

# 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



*From the  
Author*

*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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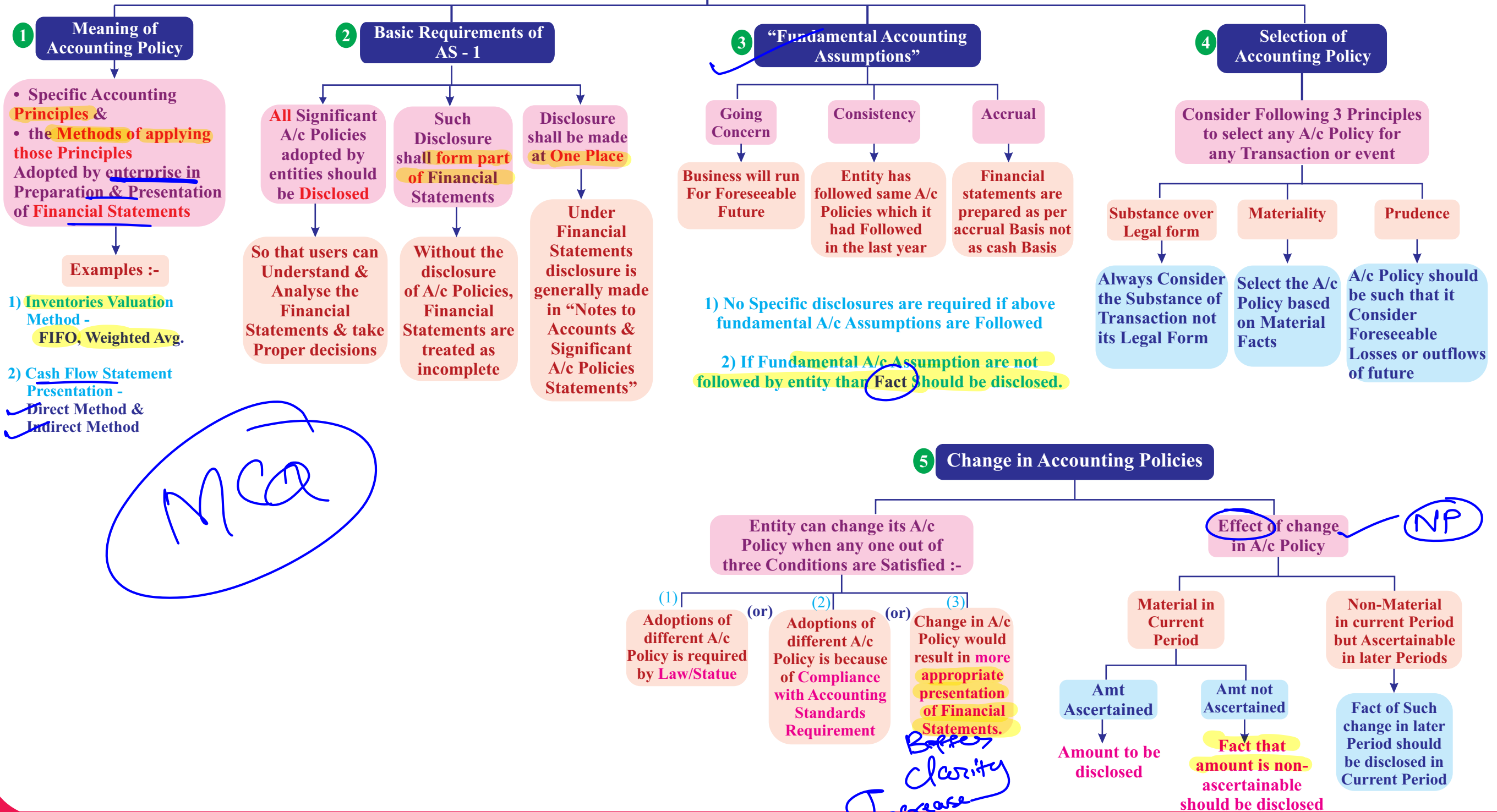
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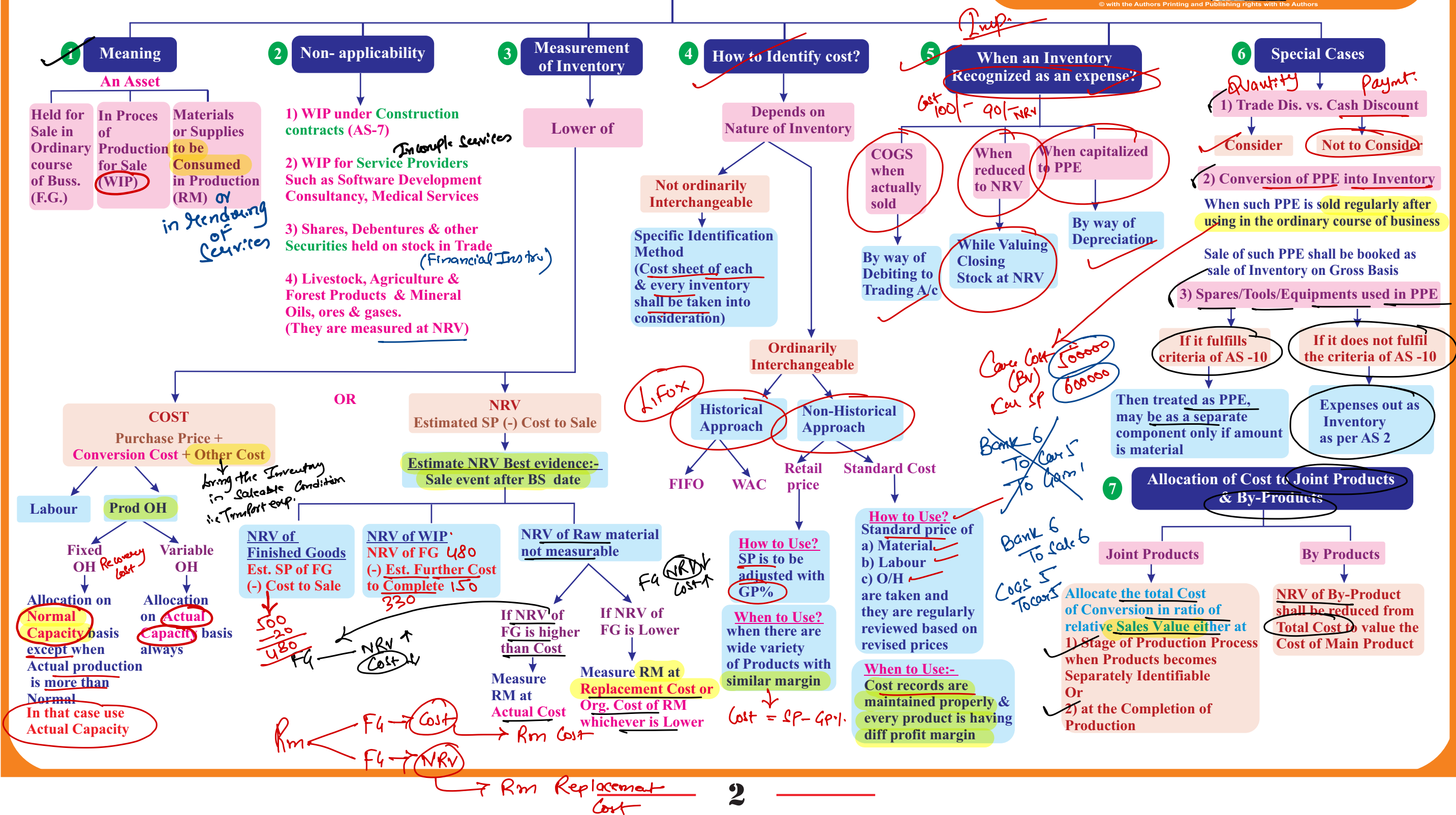
# AS 1 - DISCLOSURE OF A/C POLICIES



NCA

Better clarity  
Increase in True & fair value


# AS 2 - INVENTORIES





# AS 3 - CASH FLOW STATEMENT

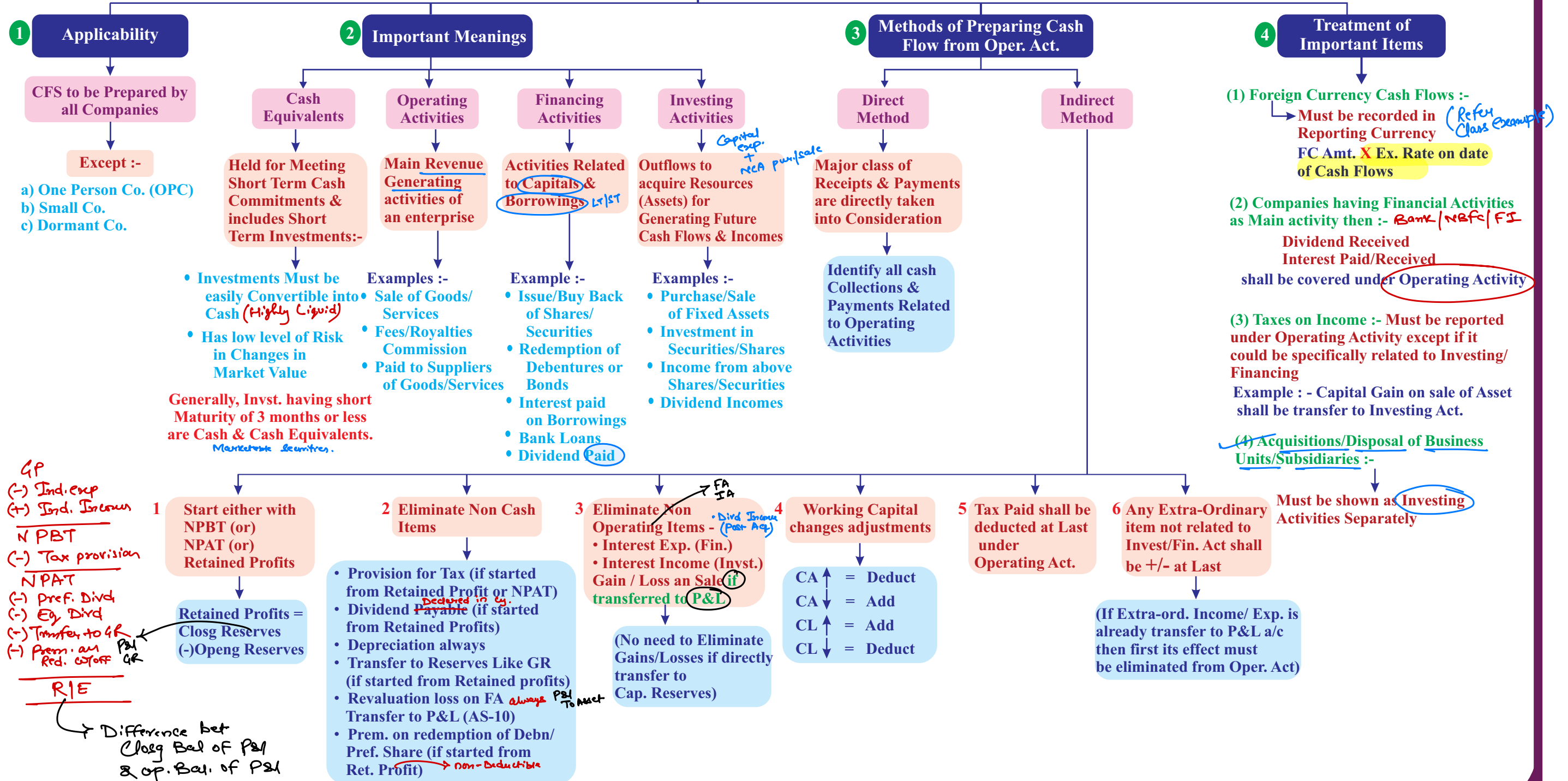
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1) Insurance claim  $\begin{cases} \text{mach./PPE} \Rightarrow I \\ \text{others/stock} \Rightarrow O \end{cases}$

2) TDS on Interest deduct  $\Rightarrow$  non Cash

3) <sup>loan to</sup> Supplier & Interest there  $\Rightarrow$  Oper.

Loan from Debtors  $\Rightarrow$  OP.

4) Extra. ord.

Income from Law Suit

Compensation/Penalty

V R P

Insur. claim

5) Pref Divd (%)

Divd amt  
paid ✓

Ignore

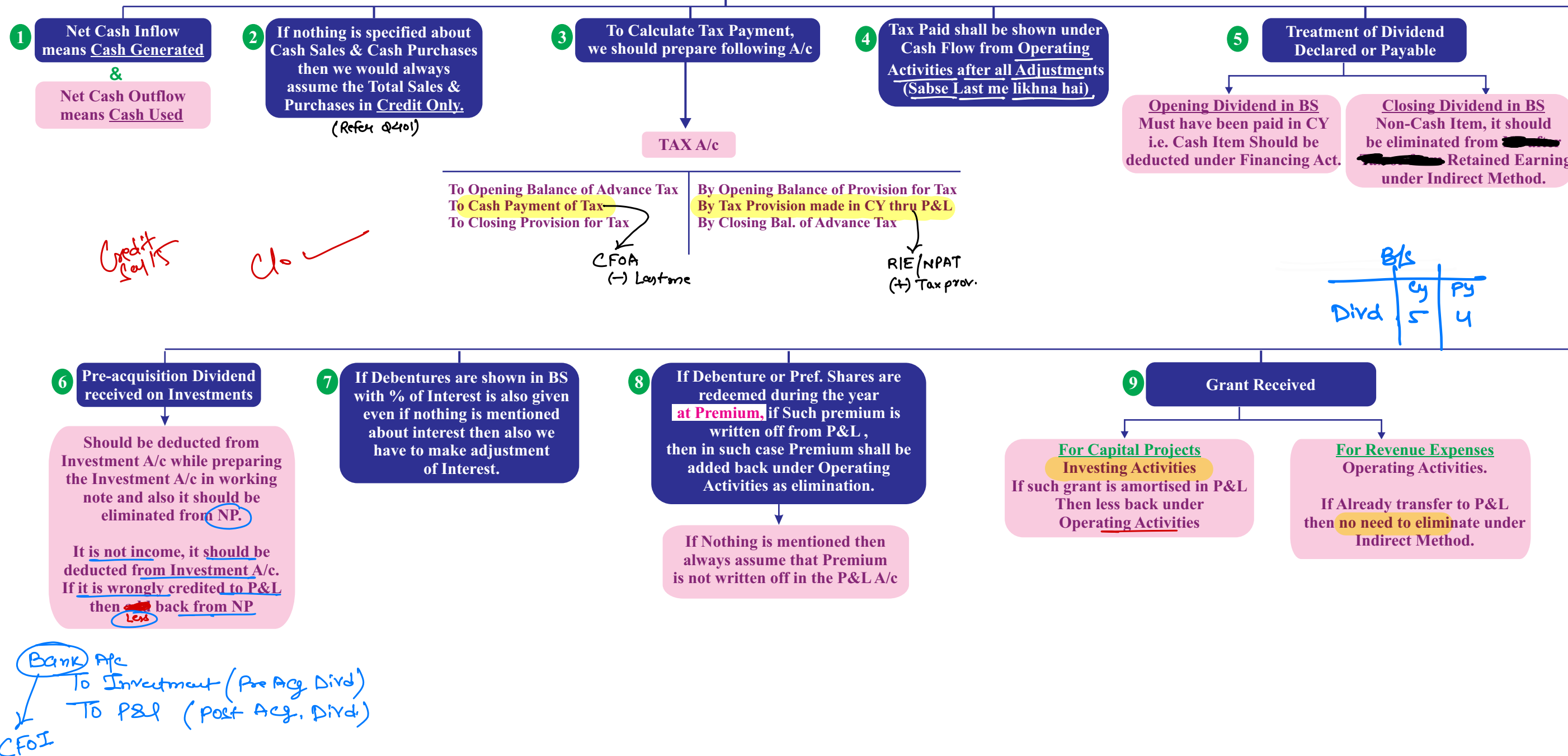
6) Bank | NBFC | FI  $\downarrow$

Loans  $\rightarrow$  Oper.  
Int  $\rightarrow$  Oper.

