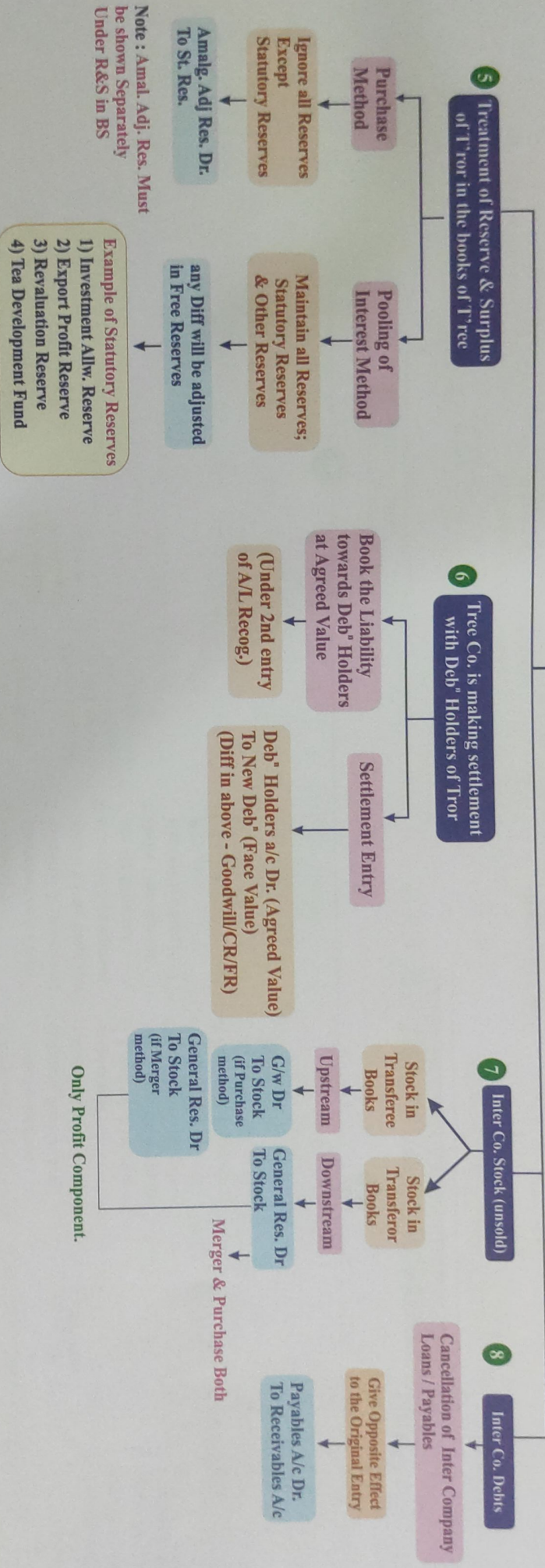
+/- Liq. Exp
+/- Unrealised Profit

Net GR/P&L

AS 14 - AMALGAMATION

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

AS 15 - EMPLOYEE BENEFITS

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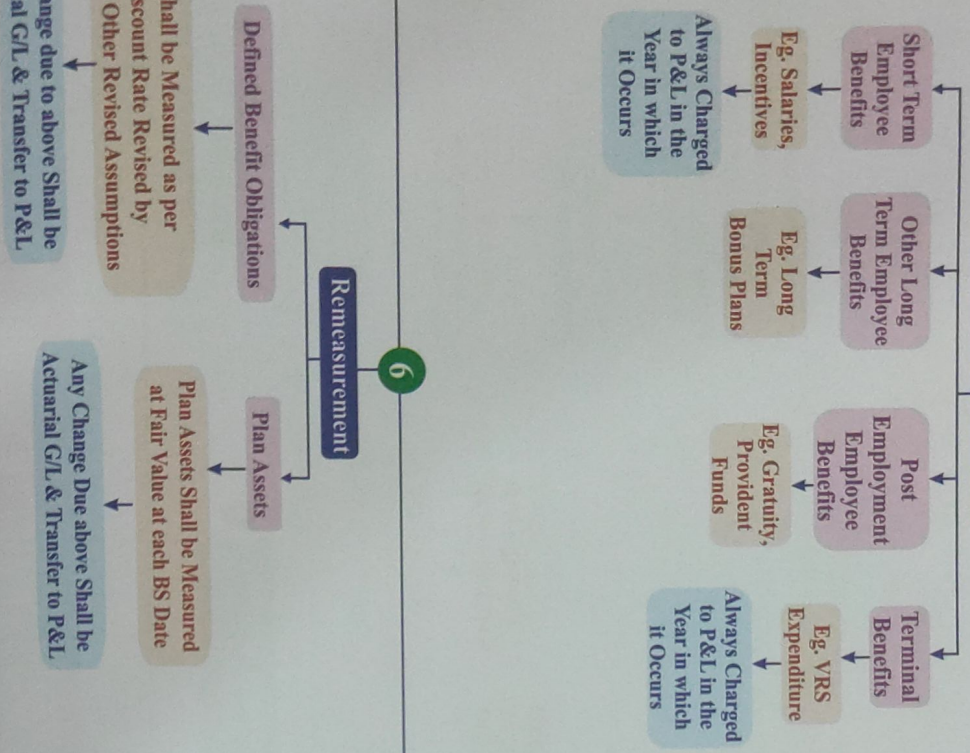
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Applicability

All Employee Benefits Except - Share Based Payments

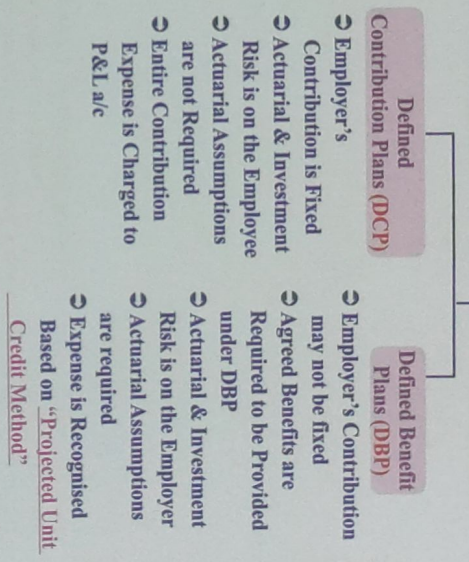
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Types of Employee Benefits



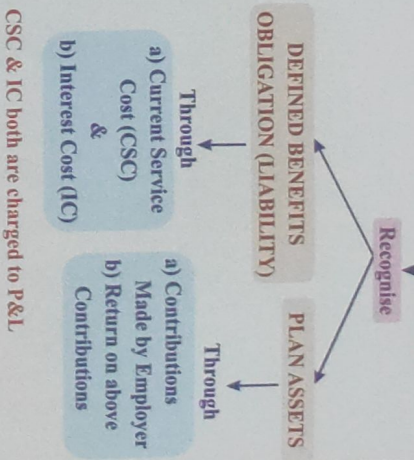
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Classification of Post Employment Benefit Plans & Other Long-term Employee Benefits



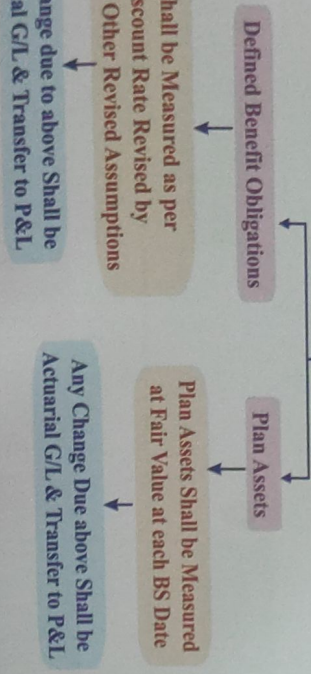
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Accounting for DBP



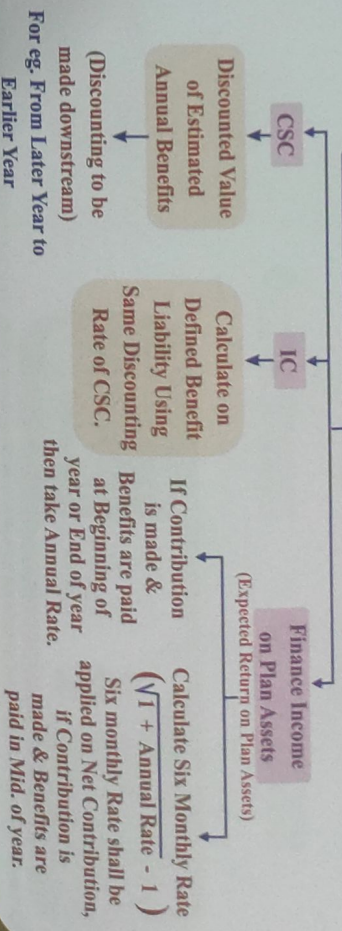
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Re measurement



5

How to Calculate Following Items?



