

AS 2: Valuation of Inventories**Measurement of Inventories:**Initially measured at cost
and

Subsequently are measured as follows:

(i) Finished goods and WIP shall be valued at Lower of:

- (a) Cost Price
- (b) Net realizable value

(ii) Valuation of Raw Material

- (a) At CP: If Finished Goods SP > Finished goods cost price.
- (b) At CP or Replacement Price whichever is lower: In other cases

Amount of Abnormal Loss – Charged into P & L Account at cost price.

AS 7 - Construction Contracts

Contract revenue: As per % of completion (However, if outcomes are uncertain, recognize revenue only for probable recoverable costs).

Contract Cost or contract work-in-progress:

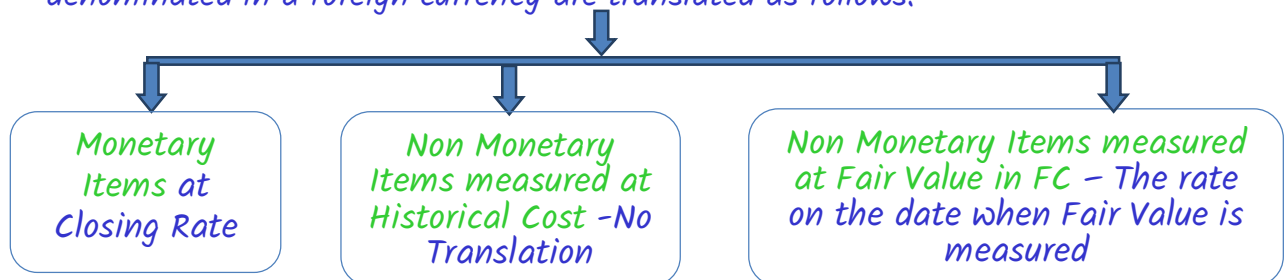
Actual cost OR (Work certified (+) work not certified)

AS 10 - Property, Plant and Equipment

1. Initial recognition of PPE: at cost price
2. Decommissioning restoration and other liabilities (DROL) / Cost of dismantling, removal & site restoration: At its Present Value.
3. Subsequent recognition of PPE: Either Cost Model or Revaluation model
4. Revaluation model under subsequent recognition: at fair value
5. Retired Asset: Assets are not in active use. Such asset shall be shown at lower of:
 - (a) Carrying Amount; or
 - (b) Estimated net selling Price.
 If NSP < Carrying Amount = Difference shall be charged into SPL

AS 11: The Effects of Changes in Foreign Exchange Rates

1. Foreign currency transaction:
 - A. Initial Recognition at the Transaction Date: by translation in the entity's reporting currency at the exchange rate on the transaction date.
 - B. Subsequent Recognition at the end of each Reporting Period. All assets and liabilities denominated in a foreign currency are translated as follows:

**AS 12: Accounting for Government Grants**

Asset received in kind: At nominal value

AS 13: Accounting for Investments

Current investment: Lower of cost price or fair value / market value

Permanent investment: At cost price, unless the investment's decline is permanent

AS 14: Amalgamation of Companies

Books of old company: Transfer all items of balance sheet at book value.

Books of New Company:

- (i) Amalgamation in the nature of Purchase: At agreed value or Fair Value
- (ii) Amalgamation in the nature of merger: At Book Value

AS 15: Employee Benefits

Defined Benefit Plan / Obligation (DBO): As per Actuarial valuation.

AS 19: Leases

Finance lease:

In the books of lessee

Asset under lease = Lower of two:

- 1) PV of minimum lease payment from point of view of lessee (MLP Lessee); OR
- 2) Fair value of the asset (Generally given in question)

*Calculation of MLP lessee

PV of lease rentals payable over leased period

XXX

Add: GRV from point view of lessee

XXX

XXX

In the books of lessor

Lessee Account: At Net investment i.e. PV of gross investment.

Gross investment = Annual Lease payment + GRV from point view of lessor + Unguaranteed residual value from point view of lessor*1

*1 Calculation of UGRV lessor: Estimated scrap value of asset – GRV lessor

AS 21: Consolidated Financial Statements

On the date of Acquisition: All assets and liabilities of Subsidiary Company at fair value.

AS 23: Accounting for Investments in Associates in Consolidated Financial Statements

Accounting for Investments in Associates in CFS: Equity method shall be applied

AS 26: Intangible Assets

Initial measurement of intangible asset:

1. Purchased asset: at cost

2. Self-generated/Internally generated intangible assets: These are of 2 types:

- A. I.A. on which no amount has been incurred/Items that should not be recognised as internally generated intangible assets: Not recognised
- B. I.A. on which amount has been incurred:
 - (1) Research phase: shall be charged into SPL.
 - (2) Development Phase: shall be capitalized at cost to the extent of expected benefit.

Subsequent recognition: should be carried at its cost less any accumulated amortisation and any accumulated impairment losses. (Revaluation is not allowed)

AS 27: Financial Reporting of Interests in Joint Ventures

Joint venture shall be consolidated in Consolidated Financial Statement to the extent of % of Holding (Proportionate consolidation method is applied).

AS 28: Impairment of Assets

Impairment loss=Carrying Amount of Asset–Recoverable Amount of Asset

Calculation of Recoverable amount: Higher of two:

- (a) Net selling price; or
- (b) Value in use (Present value of net cash flow by using discount Rate)