7) NP  $\Rightarrow$  NPAT assume always

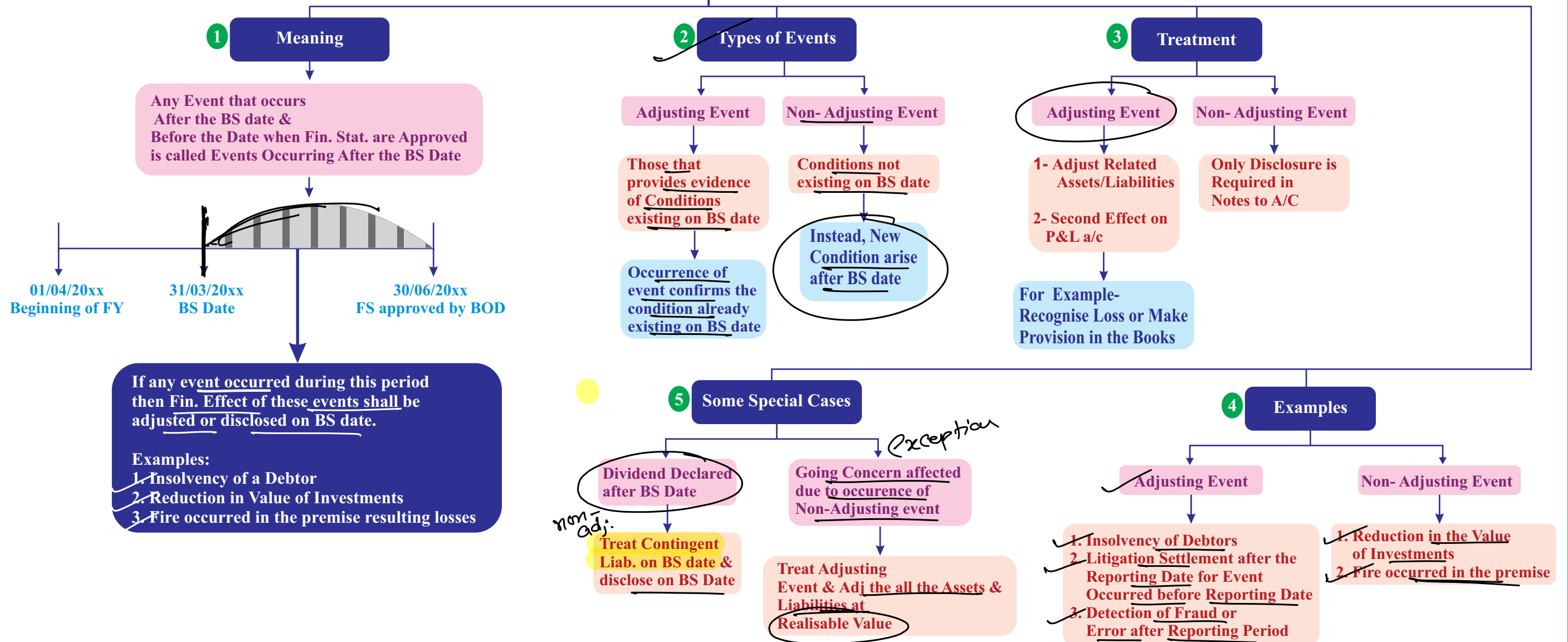
# SUMMARY OF CASH FLOW STATEMENT

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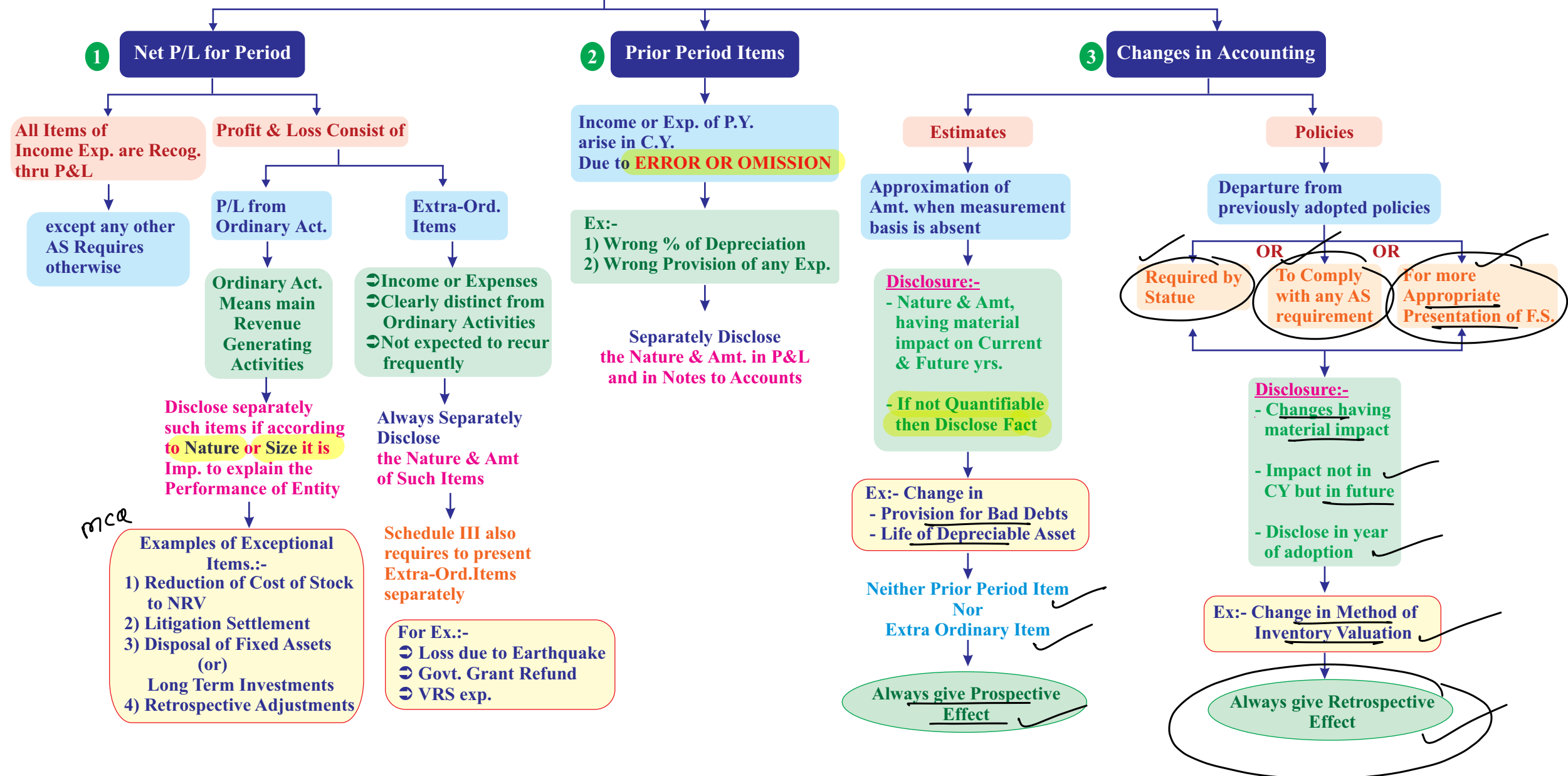





# AS 4 - Contingencies and Events Occurring after the Balance Sheet date.




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



# AS 7 - CONSTRUCTION CONTRACTS

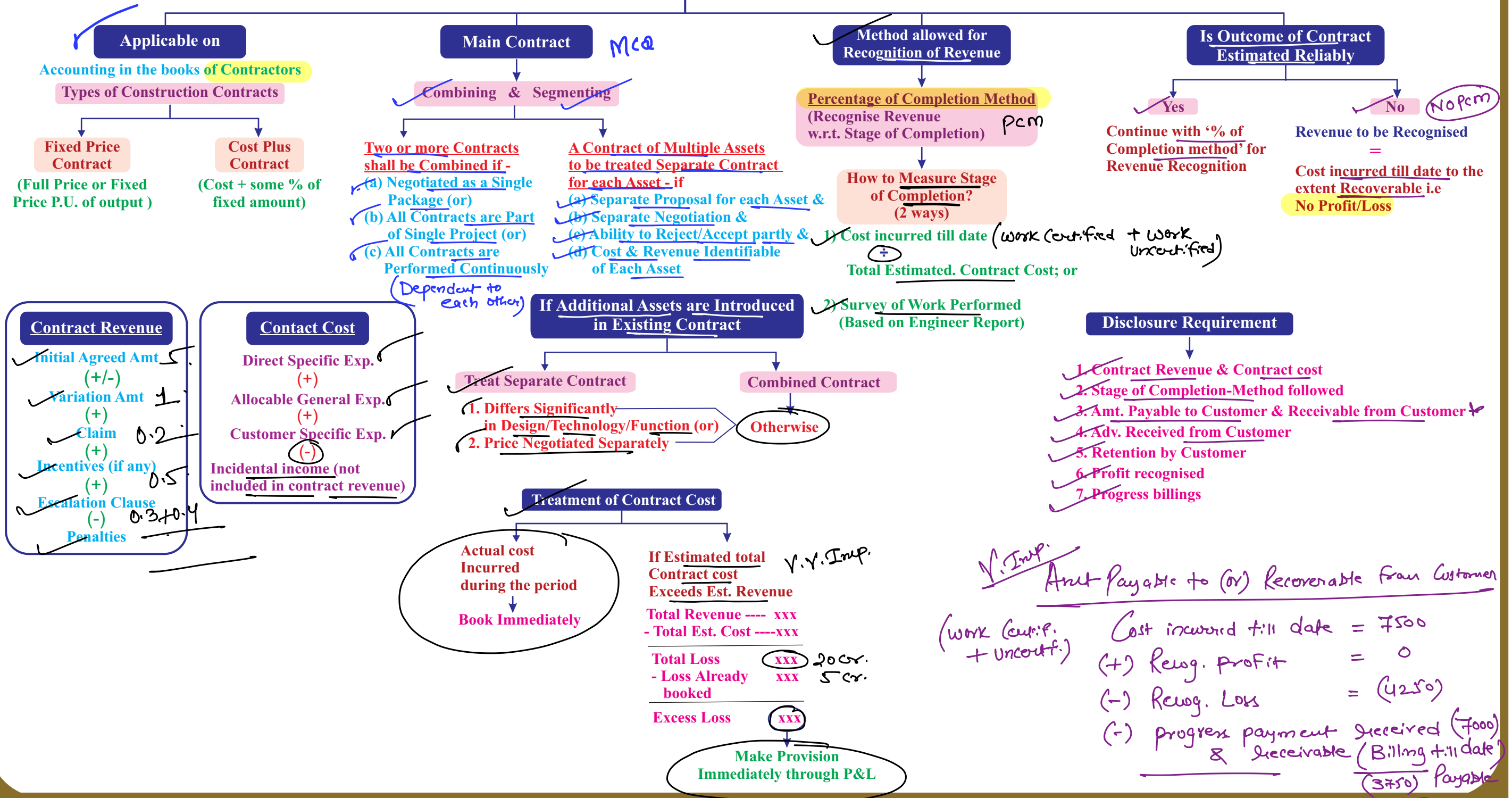


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# AS 9 - REVENUE RECOGNITION

## 1 Covers Revenue From

- ✓ Sale of Goods
- ✓ Rendering of Services
- ✓ Interest/Royalty/Dividend from Enterprise Resources used by Others

## 2 Does not Cover

1. Profit on Sale/Settlement or Revaluation of Fixed Asset or Liability
2. Notional Gains in value of Current Assets
3. Revenue Recognition covered in other AS like AS 19 Leases

Sale & Lease Back

## 3 When to Recognise Revenue? Common Principle

Conditions = (4 + 1)

- Control  
Significant Risk & Rewards of Ownership is Transferred
- Entity does not Retain any Effective control over Goods Sold nor any Managerial Involvement
- Revenue & Cost Reliably Measurable
- Certainty of Collection V. Imp.
- Stage of Completion can be Measured Reliably in case of Services

If Any one is uncertain

Postpone the Recognition

Uncertainty arises later

Make a Provision, DO NOT Reverse the Revenue

## 7 Some Special Cases of Revenue Recognition

### Sale of Goods

1. Bill and Hold Sales  
- When the buyer takes title.
2. Goods Shipped Subject to Customers' approval  
- When the buyer formally accepts the shipment
4. Consignment Sales  
- After the buyer sells goods to the final customer.
5. Cash on Delivery Sales  
- When delivery is made & Cash is received by the seller (eg. Flip Kart)

### Services Rendered

1. Installation Fees  
- With reference to the Stage of Completion.
2. Media Commissions  
- When the related Advertisement appears before the Public.
3. Tuition Fees  
- Over the period of Instructions/Lectures
4. Franchise Fees  
- Depends on Agreement.
5. Fees from Development of Customized Software  
- With reference to the Stage of Completion, including the Post-delivery service support stage.