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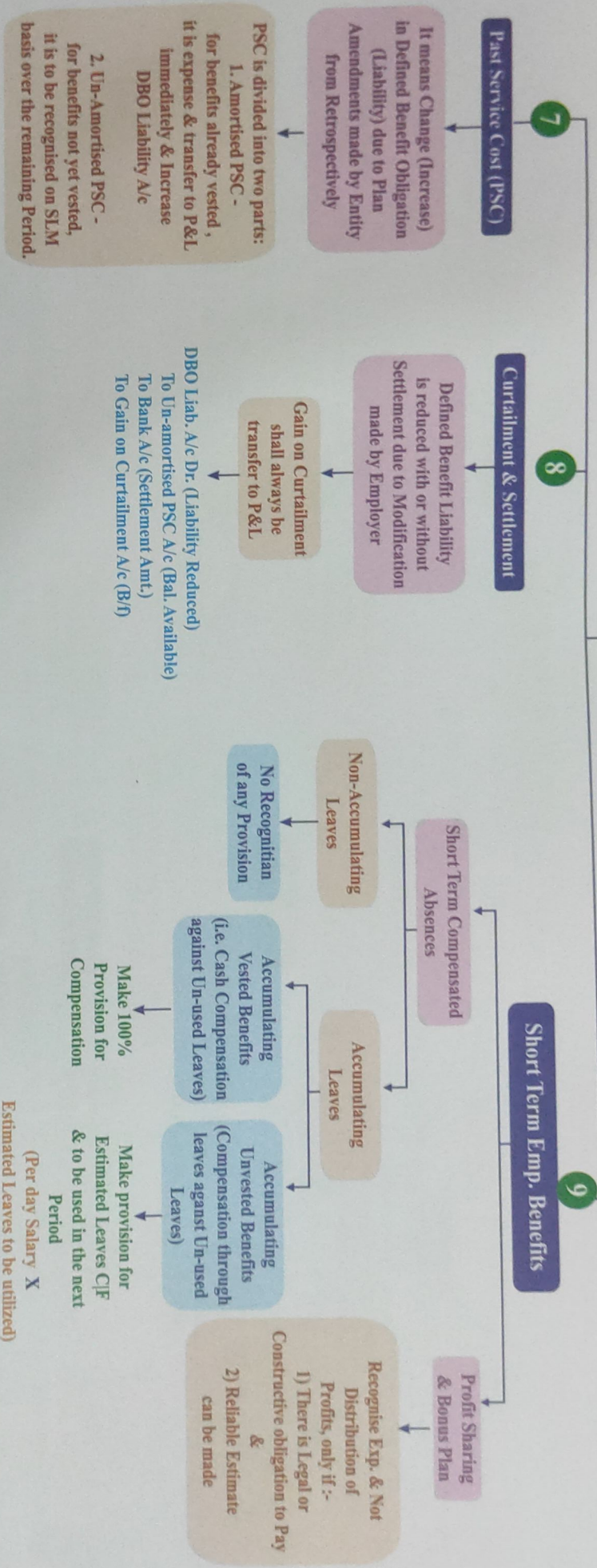
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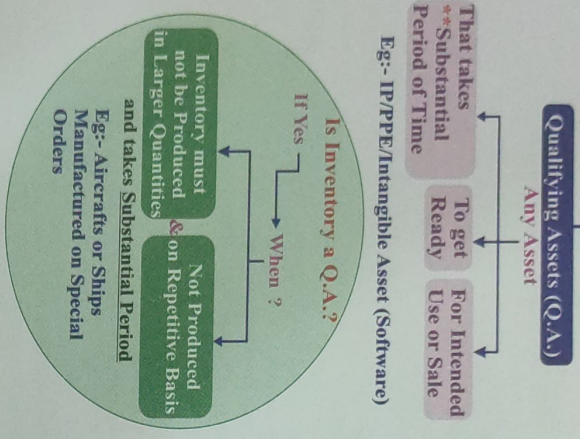
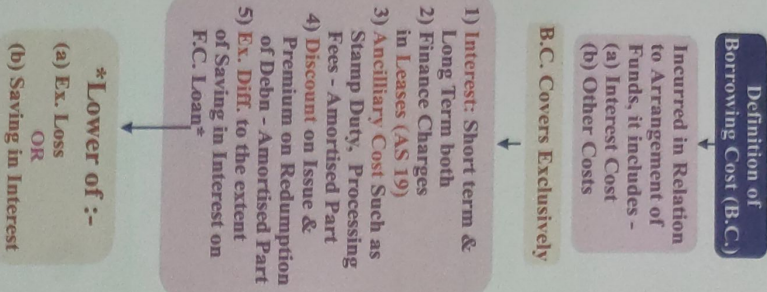
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AS 15 - EMPLOYEE BENEFITS

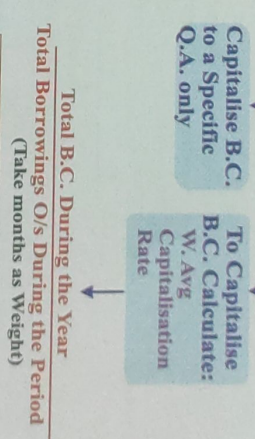
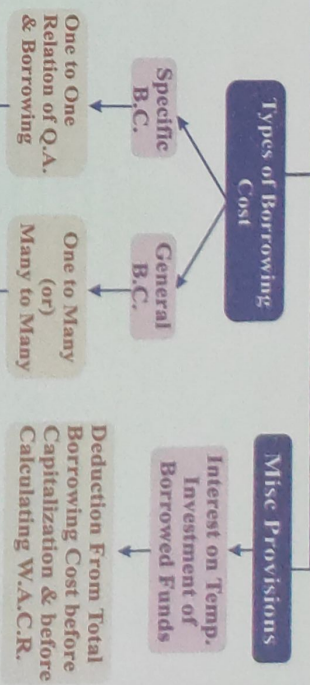
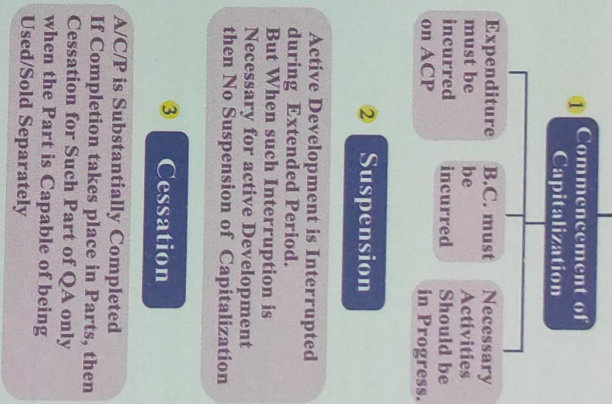
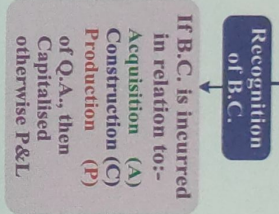
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AS 16 - BORROWING COSTS



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



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

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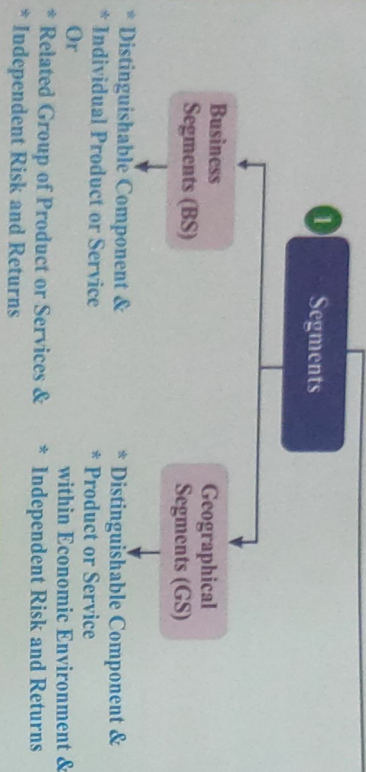
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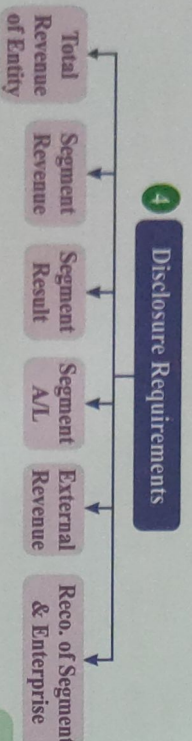
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AS 17 - SEGMENT REPORTING

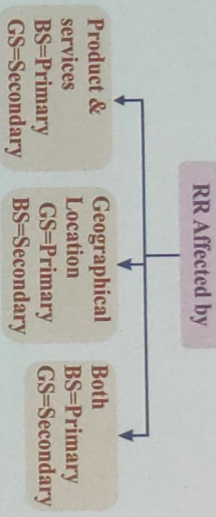
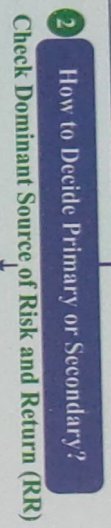


Reportable Segment =
Business Segment Wise
or
Geographical Segment Wise



Important Points:

- Any Segment which was Reportable in PY becoz of Para 27, such Segment shall be Reportable segment in CY even though it does not Fulfill Para 27
- First time Reportable segment = Restate PY Comparative Info



Most Imp: (Para 27)

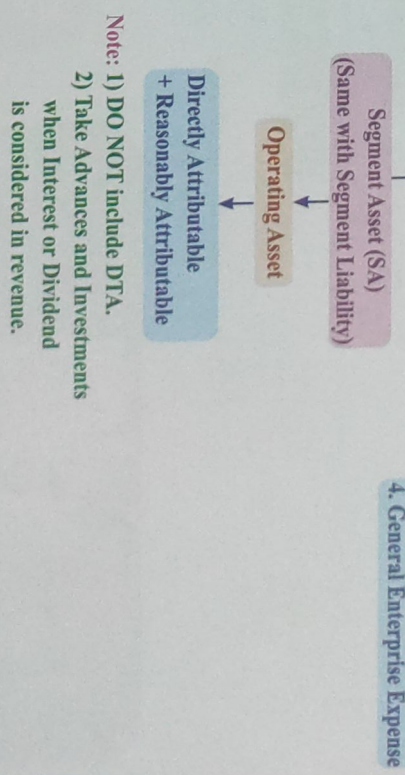
How To decide Reportable Segment?