## 6 Recognition of following

### Interest

Time Prop. Basis  
month wise or Six month

### Royalty

Accrual Basis  
as per Substance of the Agreement

### Dividend

When Right to Receive is Established  
i.e When Dividend is Declared

## 5 Some Special Points

- 1) Mere Postponement of delivery  
- Doesn't alter period of Recognition
- 2) If Insignificant part of work is done  
- No need to Recognize Revenue

## 4 How to decide if Performance is Achieved?

### Sale of Goods

1. Transfer of Property in Goods
2. Risk & Rewards of Ownership are Transferred
3. No Effective Control with seller

### Services Rendered

1. Contract Fully Completed  
- if Short Term Contract
- Proportionate Completion  
- if Long Term Contract

# AS 10 - Property, Plant & Equipment (PPE)

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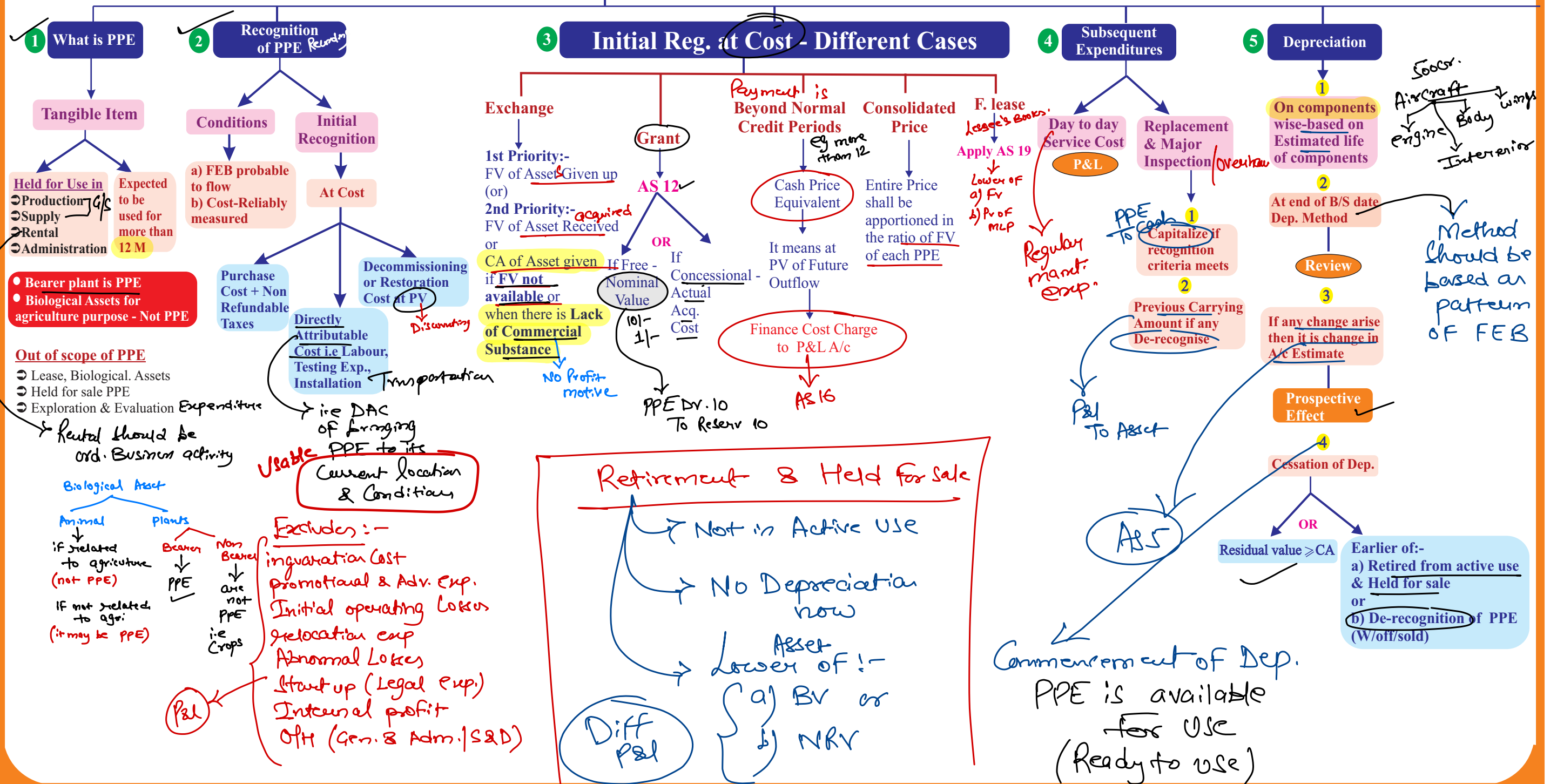
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# AS 10 - Property, Plant & Equipment (PPE)

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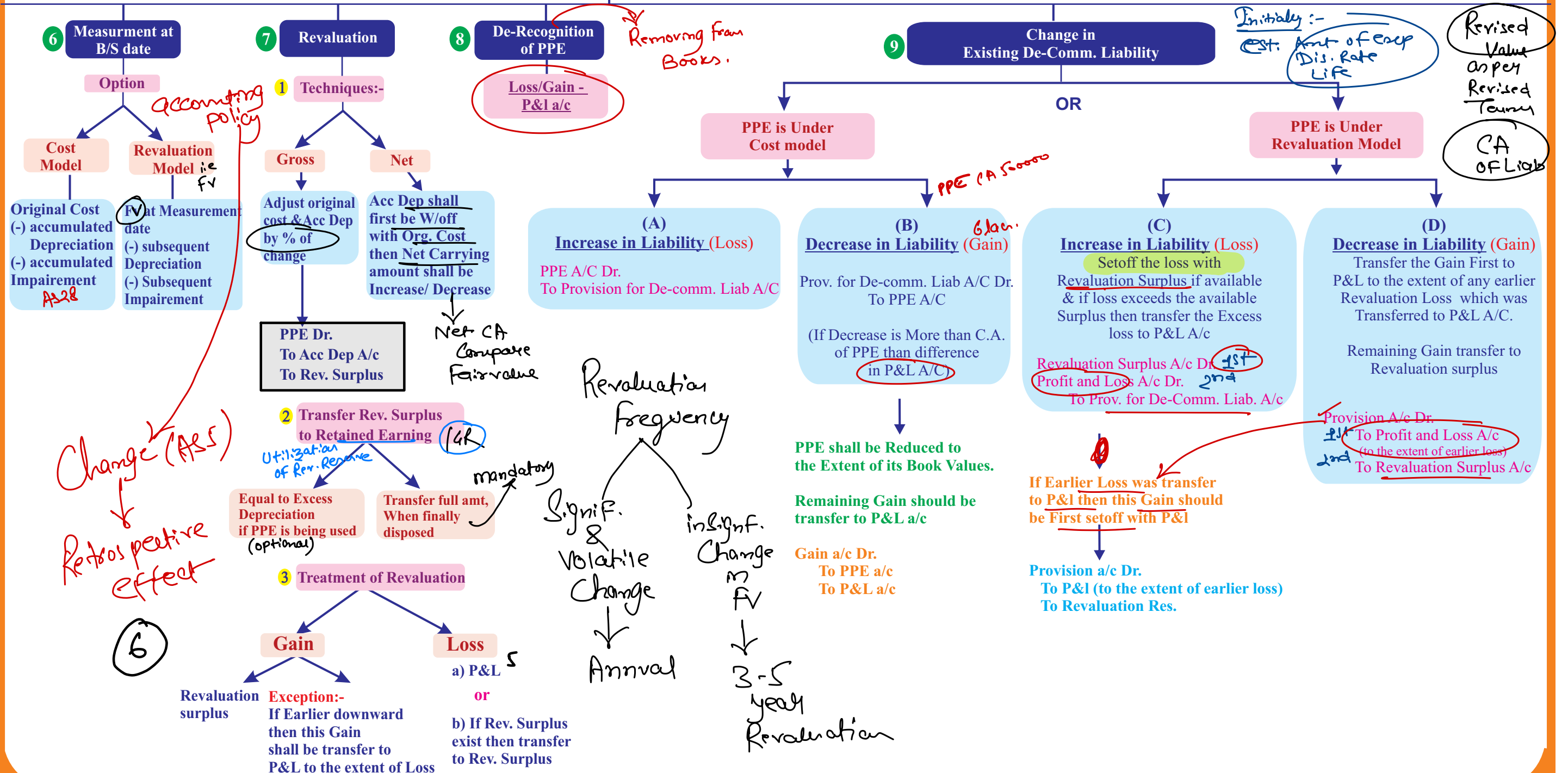
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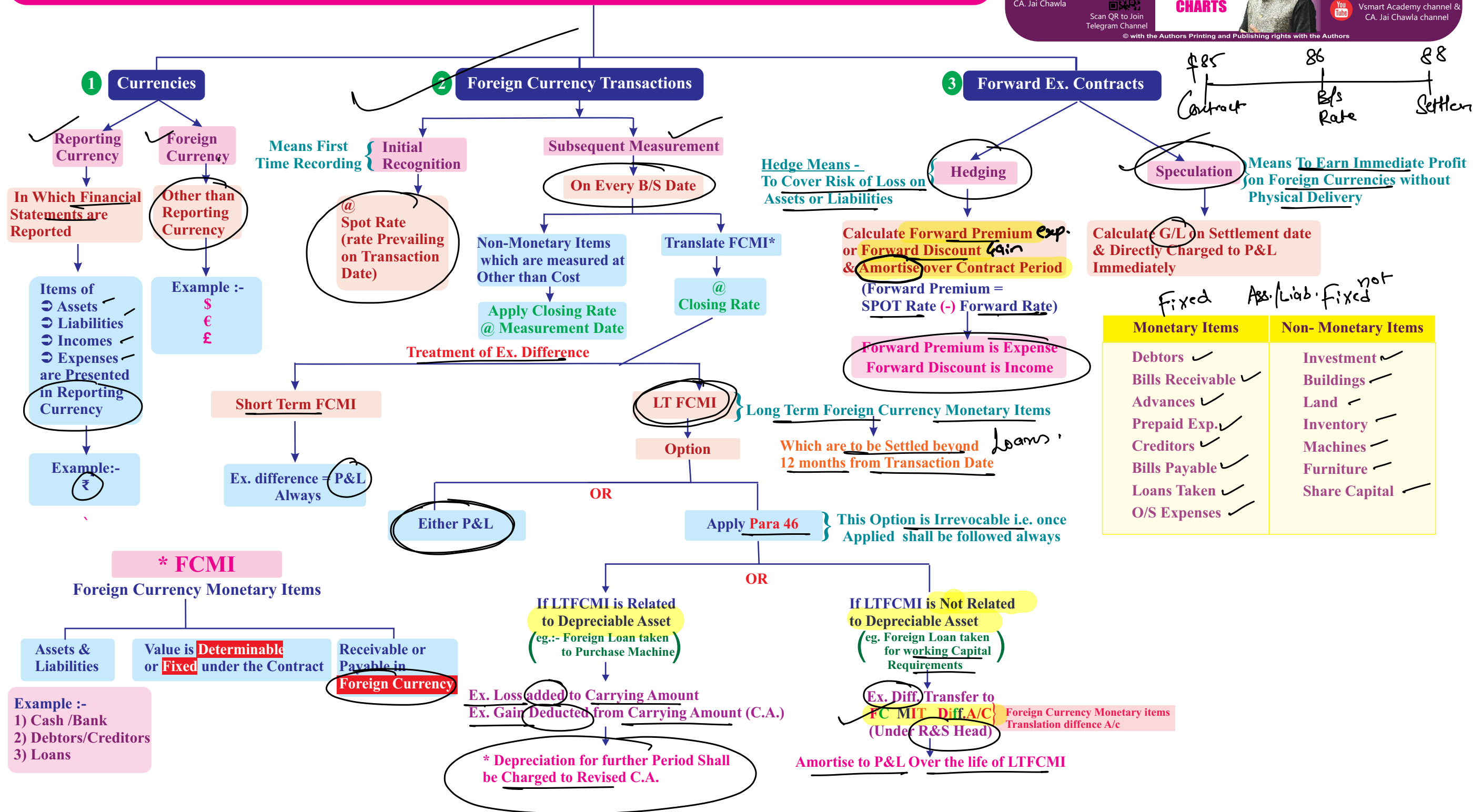
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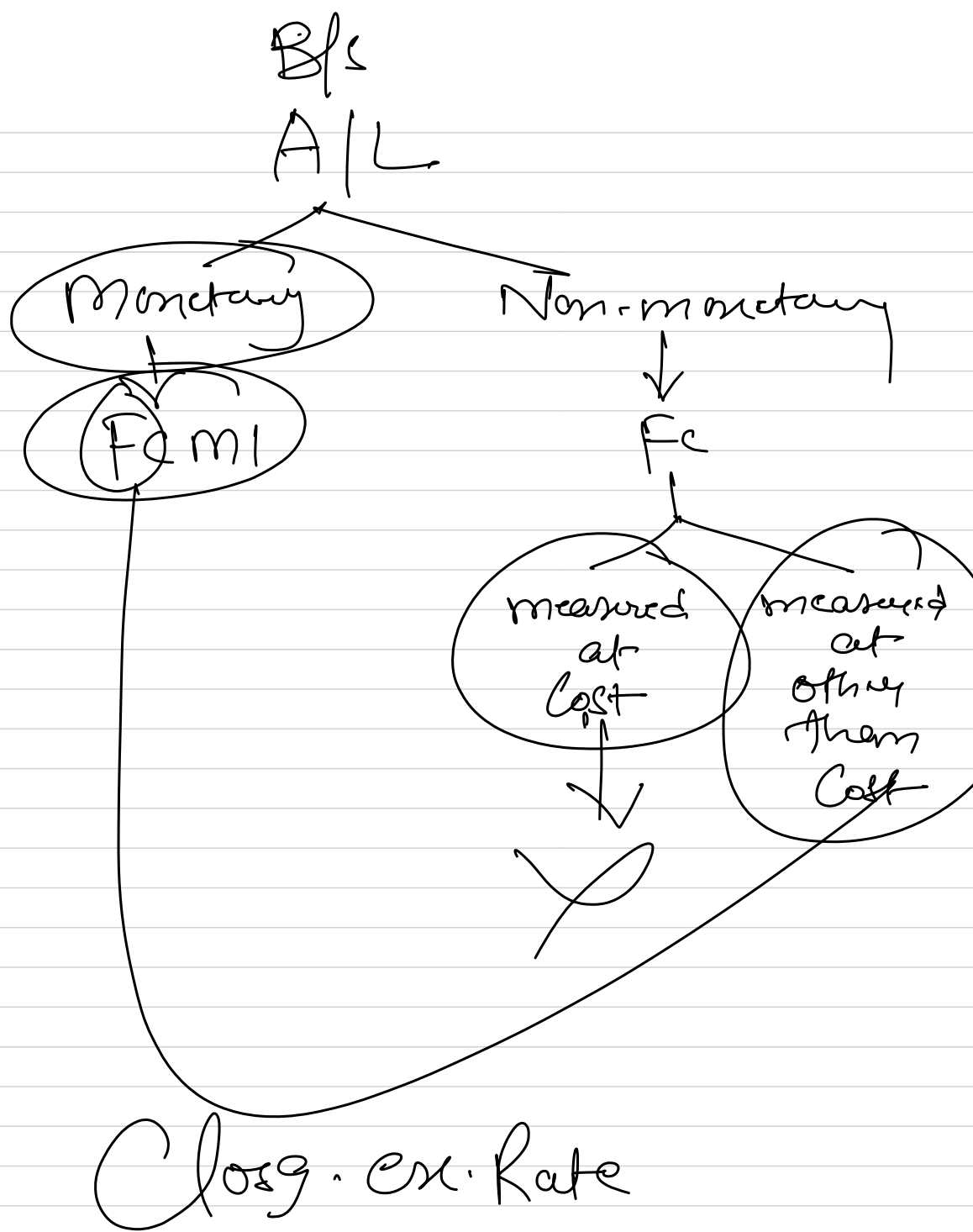
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# AS 11 - EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES





for. oper. (fo)

Integral



MI (A/L) =  $\text{Closg. Rate}$

Norm. (A/L) =  $\text{Same Spot}$

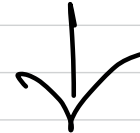
Revenue item =  $\text{Avg. Rate}$

Opnig stock =  $\text{oplate}$

Ex. Diff



Non-Integral



all A/L  $\Rightarrow$   $\text{Closg. Rate}$

Revenue  $\downarrow$

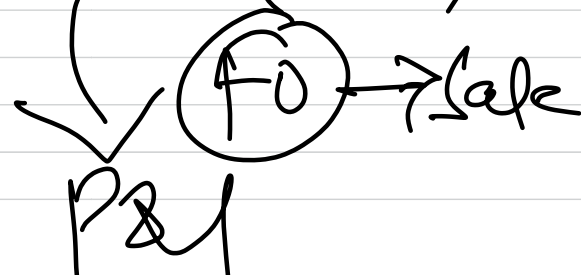
actual Rate  
or  
Avg Rate

Ex. Diff



FC TR

(R&S)



# AS 12 - GOVERNMENT GRANTS

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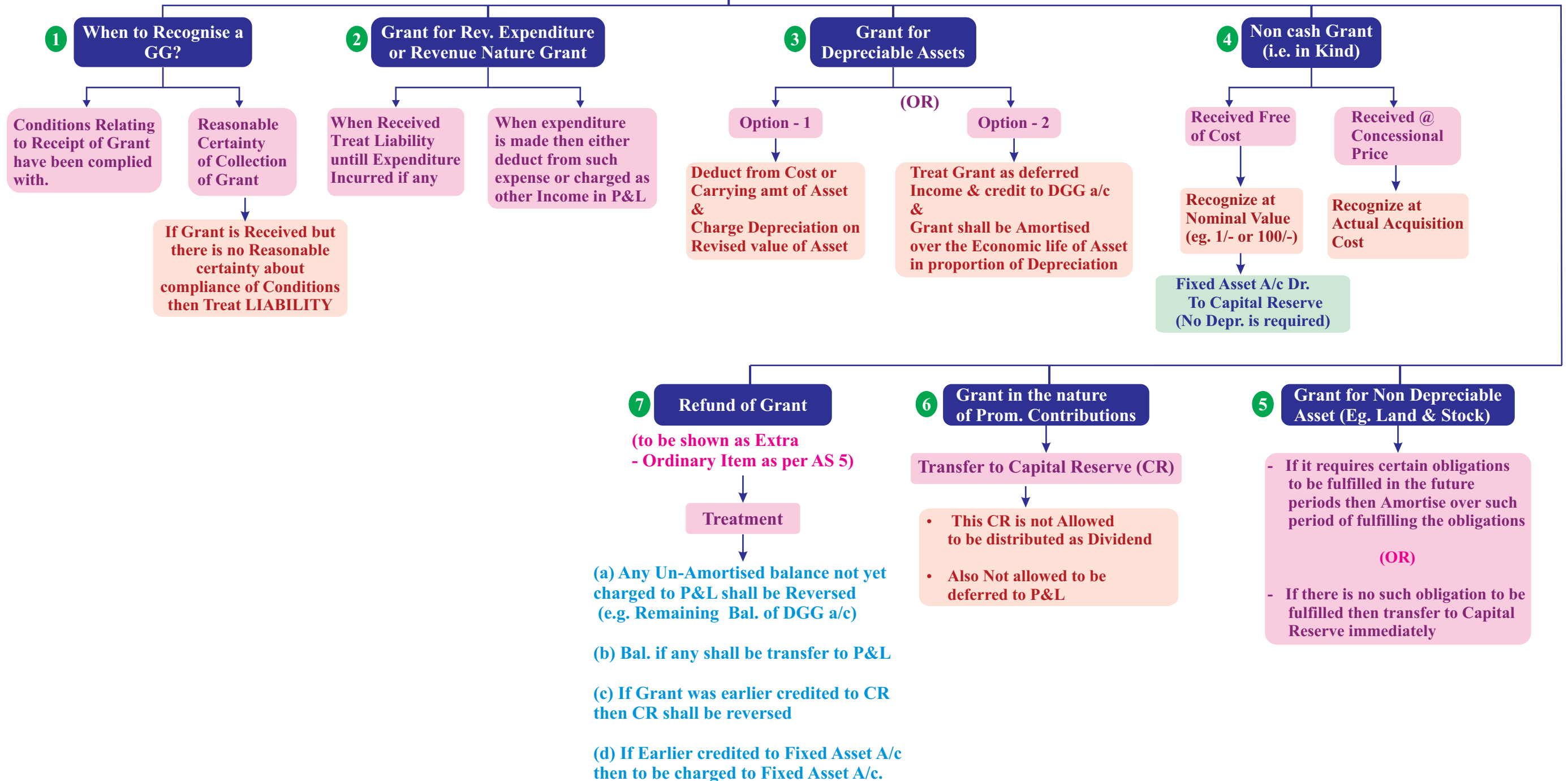
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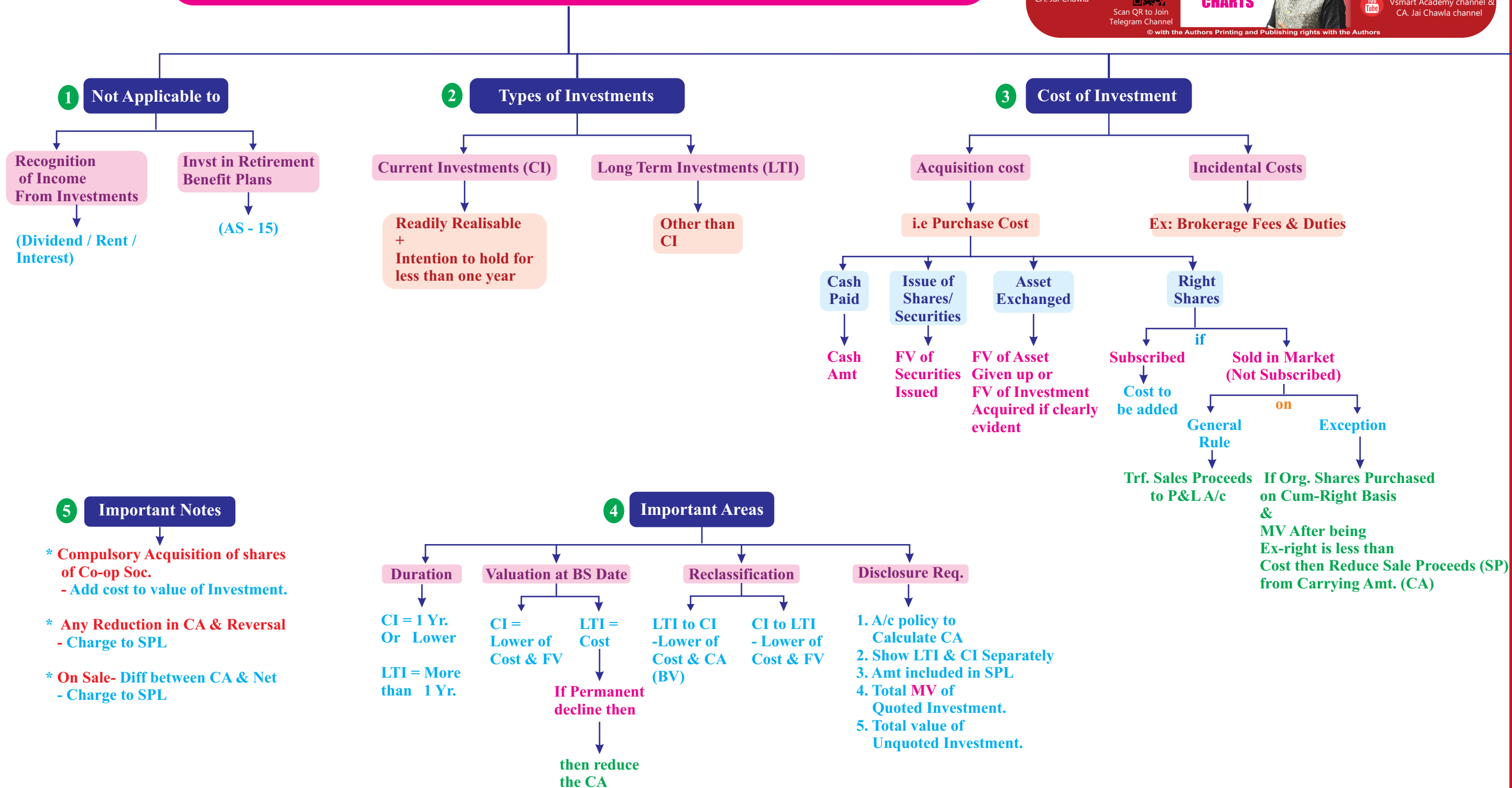
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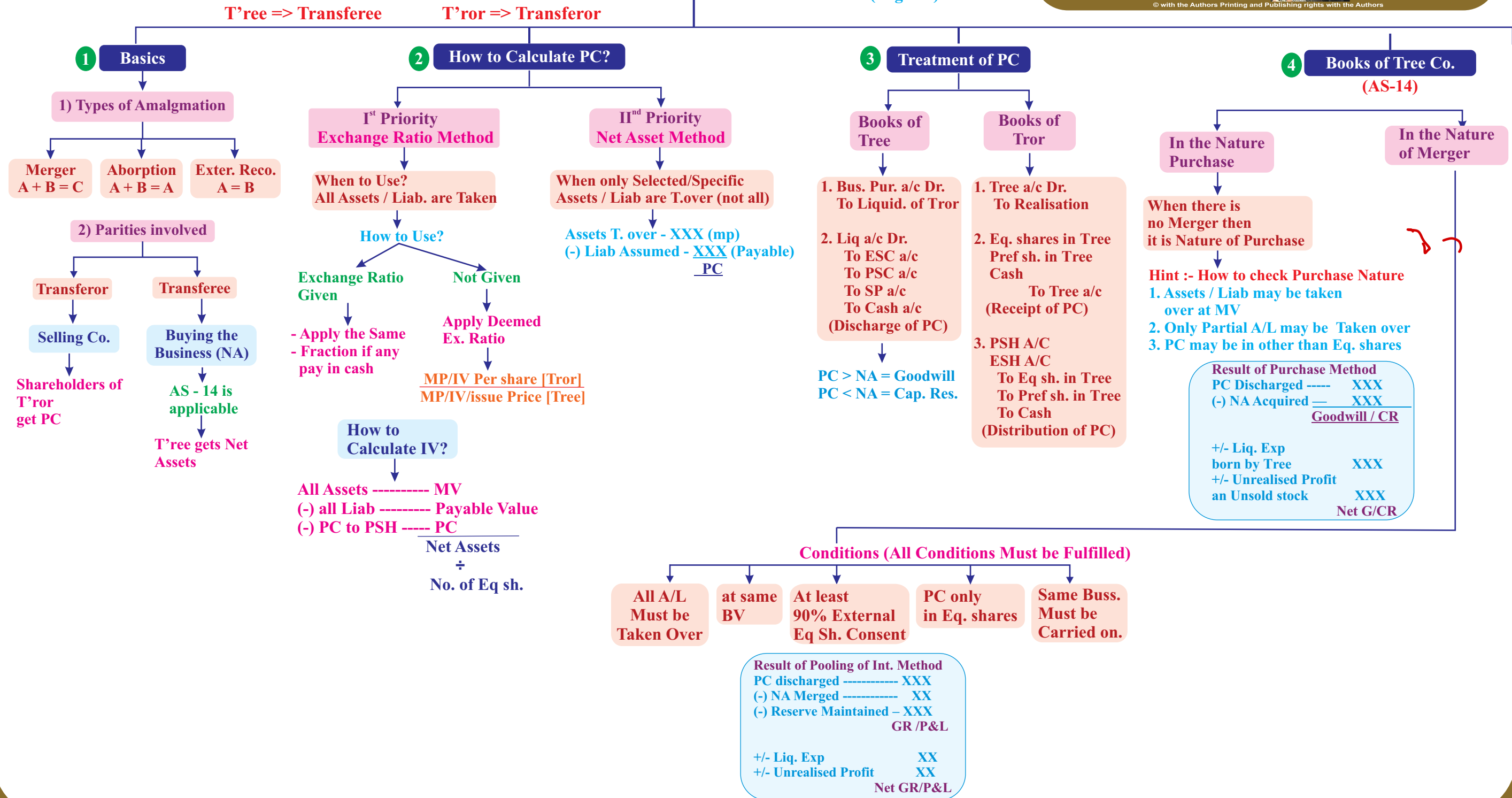