- 1) S. Revenue = 10% or more of All Segments Revenue; OR
- 2) Result = 10% or more of all Segment in loss or Segment in profit whichever is higher OR
- 3) SA = 10% or more of all S. Assets

External Revenue of = 75% or more Reportable Segment of Total External Revenue

If Not

Add More Segments to make Minimum of 75% of the Total Revenue



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AS 18 - Related Party Disclosures

Independent FS → **Important Terms** → **Related Party (RP)** → **Related Party Transactions (RPT)** → **Whether or not charged i.e. Price Involved or Not** → **Applicability** → **Consolidated FS** (Except for Intra group trans.)

Important Terms

Related Party (RP)

Related Party Transactions (RPT)

Ability to Control

Exercise of Significant Influence (SI)

Transfer of Resources Between RPs

1. More than half VP
2. Power to Compose BOD/ Governing Body
3. A substantial Interest (20% or more VP)

Participation in Fin. &/or Op. Policy Decision

RP Does not cover

Two Comp. having Common Directors (Common KMP)

Significant Volume of Business with an Agent/Customer/ Supplier/Distributor

Normal dealings with Financier/ Trade Unions/ Govt. Officials

Relationship between One State Control Entity & Another.

Disclosure Requirements

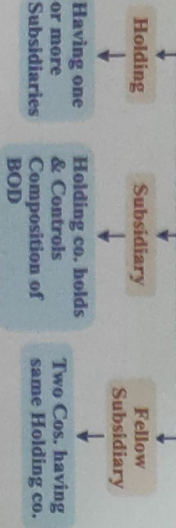
- Name & description of Relationship
- Description of Nature of Trans.
- Volume of Transaction (in amt or in Proportion)
- Any Outstanding amt to/ from RP
- Any Provision made against receivables from RP
- Amt W/off or W/back in respect of Debts.
- Any other element of RP transaction to understand Fin. Statement.

Related Party - Disclosure

- Exercise Control**
 - Exercise SI**
1. Disclose Name & Relation
2. Transaction is there or not
Disclose only if transaction is there

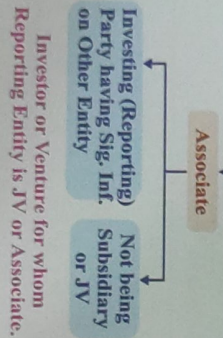
Who is Related Party (Para)- 3

A) Enterprises that directly or indirectly Control or be Controlled through Intermediaries or under Common Control (Includes)



B) Joint Venture (JV)

Contractual obligation to undertake Eco. Activity subject to Joint Control



C) Individuals having Control OR Sig. Inf.

Relative

- KMP means
Those having authority & Respo. to plan, Direct & Control Activities
- Relatives of KMP

D) Key Manag. Person (KMP)

E) Enterprises on which Persons described in (C) or (D) Exercises Sig. Infl. (Includes)

1. Enterprise controlled by Directors or Majority Share holders.
2. Enterprises with common KMP of Reporting Entity.

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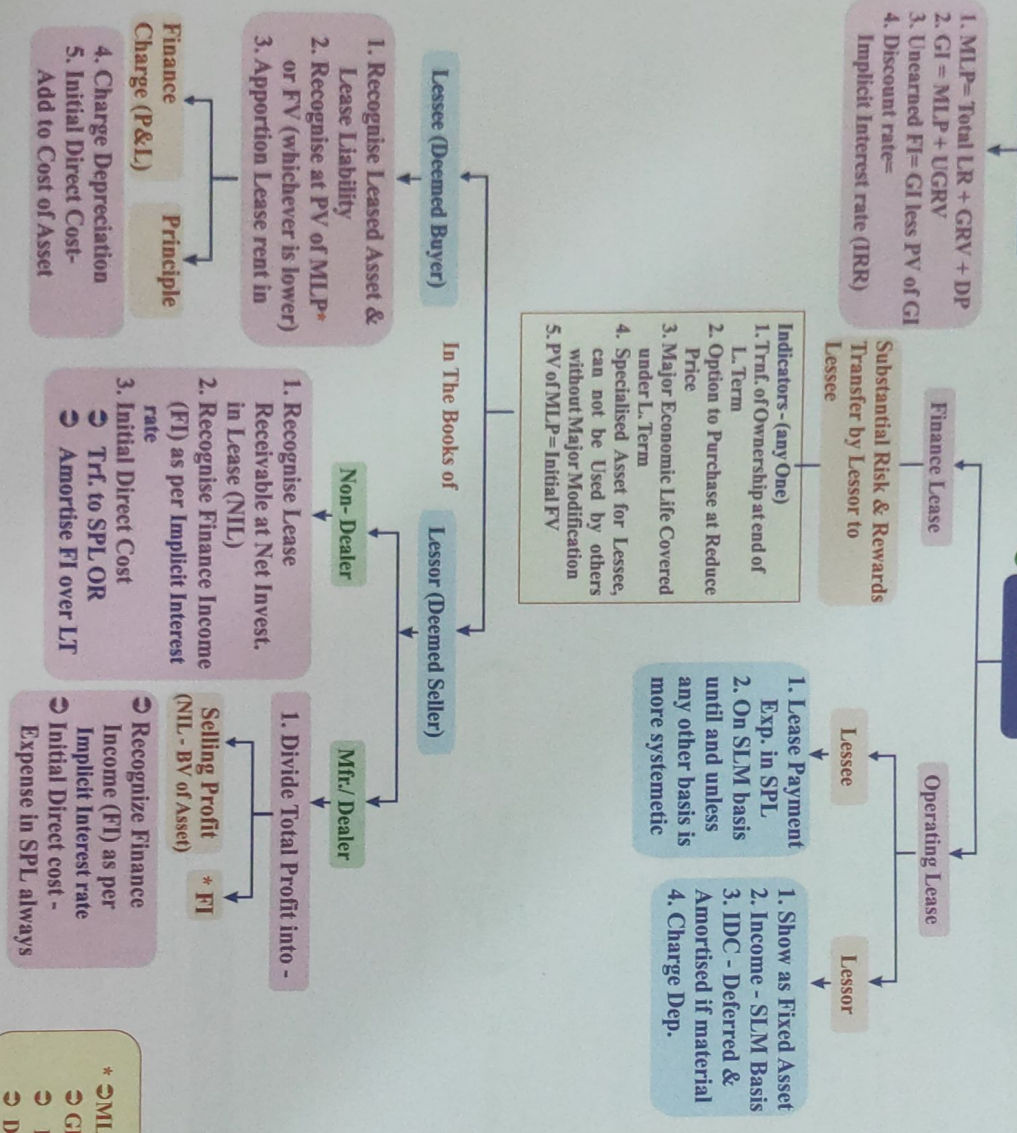
AS 19 - ACCOUNTING FOR LEASES

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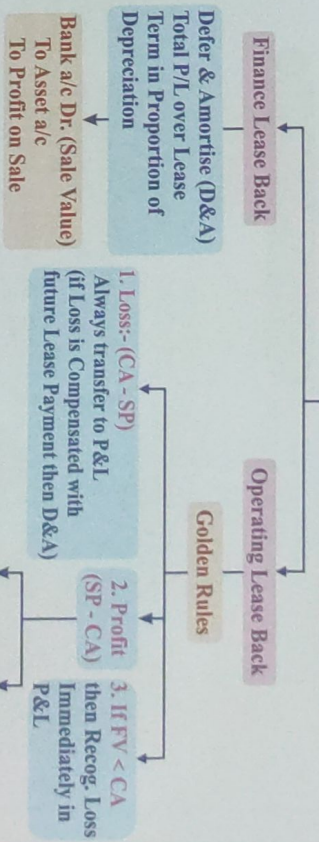
1 Common Terms

- 1. MLP = Total LR + GRV + DP
- 2. GI = MLP + UGRV
- 3. Unearned FI = GI less PV of GI
- 4. Discount rate = Implicit Interest rate (IRR)

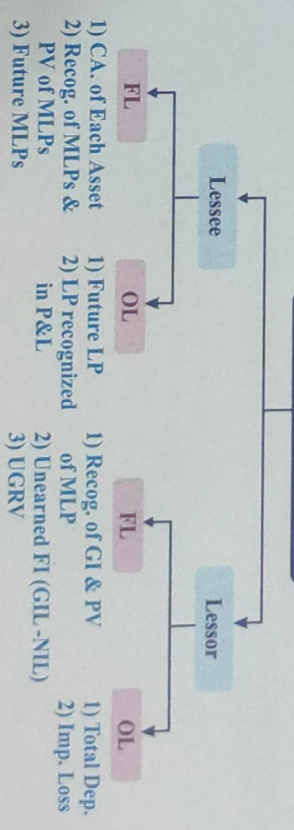
2 Types



3 Sale and Lease Back (Ac Treatment of Gain/Loss on Sale by Seller = Lessee)



4 Disclosure Requirement



- * MLP - Min. Lease Payment, LR - Lease Rentals, GRV / UGRV - Guaranteed / Unguaranteed Residual Value, LT - Lease Term, IMPD - Impairment, CA - Carrying Amount, FI - Finance Income, GI - Gross Investment, IDC - Initial Direct Cost, DP - Down Payment