# AS 13 - ACCOUNTING FOR INVESTMENTS




# AS 14 - AMALGAMATION

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# AS 14 - AMALGAMATION


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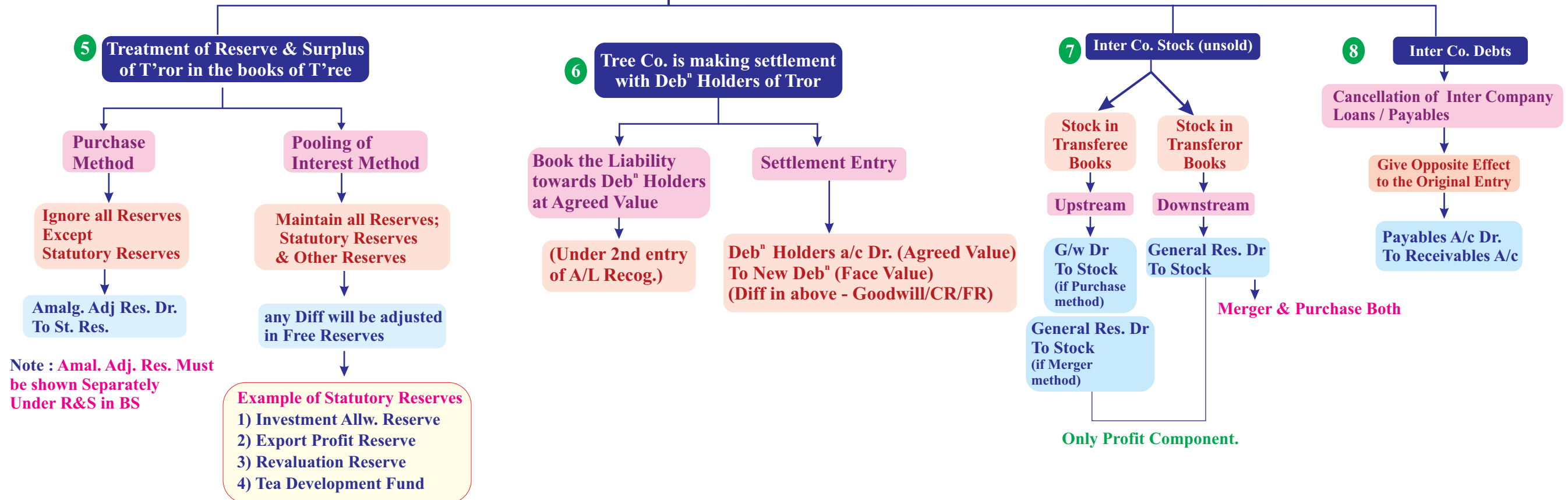
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# AS 15 - EMPLOYEE BENEFITS


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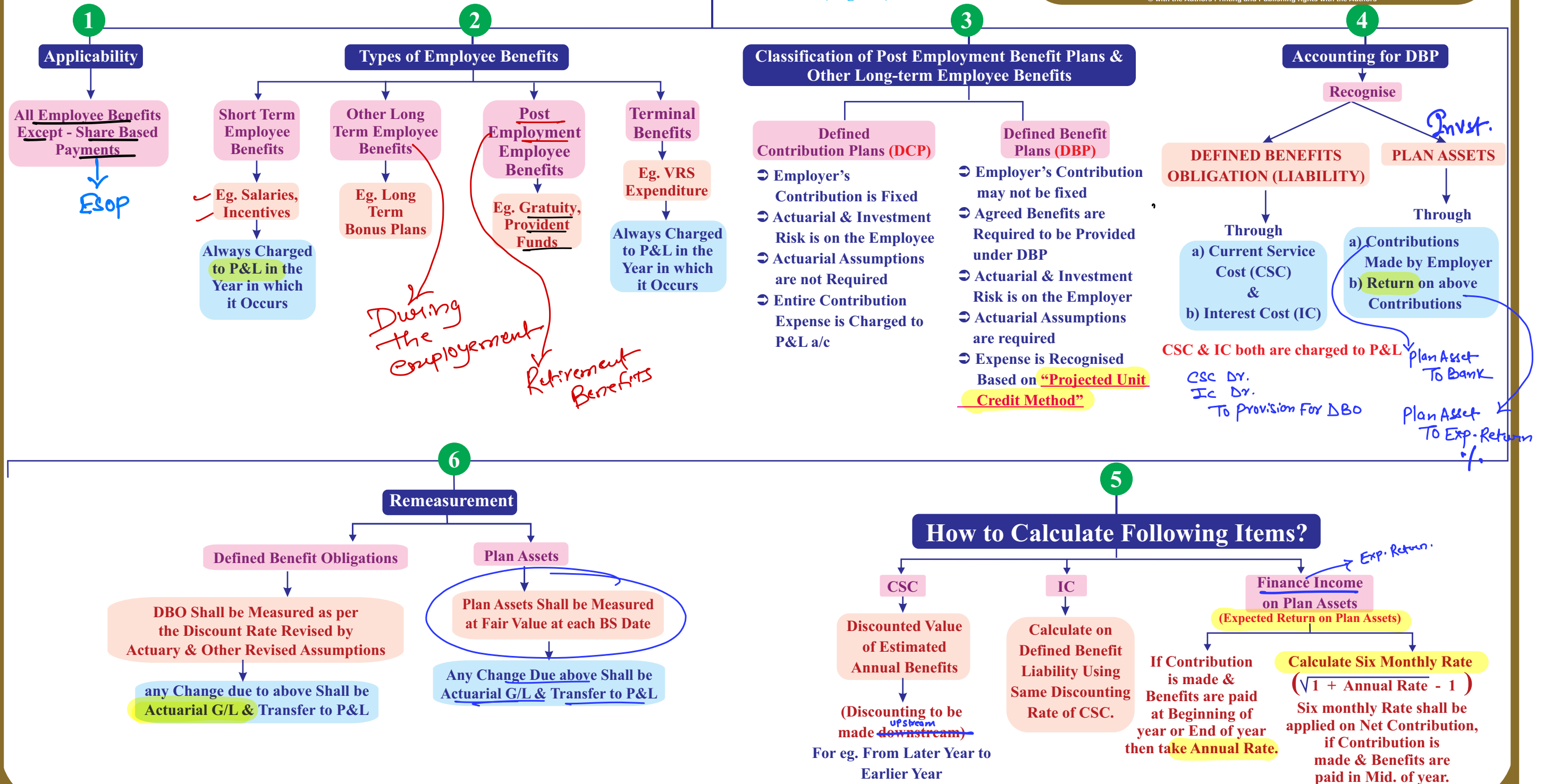


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# AS 15 - EMPLOYEE BENEFITS

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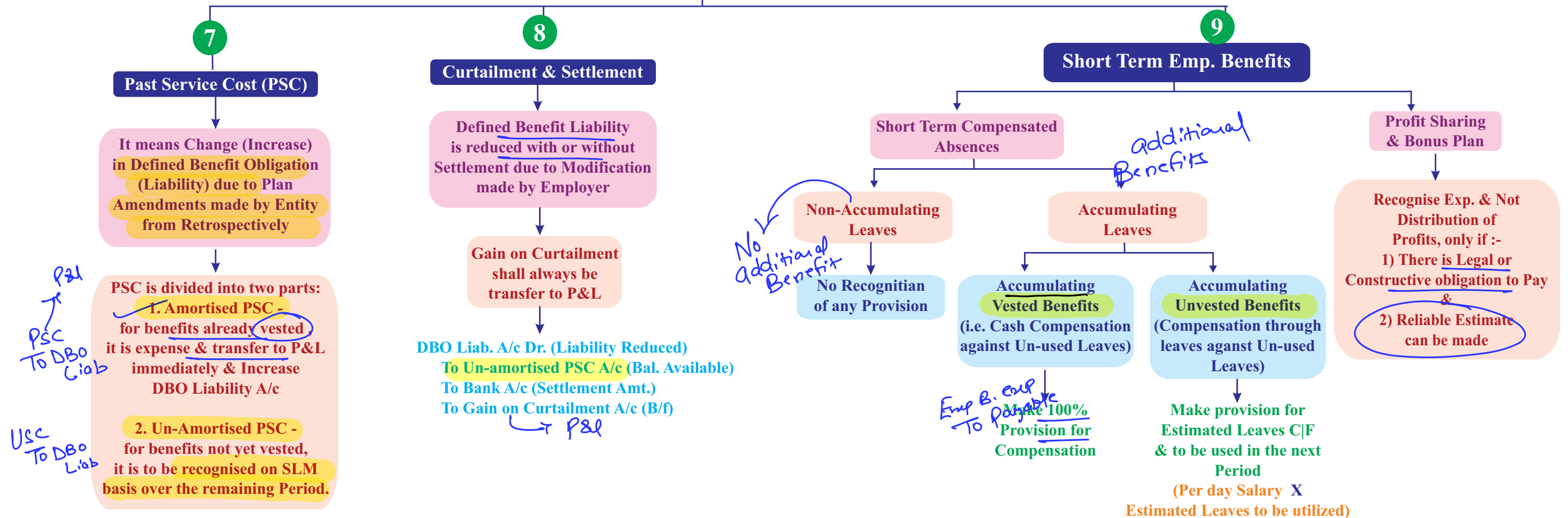


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## Provision For DBO A/c

To Bank xxx (Benefits paid)	By Bal Hd xxx
(B/f) To Actuarial gain P&L xxx	By CSC P&L xxx
	By Int. Cost xxx
	By PSC (P&L) xxx
	By UAm-PSC xxx
To Bal cld xxx	By Actuarial Loss P&L xxx (B/f)

as per Actuarial valuation

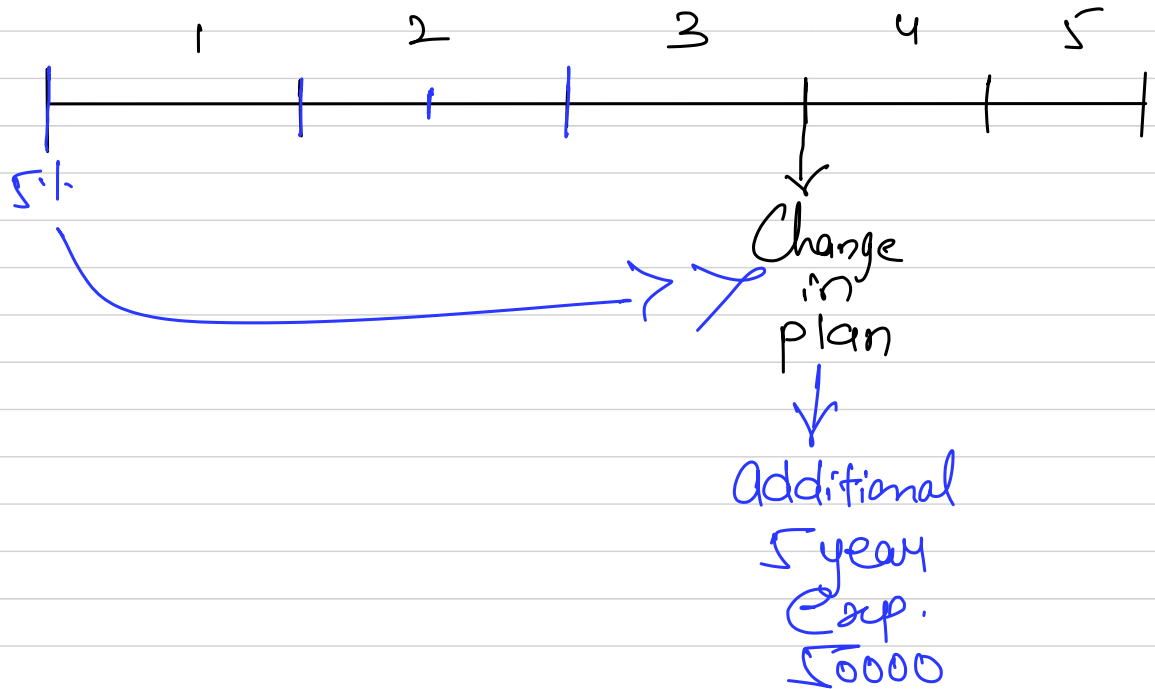
## Plan Asset a/c

To Bal Hd xxx	By Bank (Benefits) xxx
To Ex-Retn xx	By Actuarial Loss P&L xxx
To Bank xxx (Contribution)	
To Ex-Retn. xx (on net Contr.)	
To Actuarial Gain P&L xxx	By Bal cld (at fair Value)

## Income Actual Return

Exp Retn  
(+) Act Gain on P&Aes  
(-) Act Loss on Plan Aes.

Eg:-



Step 1:- Calculate Est. Total Defined Benefit to be paid  
(Based on Future Salary)

Step 2:- Allocated Benefit per year  
$$\frac{\text{Step 1}}{\text{No. of Yrs}}$$

Step 3:- Calculate CSC by Discounting each year upstream

Step 4:- Prepare Interest Schedule


Opng

Int Wt (%)

CSC


Closg

# AS 16 - BORROWING COSTS



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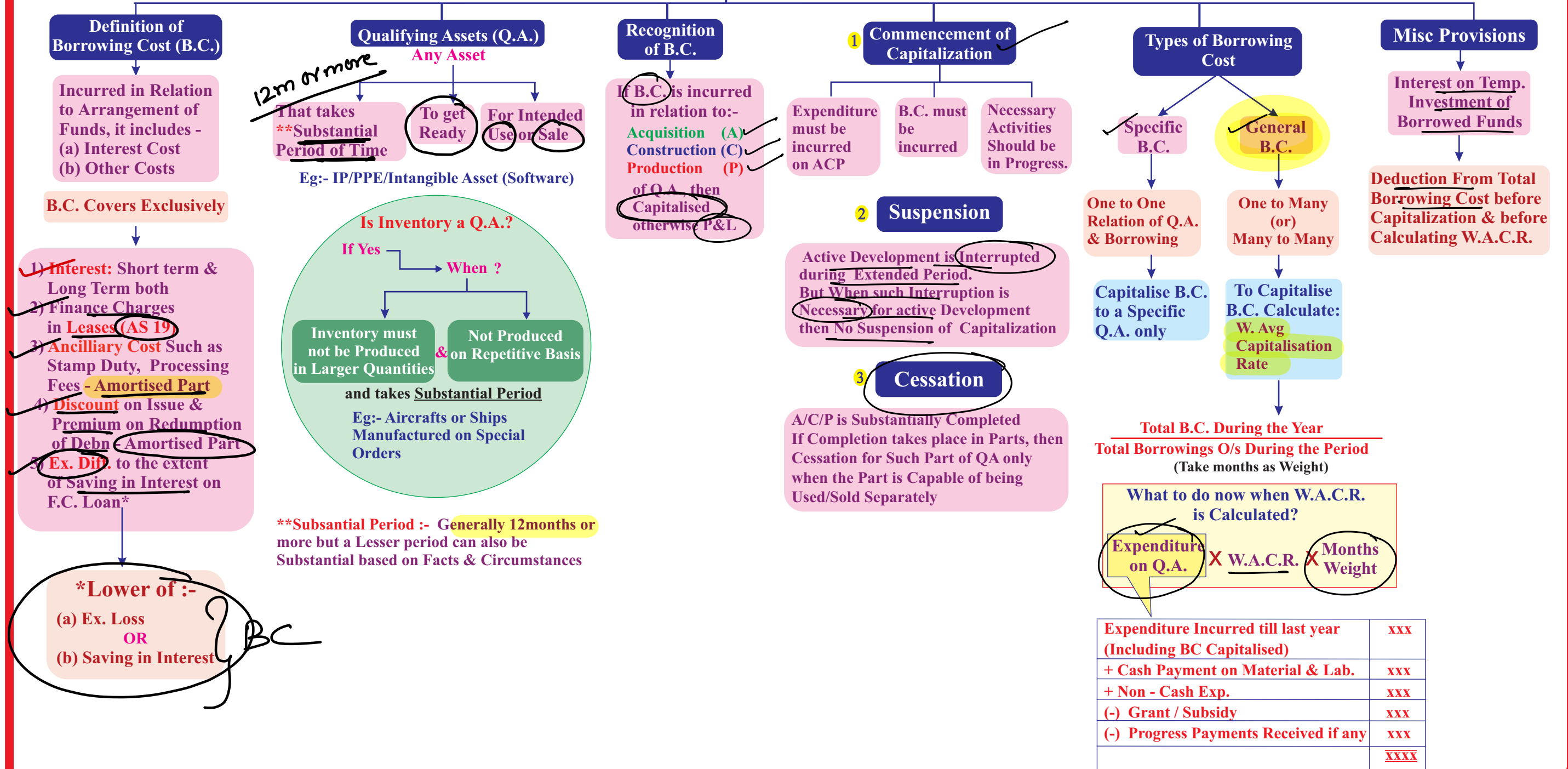
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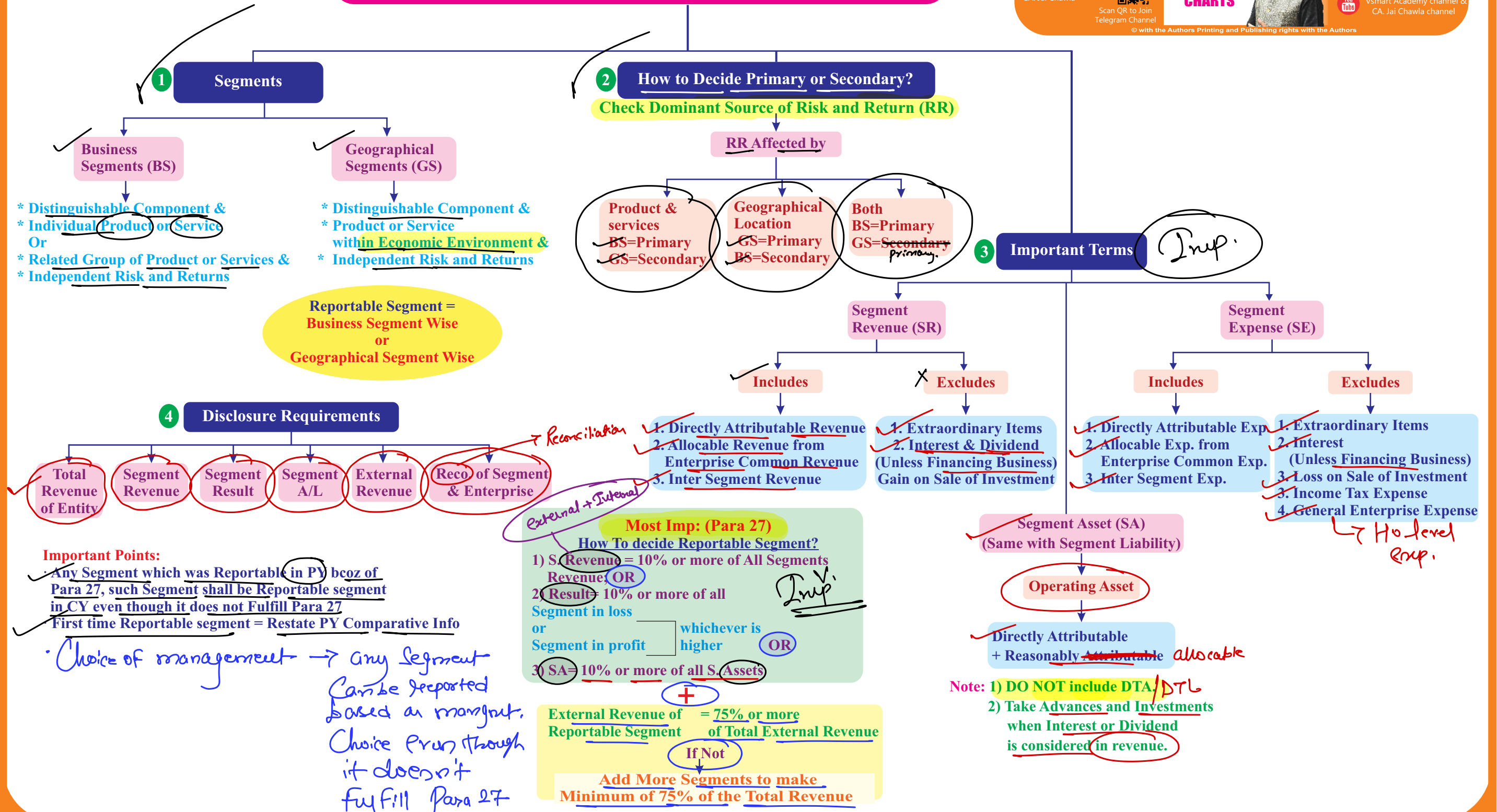
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# AS 17 - SEGMENT REPORTING






# AS 18 - Related Party Disclosures



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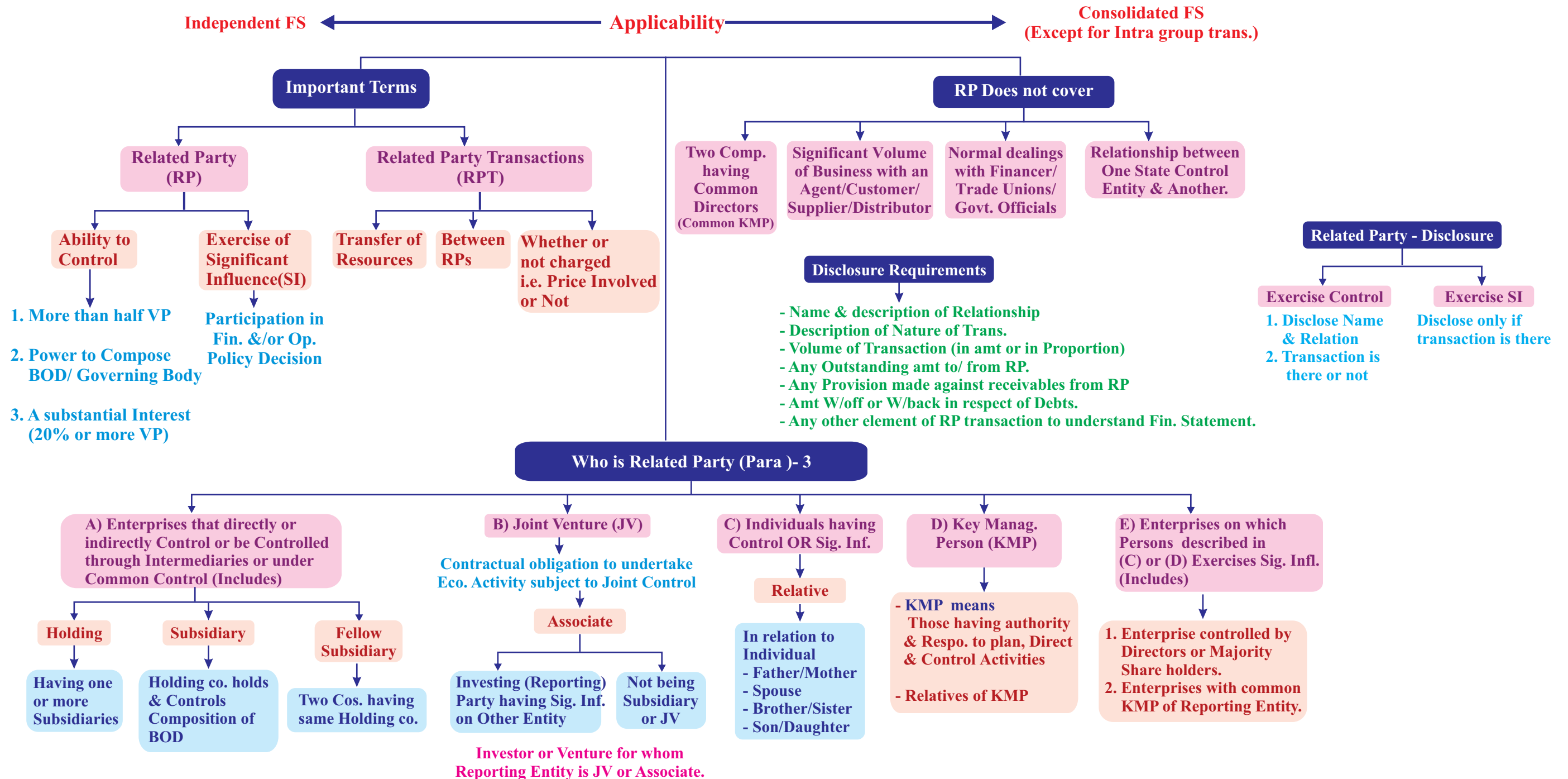
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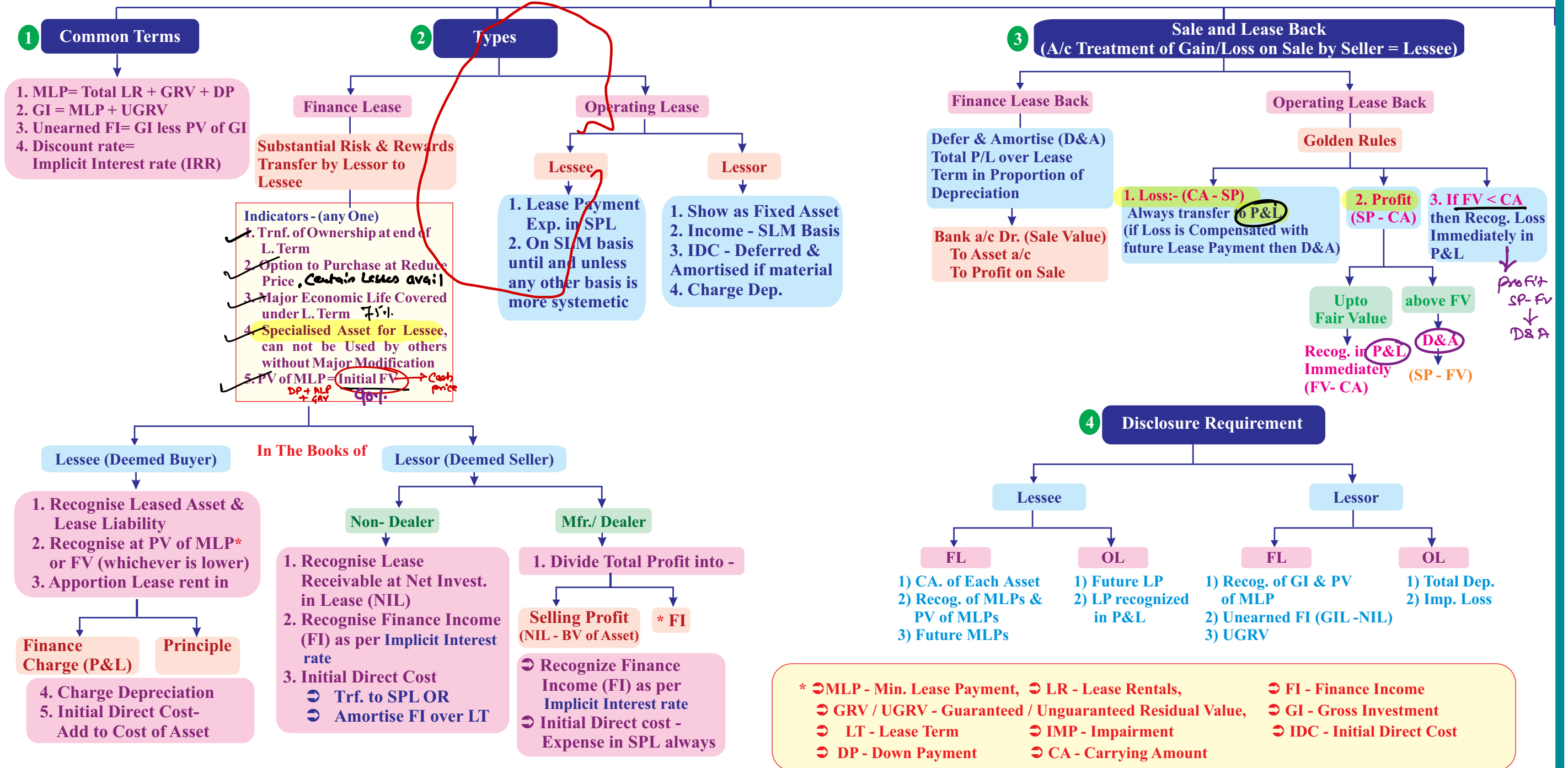
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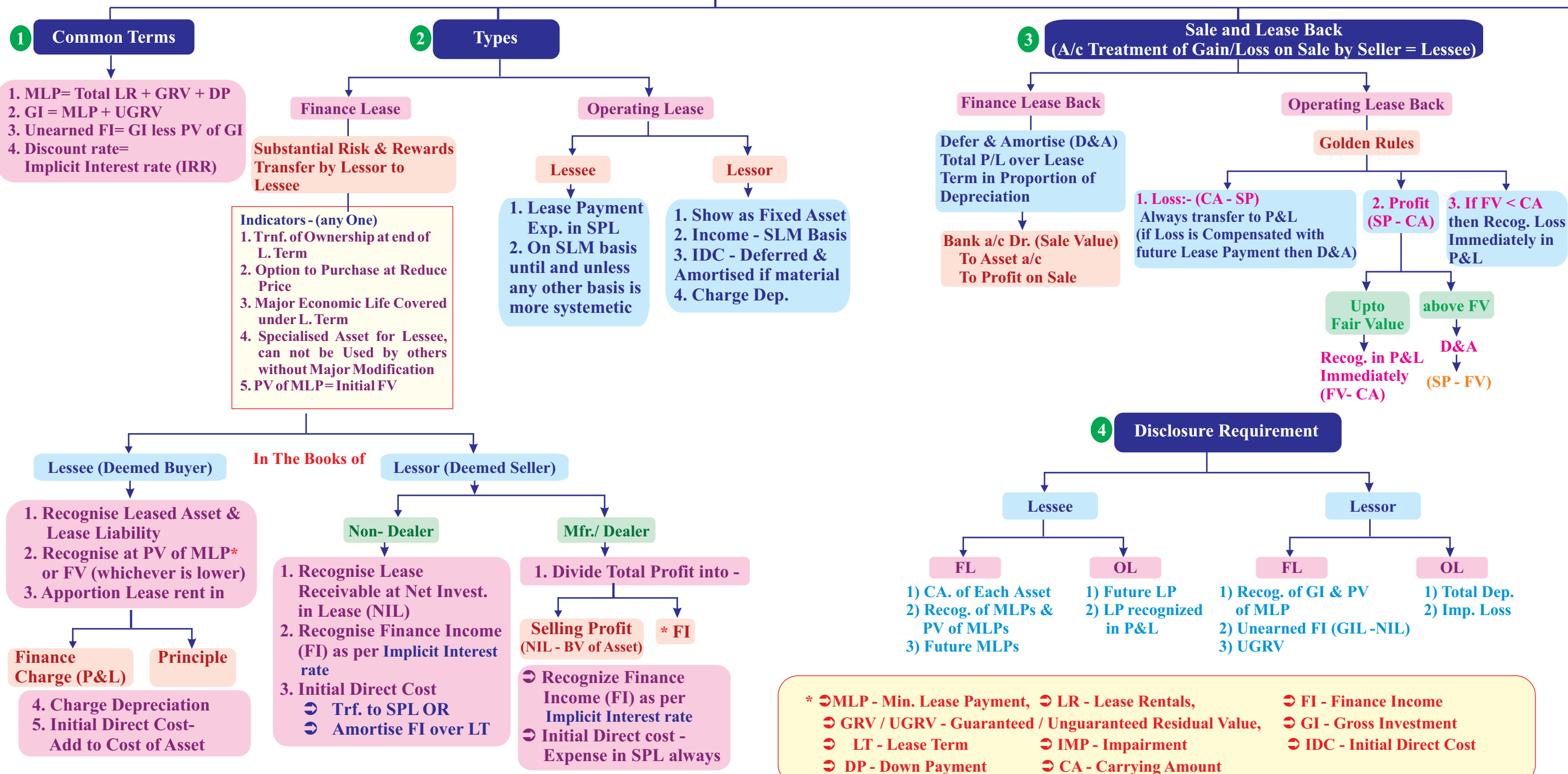
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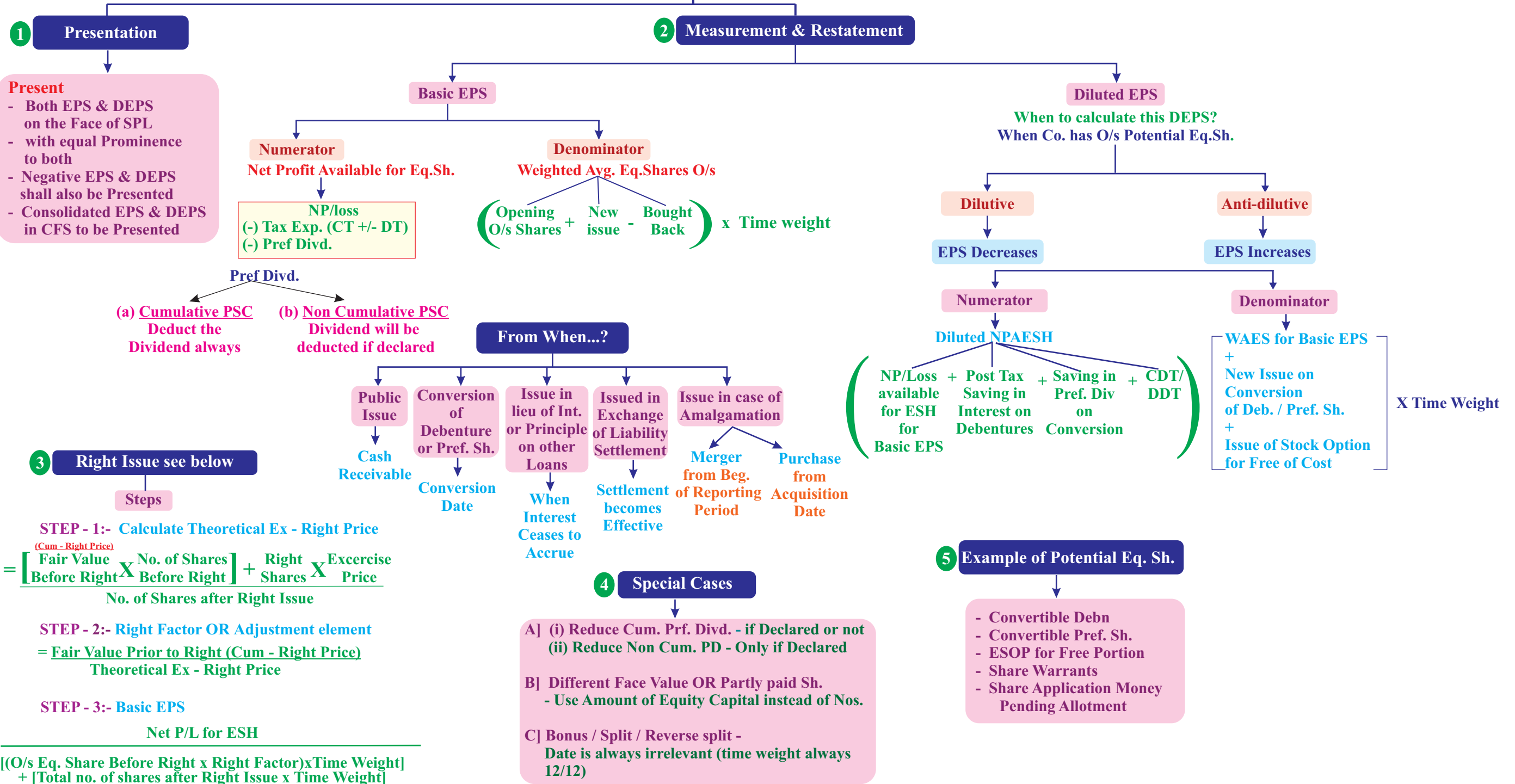
# AS 19 - ACCOUNTING FOR LEASES