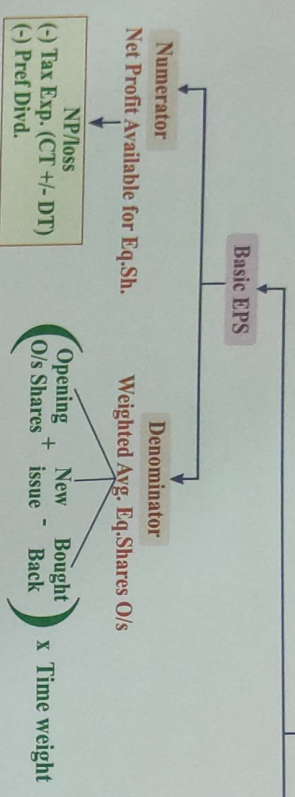
AS 20 - EARNINGS PER SHARE

1 Presentation

Present

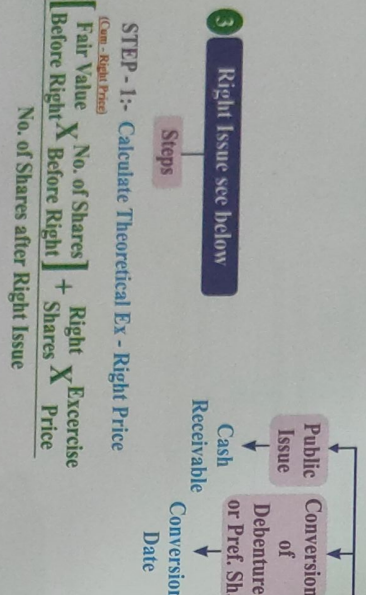
- Both EPS & DEPS on the Face of SPL with equal Prominence to both
- Negative EPS & DEPS shall also be Presented
- Consolidated EPS & DEPS in CFS to be Presented

2 Measurement & Restatement



(a) Cumulative PSC
 Deduct the Dividend always

(b) Non Cumulative PSC
 Dividend will be deducted if declared



3 Right Issue see below

STEP - 1:- Calculate Theoretical Ex - Right Price
 (Gen. Right Price)

$$= \frac{\text{Fair Value Before Right} \times \text{No. of Shares} + \text{Right Exercise Shares} \times \text{Price}}{\text{No. of Shares after Right Issue}}$$

STEP - 2:- Right Factor OR Adjustment element

$$= \frac{\text{Fair Value Prior to Right (Cum - Right Price)}}{\text{Theoretical Ex - Right Price}}$$

STEP - 3:- Basic EPS
 Net P/L for ESH

4 Special Cases

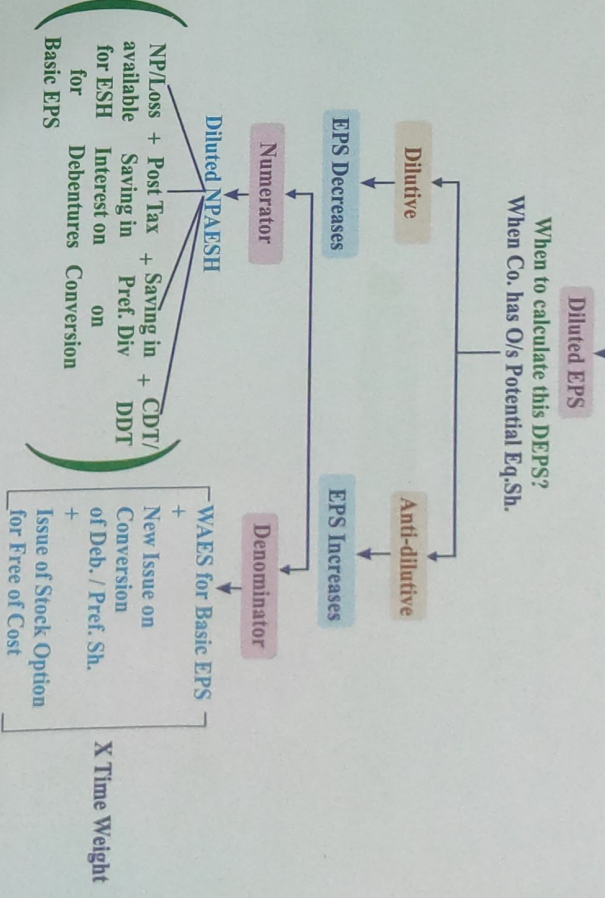
A] (i) Reduce Cum. Prf. Divd. - if Declared or not
 (ii) Reduce Non Cum. PD - Only if Declared

B] Different Face Value OR Partly paid Sh.
 - Use Amount of Equity Capital instead of Nos.

C] Bonus / Split / Reverse split -
 Date is always irrelevant (time weight always 12/12)

5 Example of Potential Eq. Sh.

- Convertible Debn
- Convertible Pref. Sh.
- ESOP for Free Portion
- Share Warrants
- Share Application Money Pending Allotment



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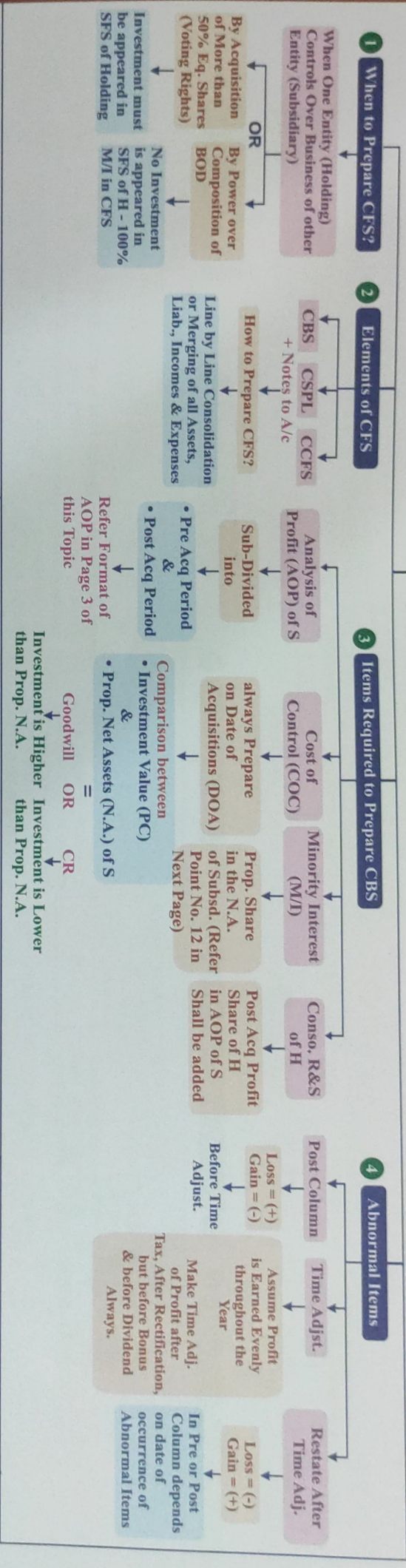
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AS 21-CONSOLIDATED FINANCIAL STATEMENT (CFS)

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% of Holding => $\frac{\text{Shares held by H (with Bonus)}}{\text{Total Issued Share of S (with Bonus)}} \times 100$

* While Preparing COC & M/I :- Proportionate ESC of S shall be taken with Bonus Issue

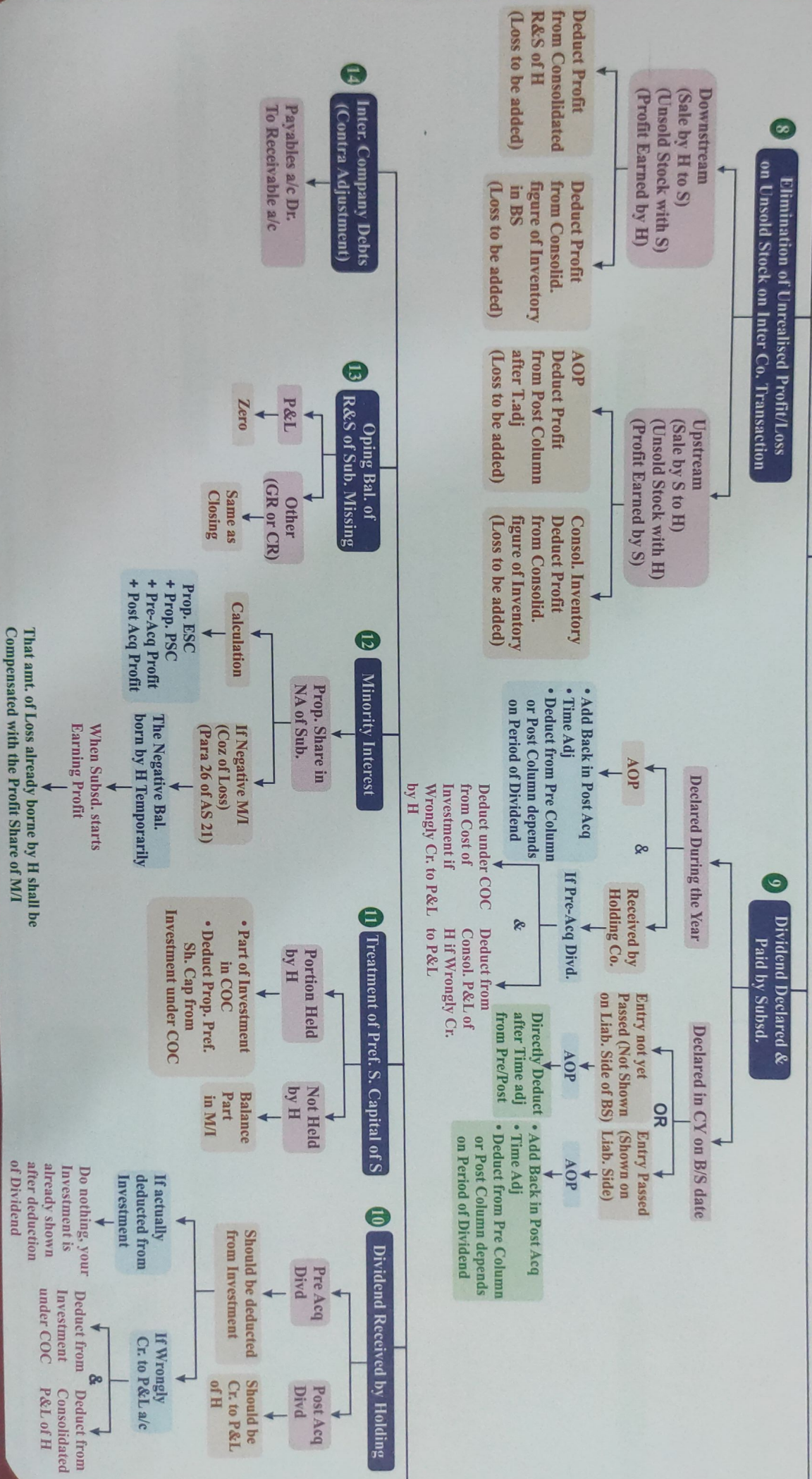
AS 21-CONSOLIDATED FINANCIAL STATEMENT (GFS)