# AS 19 - ACCOUNTING FOR LEASES



# AS 20 - EARNINGS PER SHARE



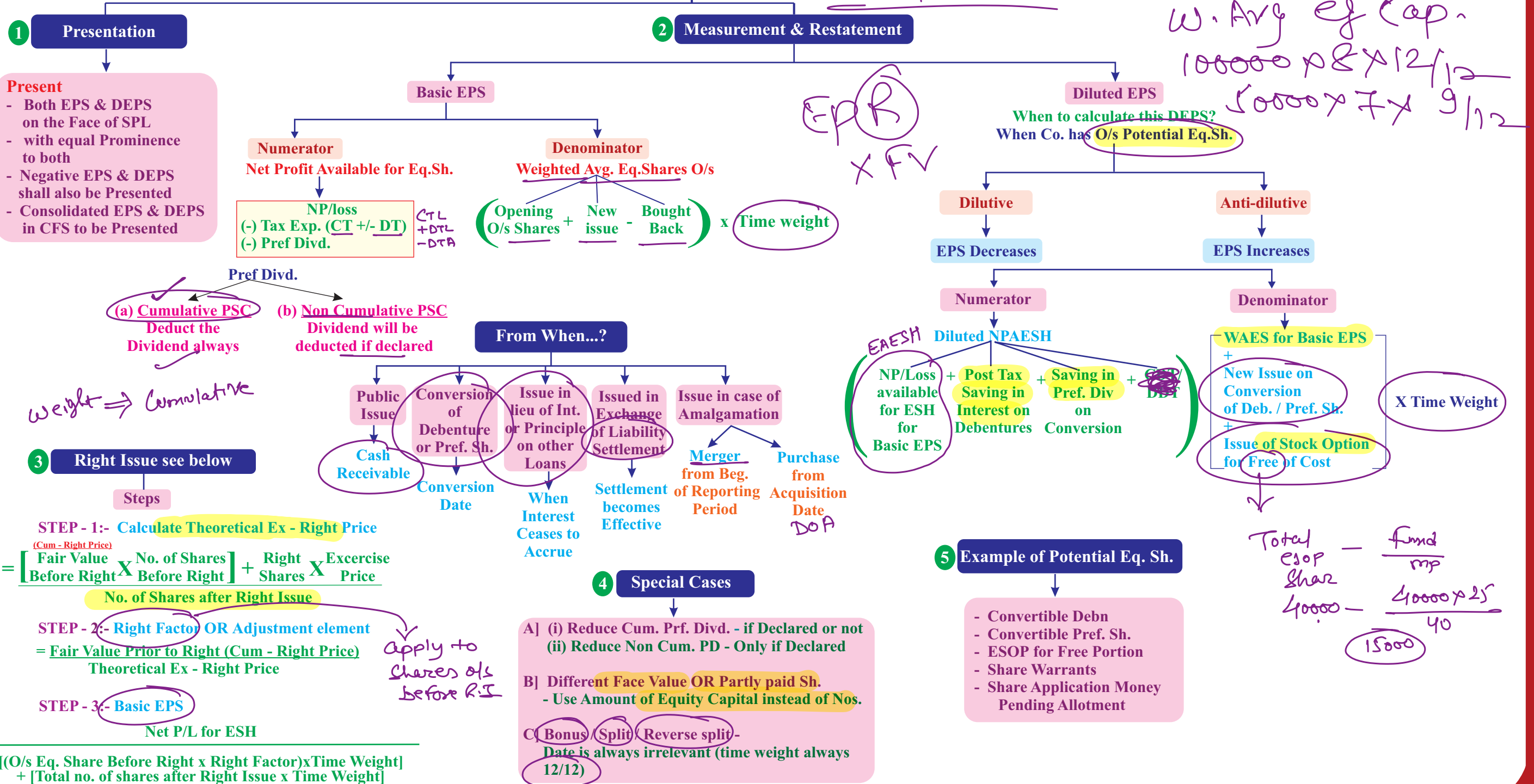


# AS 20 - EARNINGS PER SHARE

*Partly Paid*

*W. Avg of Cap.  
100000 x 8 x 12/12  
50000 x 7 x 9/12*

*EP R  
x FV*



$$1/4 \quad \text{OP} \quad 100000 \quad 3/12 \rightarrow \frac{\text{Cum}}{\text{Ex.}}$$

$$1/7 \quad 50000 \Rightarrow 150000 \times 9/12$$

RI

Restated

$$\frac{N}{100000 \times \frac{\text{Cum}}{\text{Ex}}}$$

# AS 21-CONSOLIDATED FINANCIAL STATEMENT (CFS)

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## 1 When to Prepare CFS?

When One Entity (Holding)  
Controls Over Business of other  
Entity (Subsidiary)

OR

By Acquisition  
of More than  
50% Eq. Shares  
(Voting Rights)

By Power over  
Composition of  
BOD

Investment must  
be appeared in  
SFS of Holding

No Investment  
is appeared in  
SFS of H - 100%  
M/I in CFS

Invest Dr.  
To Bank

B/S (SFS)

Invest xxx

## 2 Elements of CFS

CBS CSPL CCFS  
+ Notes to A/c

How to Prepare CFS?

Line by Line Consolidation  
or Merging of all Assets,  
Liab., Incomes & Expenses

## 3 Items Required to Prepare CBS

Analysis of  
Profit (AOP) of S

Sub-Divided  
into

- Pre Acq Period &
- Post Acq Period

Refer Format of  
AOP in Page 3 of  
this Topic

Cost of  
Control (COC)

always Prepare  
on Date of  
Acquisitions (DOA)

Comparison between  
• Investment Value (PC)  
&  
• Prop. Net Assets (N.A.) of S

Goodwill OR CR

Investment is Higher  
than Prop. N.A. Investment is Lower  
than Prop. N.A.

Minority Interest  
(M/I)

Prop. Share  
in the N.A.  
of Subsd. (Refer  
Point No. 12 in  
Next Page)

Conso. R&S  
of H

Post Acq Profit  
Share of H  
in AOP of S  
Shall be added

## 4 Abnormal Items

Post Column

Loss = (+)  
Gain = (-)  
Before Time  
Adjust.

Time Adjst.

Assume Profit  
is Earned Evenly  
throughout the  
Year  
Make Time Adj.  
of Profit after  
Tax, After Rectification,  
but before Bonus  
& before Dividend  
Always.

Restate After  
Time Adj.

Loss = (-)  
Gain = (+)

In Pre or Post  
Column depends  
on date of  
occurrence of  
Abnormal Items

## 7 Revaluation of Net Assets of Subs.

Why?

We need NA of Subs at MV to  
Compare them with Investments  
which are already at MV as on DOA

How?