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FORMAT OF AOP

(Page - 3)

Particulars	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/O On Unsold Stock (Upstream Transaction)	---	XX	
Final Balance	XXX	XXX	

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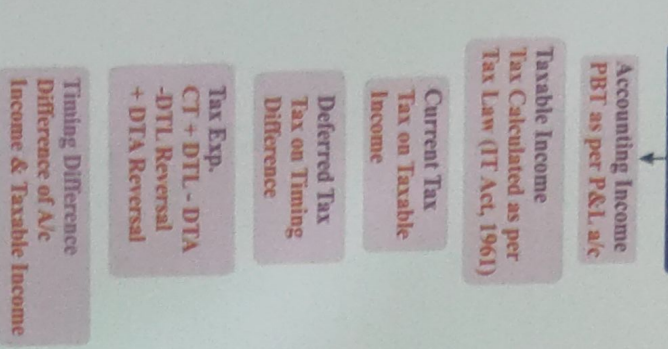
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Watsapp Account: @chawla_jai

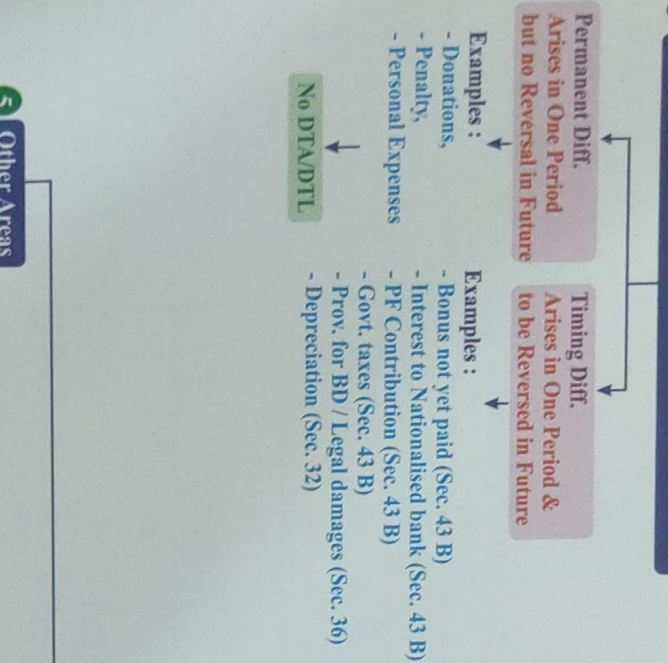
CA. Jai Chawla, Chartered Accountant

AS 22 - ACCOUNTING FOR TAXES ON INCOME

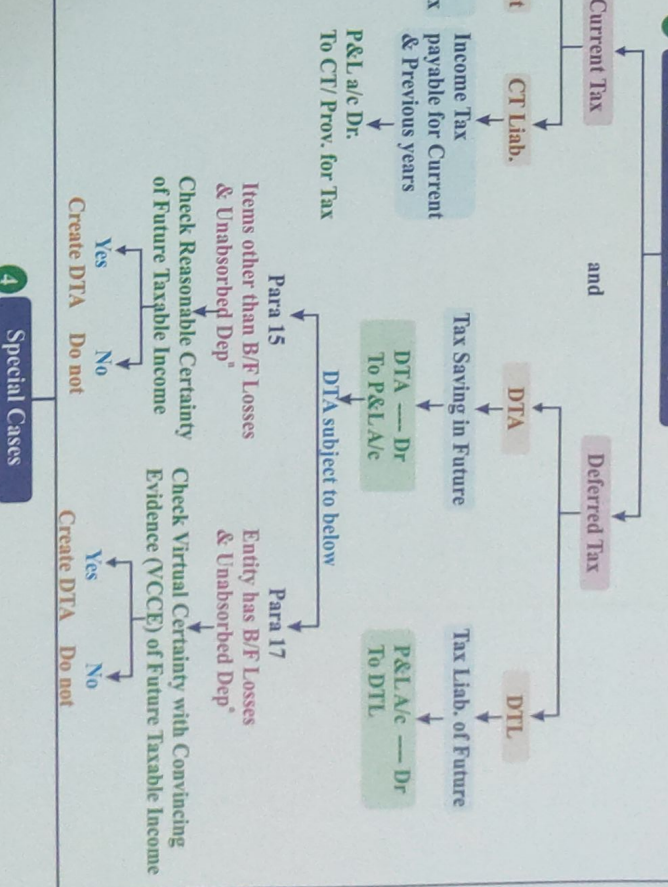
1 Imp. Definitions



2 Difference between A/c Income & Taxable Income



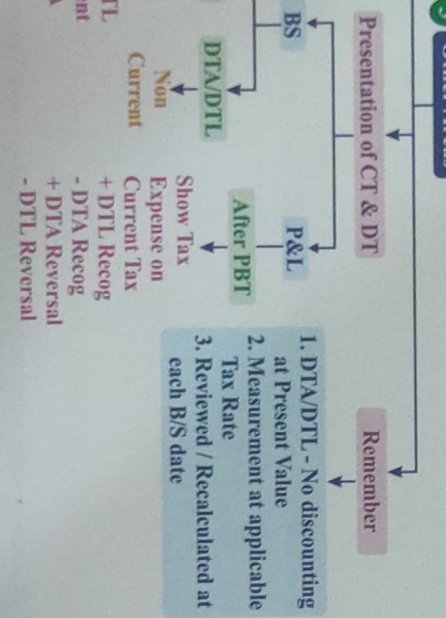
3 Types of Taxes (as per AS 22)



4 Special Cases



5 Other Areas



For Eg. Entity has right to Setoff TDS of AY 20-21 with Tax Liability of AY 20-21

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AS 23 - INVESTMENT IN ASSOCIATES

1

Applicability

When there is Investment in Associate, then 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. - (including Goodwill / CR)	xxx
(+) 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

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

4

Treatment of share in Profit / Loss of Ass./JV in CFS of Investor

In case of Profit in Ass./JV

Investor's share of above Profit shall be allocated in "Invst. in Equity Sh. A/c" as per Equity method

In case of Loss in Ass./JV

- Investors share in loss of Associate entity shall be allocated to Investment in Equity A/c (as per Equity method) only to extent of Carrying value of Invest. in Eq. Share A/c
- Any Remaining Loss (i.e. Un-recognised Loss) shall be ignored unless investor is obliged to contribute for such losses.
- When Associate Subsequently generates profits the investor resumes including its share of those profits only after its share of the profits equals the share of net losses that have not been recognised.

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AS 24 - DISCONTINUING OPERATIONS

Areas Covered

Meaning

Disposal of Component
 - In Substantial entirely
 - Piecemeal sell of Assets & Liability settlement.
 - Abandonment of Operations

In a single plan

Component

Represents Major Separate Business line or Geographical Business area & Distinguished Operationally & for FR Purpose

Initial Disclosure

1) Binding Agreement on a Specific date
 OR
 BOD approves & Announces Formal Plan

Whichever is earlier

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

3) Initial disclosure:

- > 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.

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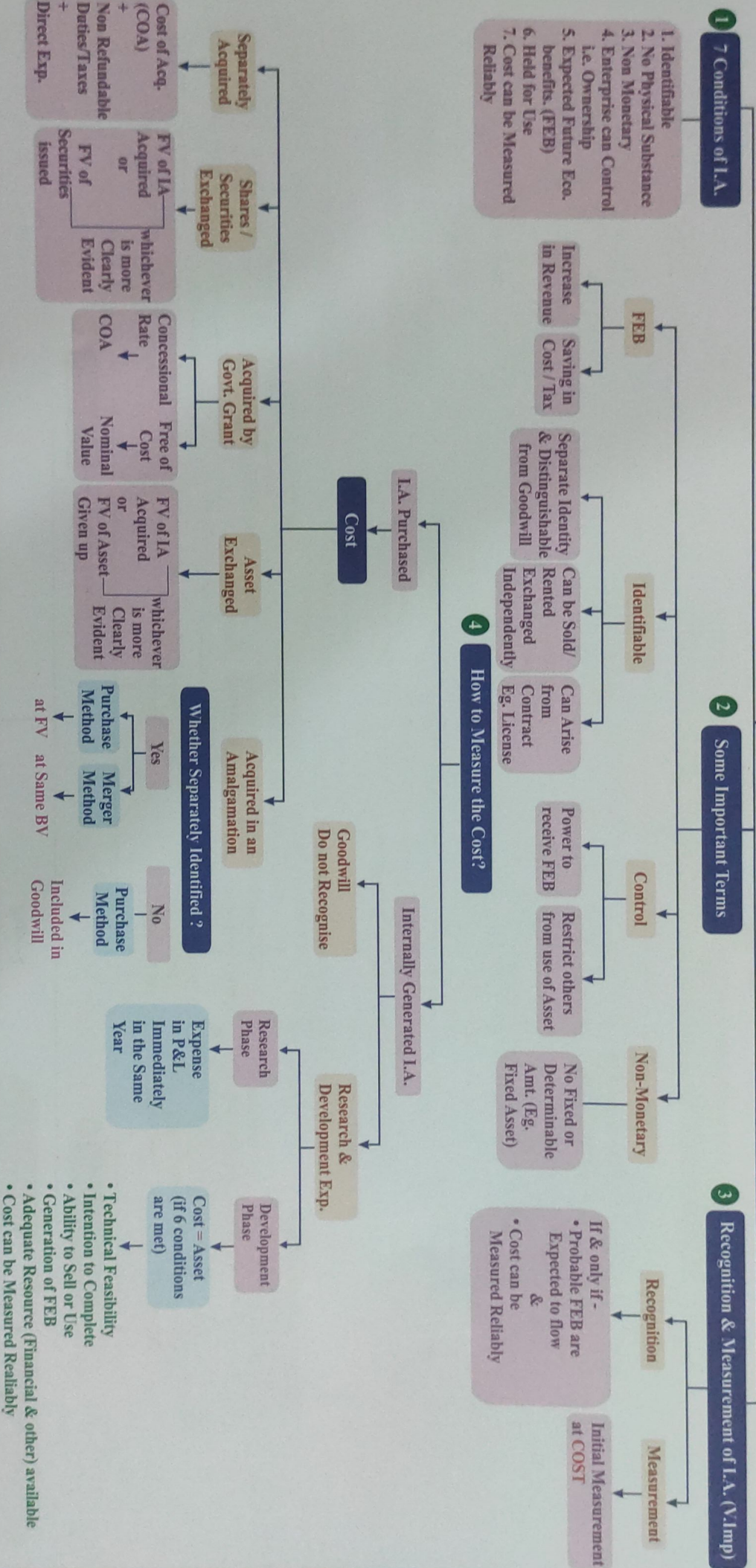
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AS 26 - INTANGIBLE ASSETS (I.A.)

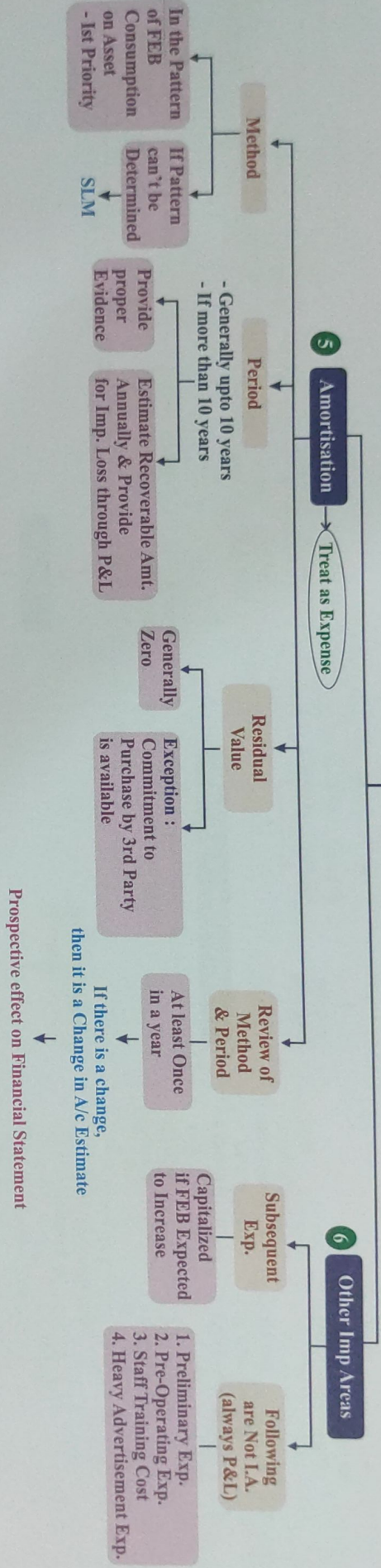
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AS 26 - INTANGIBLE ASSETS (I.A.)

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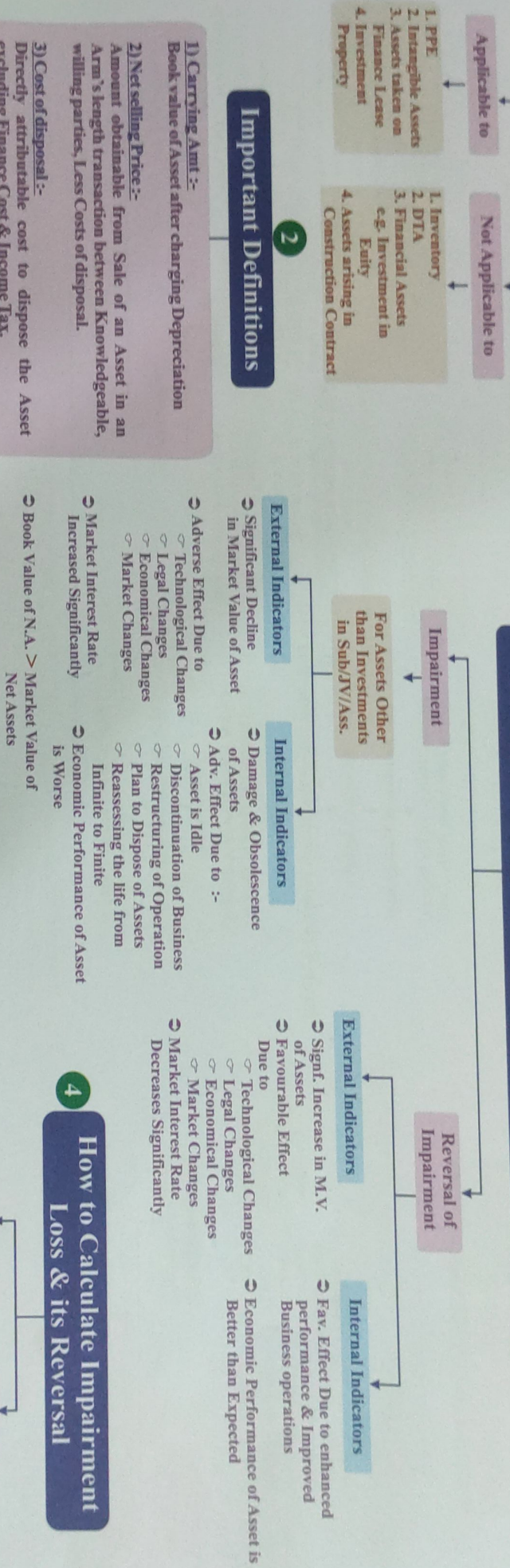
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AS 28 - IMPAIRMENT OF ASSETS

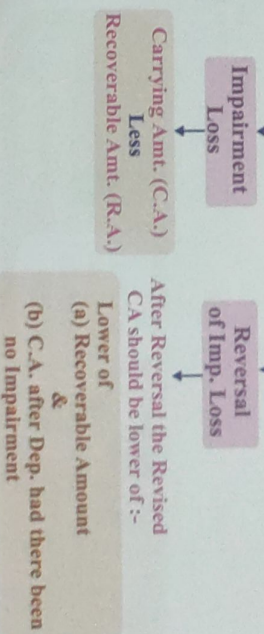
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3

Indications of Impairment & Indications of Reversal



How to Calculate Impairment Loss & its Reversal

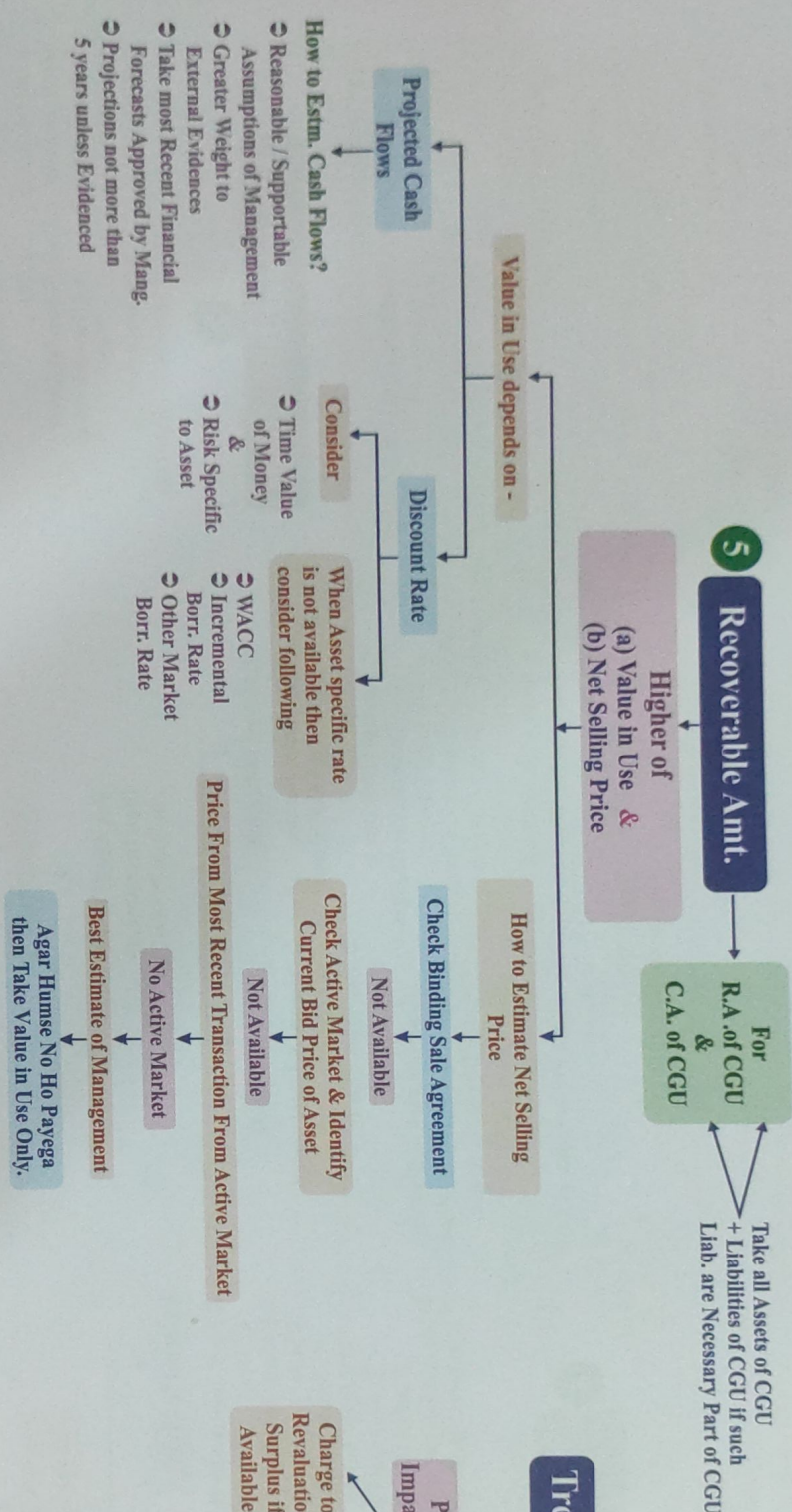


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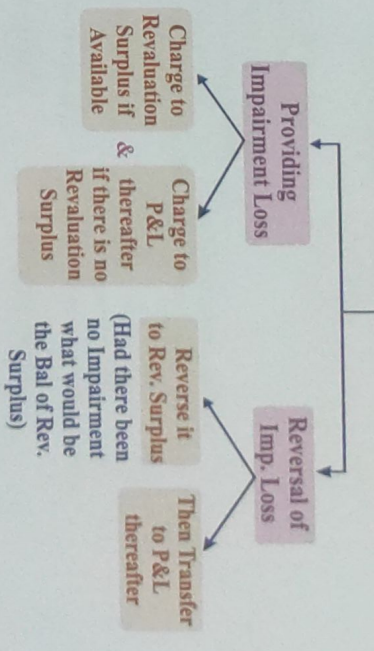
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AS 28 - IMPAIRMENT OF ASSETS

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6 Treatment of Impairment Loss



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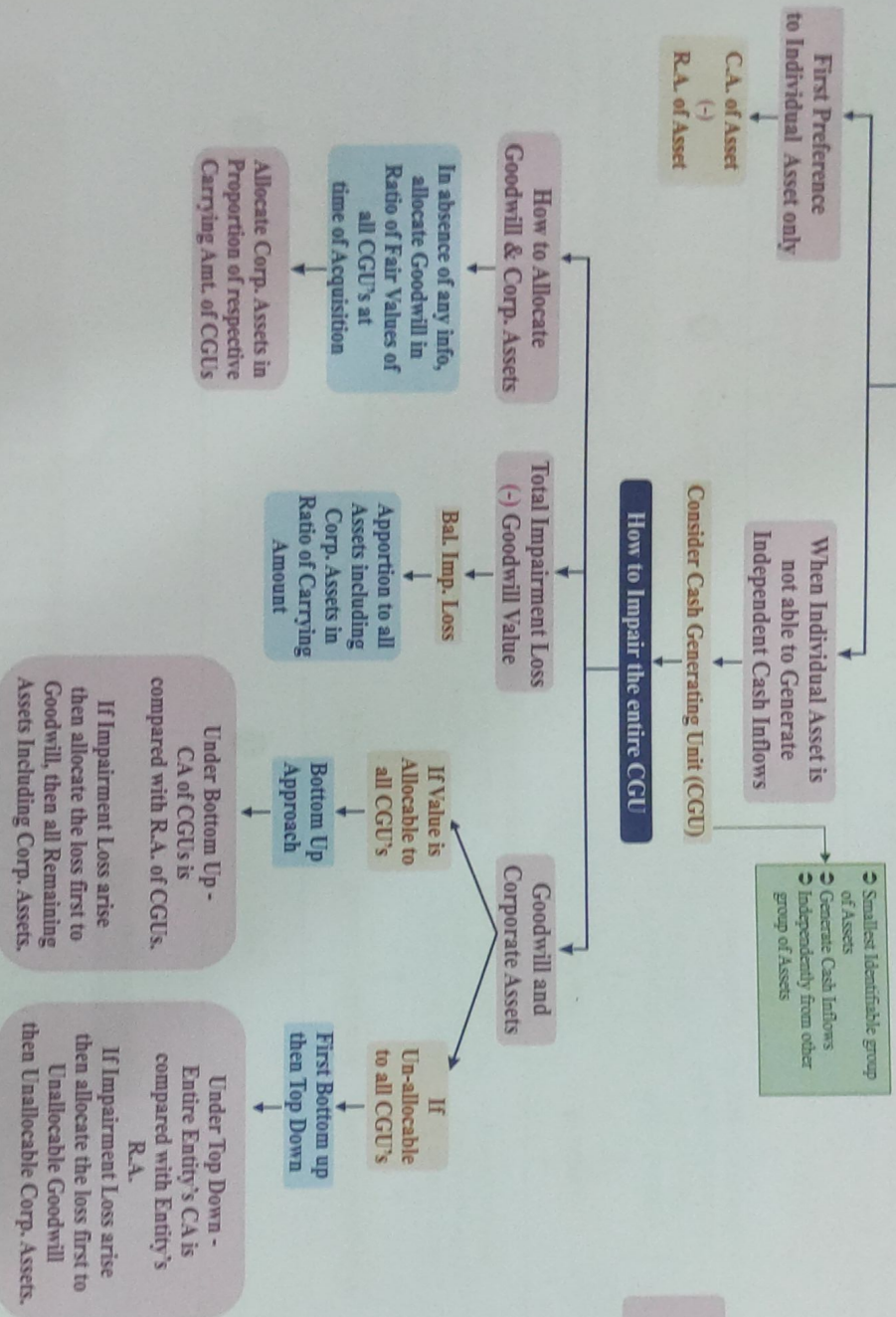
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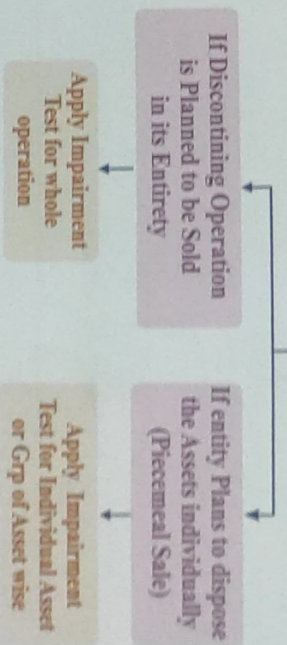
AS 28 - IMPAIRMENT OF ASSETS

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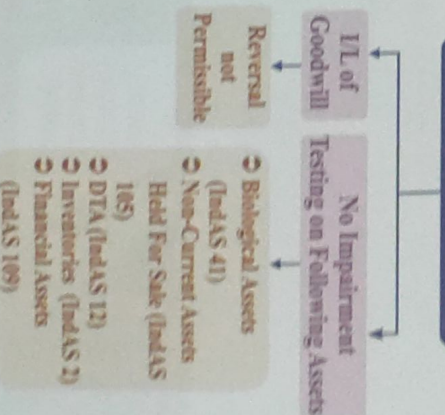
7 Impairment Testing



8 Impairment in case of Discontinuing Operations



9 Misc. Provisions



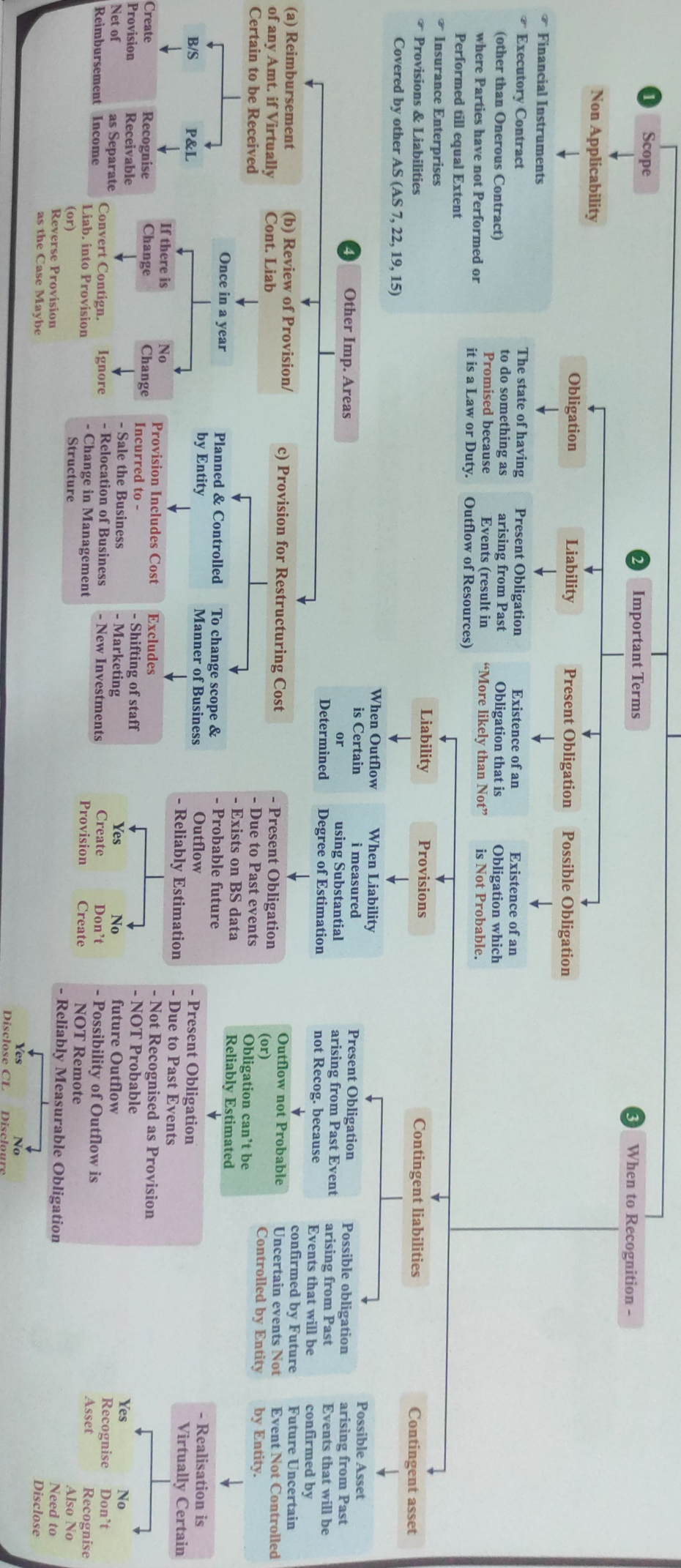
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AS 29 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Areas Coverage





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DIVISIBLE PROFITS

Payment of Dividend

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

Ist Priority

Out of CY Profits without any Condition

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

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

Condition - 1

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

15% }
16% } 14.33%
12% }

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

(Esc + Psc)

Condition - 3

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

Free Reserves includes
General 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

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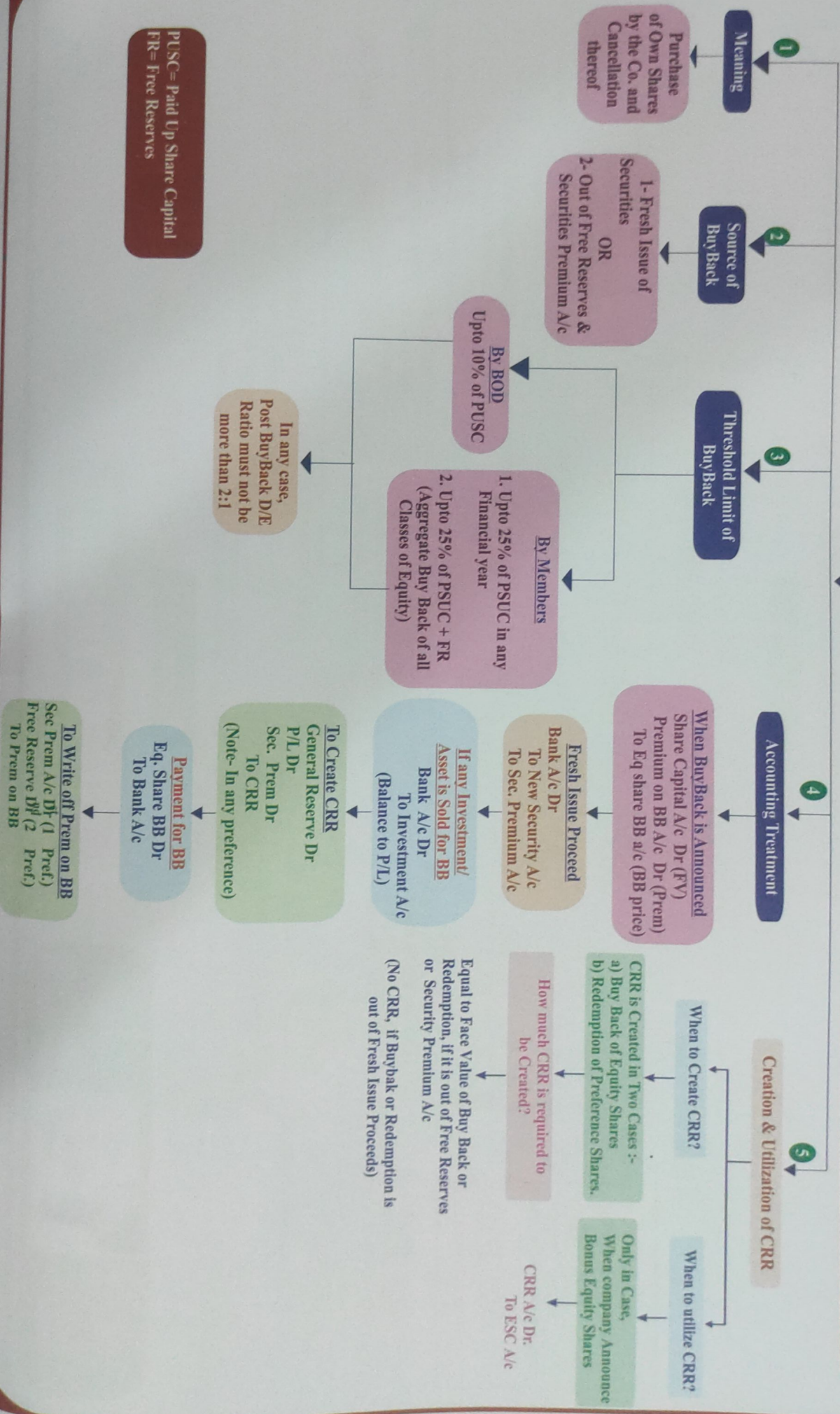
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BuyBack of Equity

(Sec 68 of the Companies Act 2013)

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PUSC= Paid Up Share Capital
FR= Free Reserves

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BUYBACK OF EQUITY

(Sec 68 of the Companies Act 2013)

(Page 2)

Maximum Permissible Buy Back

6

Perform Following 3 Tests First:

Test 1
Shares Outstanding Test

Total No. of Outstanding Issued Shares x 25%

Test 2
Resource Test (Funding for BB)

(Total PUSC + Free Reserves) x 25%
Total BB Value

Total Buyback Value Buy Back Price

We will get No. of Shares that can be Bought Back

Test 3
Debt Equity Test

D/E Ratio post BB shall not exceed 2 : 1 (Refer Note below)

Note :- Maximum No. of Buyback = Assume "A" No. Total Equity Before BB (ESC + FR + SP) - Effect of BB on equity [Face Value x A + Premium on BB x A + Face Value x A (for CRK)] = Minimum Equity (Debt + 2)

Other Points

7

- 1- If Buy Back is out of Securities Premium Free Reserves, then create Capital Redemption Reserve (CRR) equal to Nominal Amt of Shares brought back
- 2- Only fully paid up shares can be brought back
- 3- Not defaulted in filing of FS for 3PFY
- 4- No default in payment of Dividend

General Reserve

+ P&L
+ SP A/c shall also be a part of FR for Buyback Purpose

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Internal Reconstruction

Meaning

Process of Reconstruction of B/S by making arrangements with SH and outside Liability Holders to provide True & Fair Presentation where co. has suffered significant amount of Losses during the past years.

Method of Internal Reconstruction

Settlement with SH

Reduction in Face Value with Red. in PaidUp Capt.

Consolidation/Sub Division of Shares
Eq. Share Cap. A/c Dr
To Eq. share Cap.
(No Change in Share Capital, Only Change in No. of Shares)

No Reduction in FV of share but Red. in Paidup

Journal Entry:
Share Cap. A/c Dr
To Capital Reduction A/c

Surrender of Shares

Surrender of Shares:
Shares Surrendered by SH for the purpose of Reissue in settlement with other Pret. SH or Liab. Holders (Remaining Shares not Reissued should be Cancelled)

Share Capital A/c Dr.
To Share Surrender A/c

Settlement with O/S Liability Holders

Compromise & Arrangement
Amount Sacrificed by Liability Holders transfer to Capital Reduction A/c

Journal Entry:
Liability A/c Dr
To Capital Reduction A/c

Utilisation of Capital Reduction A/c

- 1-To write off Dr bal of P/L A/c
- 2-To write off Overvalued Assets
- 3-To write off Fictitious Assets
- 4-To write off Intangible Assets if asked in the question

Journal Entry:
Cap. Reduction A/c Dr
To P&L A/c
To Assets A/c (if Overvalued)
To Intangible Assets A/c
(Bal. of Cap. Red. transfer to Capital Reserve)

1. Conversion of Partly Paid to Fully Paid:
Share Cap. A/c Dr (Partly Paid)
To Share Cap A/c (Fully paid)

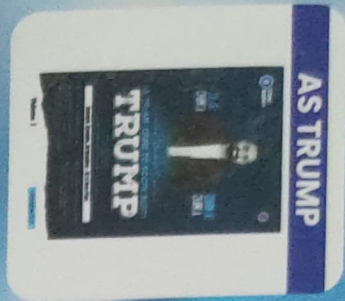
2. Cancellation of Share Cap.
Share Cap. A/c Dr (Old FV)
To Share Cap. A/c. (New FV)
To Cap. Reduction A/c (b/f)


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