Calculate Revaluation Profit  
or Revaluation Loss as on DOA

MV as on DOA - XXX  
BV as on DOA - XXX  
RP/RI

Transfer to Pre Column  
after Time Adj. always

Additional Dep./Saving  
in Dep. for Post Acq. Period

Dep. actually charged for Post Period ---- XXX  
Dep. that should be charged Post Period ---- XXX

Post Column after Time Adj.  
Add. Dep = (-) Saving = (+)

## 6 Bonus Issue by Subsd.

OR

Entry already  
Passed

Add Back in Post  
Column before  
T.adj  
Less in Pre Column  
at the same time

% 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 always

Entry not  
yet Passed

Directly deduct  
from Pre Column

## 5 Rectification of Error

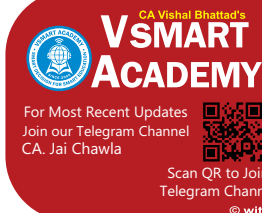
Adjust Post Column  
Profit before Time Adjst.

So that we can get  
Rectified Profit

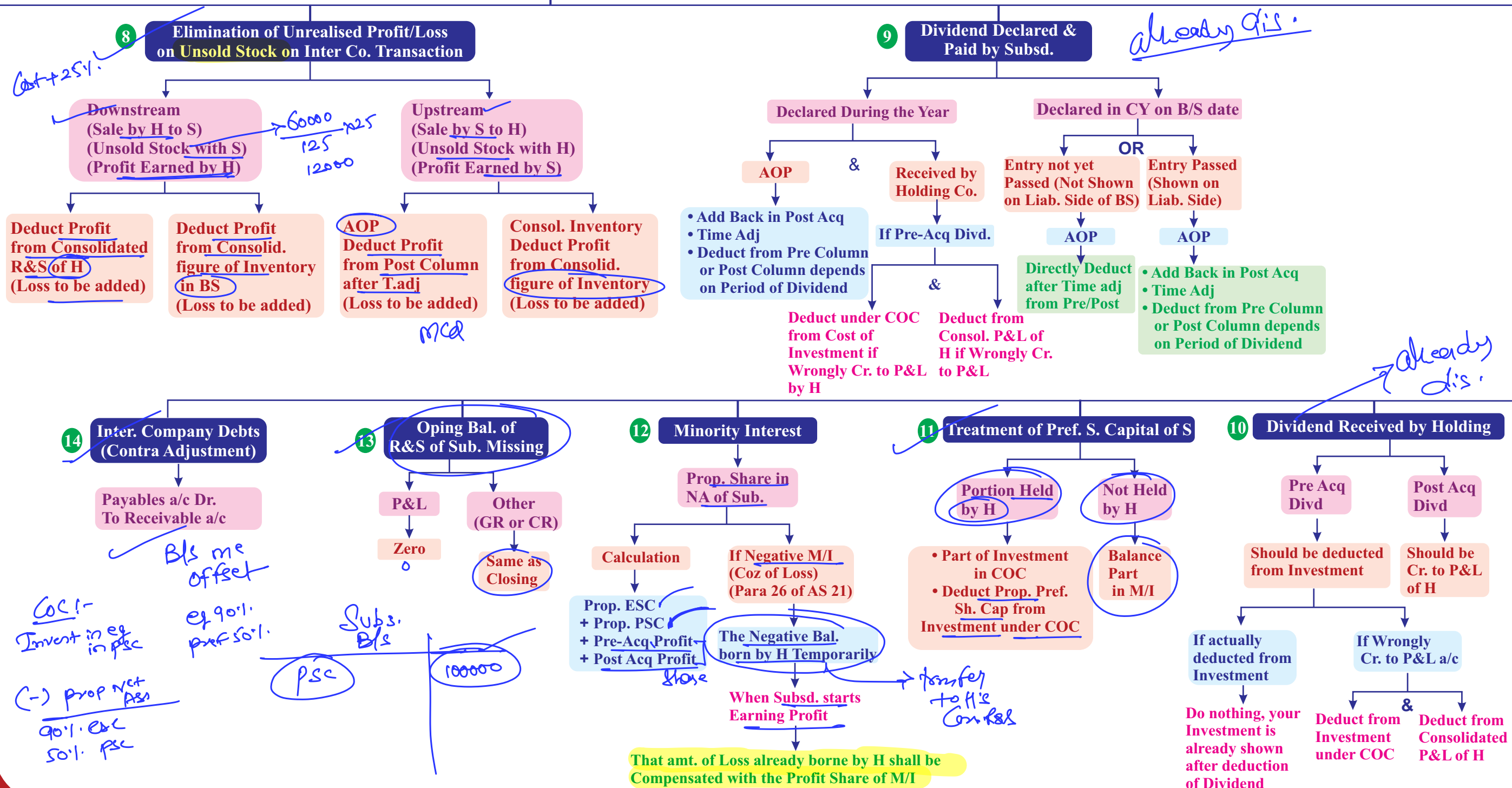
# AS 21-CONSOLIDATED FINANCIAL STATEMENT (CFS)

Jisne Profit Kamaya uske R&S se Hatao

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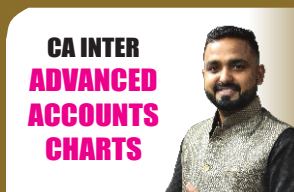




Exam

# FORMAT OF AOP

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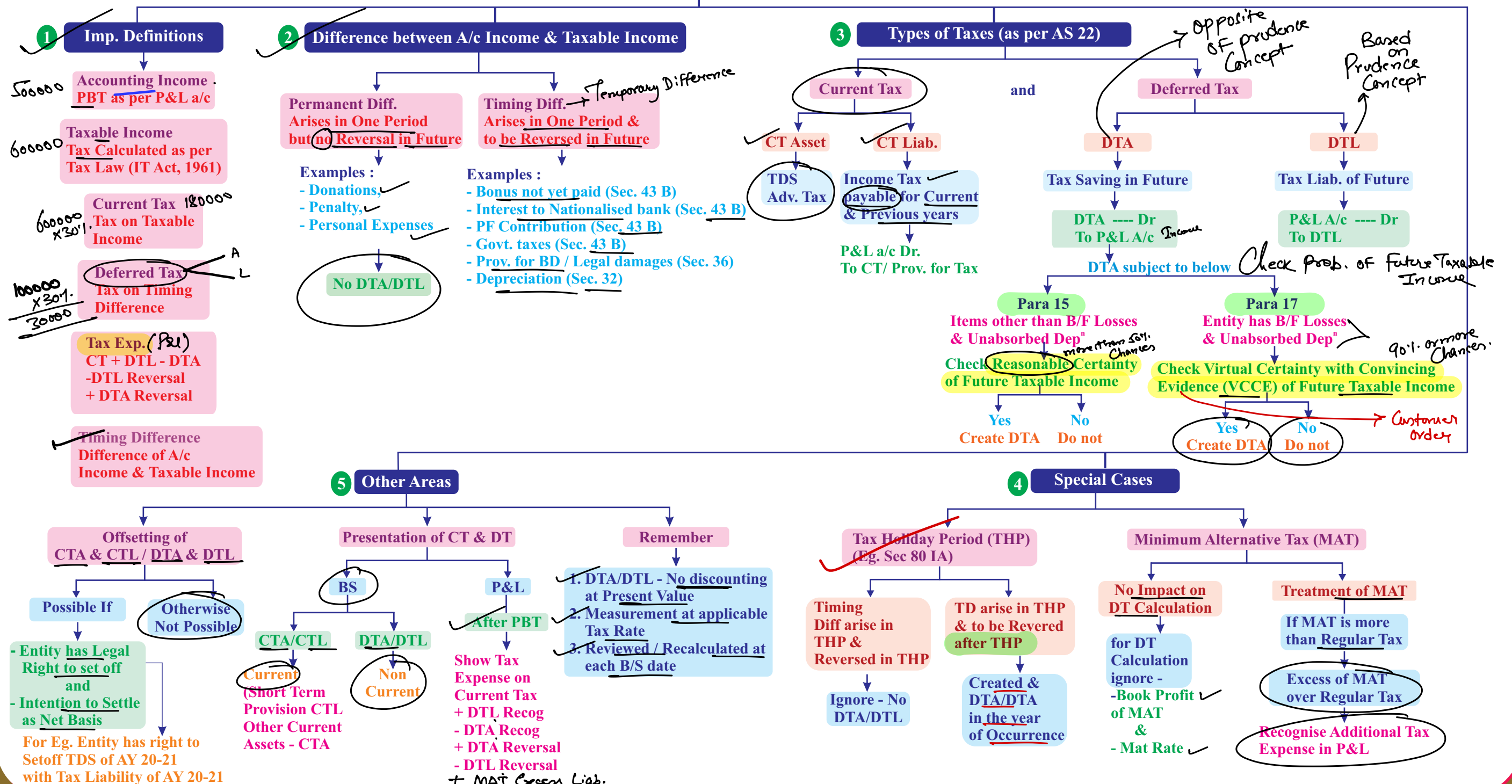
Particulars	Pre-Acq DOA	Post Acq	Total B/S Date
Balances Of R&s	XXX	XXX (Bal. Fig.)	XXX
+/- Abnormal Items Elimination	----	(XX)	
+/- Bonus Issue	(XX)	+XX (If already entry Passed)	
+ Dividend Paid/ Declared	----	XX (If already entry Passed)	
+/- Rectification of Errors Bal. of R&s	-----	XX -----	
+/- 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/I On Unsold Stock (Upstream Transaction)	----	XX	
Final Balance	XXX / \ Holding's Share M/T's Shares	XXX / \ Holding's Share M/T's Shares	

↓  
 Sold by S to H

# AS 22 - ACCOUNTING for TAXES ON INCOME



**EXP** → disallow Temporary.



# AS 23 - INVESTMENT IN ASSOCIATES

1

## 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. (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 (Downstream Transaction)	(xx)
<b>Value of Investment as per Equity Method</b>	<b>XX</b>

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

**DOA** 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 Ur-recognised Loss) shall be ignored unless investor is obliged to contribute for such losses. *Comp. Pay To Liab*
- 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.

*Con. B/s*  
Invest in Ass. (AS 23) | *Cost Equity method*

*Sep. B/s*  
Invest in Ass. (AS 13) | *Cost*

*20% DOA*  
Invest 50000 + 100000 CR  
Net Asset 300000  
FV X 20% = 60000  
Invst To CR  
*31/3*  
B/s eg.  
Post Acq X 20%  
Divd. X 20%

Net Ass (FV)  
ESC  
+ RSC  
+ R. Gam / Loss **DOA**

*Invest Cost 50000*  
*1st yr (-) post Acq share of Loss 200000*  
*2nd yr (-) Loss share 30000*  
*Invest 0*

*3rd yr. Profit Sh. 30000*  
*100000*  
**27**

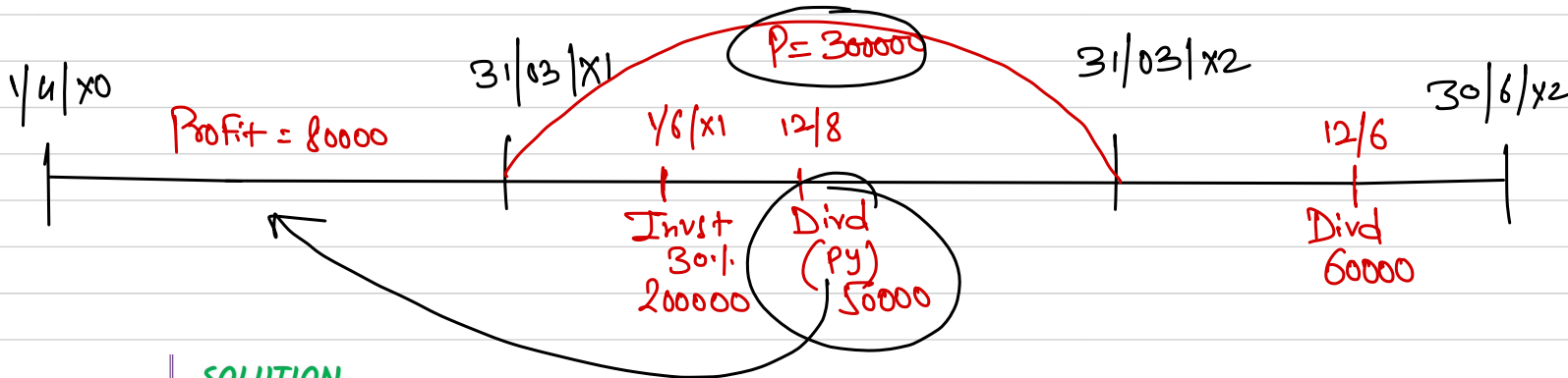
### Q.AS23.SM.06

Bright Ltd. acquired 30% of East India Ltd. shares for ₹ 2,00,000 on 01-06-20X1. By such an acquisition Bright can exercise significant influence over East India Ltd. During the financial year ending on 31-03-20X1 East India earned profits ₹ 80,000 and declared a dividend of ₹ 50,000 on 12-08-20X1. East India reported earnings of ₹ 3,00,000 for the financial year ending on 31-03-20X2 (assume profits to accrue evenly) and declared dividends of ₹ 60,000 on 12-06-20X2.

Calculate the carrying amount of investment in:

- Separate financial statements of Bright Ltd. as on 31-03-20X2;
- Consolidated financial statements of Bright Ltd.; as on 31-03-20X2;
- What will be the carrying amount as on 30-06-20X2 in consolidated financial statements?

**SOLUTION**



### SOLUTION

- (i) Carrying amount of investment in Separate Financial Statement of Bright Ltd. as on 31.03.20X2

As 13

	₹
Amount paid for investment in Associate (on 1.06.20X1)	2,00,000
Less: Pre-acquisition dividend (₹ 50,000 x 30%)	(15,000)
Carrying amount as on 31.3.20X2 as per AS 13	1,85,000

- (ii) Carrying amount of investment in Consolidated Financial Statements of Bright Ltd. as on 31.3.20X2 as per AS 23 \*

	₹
Carrying amount as per separate financial statements	1,85,000
Add: Proportionate share of 10-month profit of investee as per equity method (30% of ₹ 3,00,000 x 10/12)	75,000
Carrying amount as on 31.3.20X2	2,60,000

Invest To Cons P&L

- (iii) Carrying amount of investment in Consolidated Financial Statement of Bright Ltd. as on 30.6.20X2 as per AS 23

	₹
Carrying amount as on 31.3.20X2	2,60,000
Less: Dividend received (₹ 60,000 x 30%)	(18,000)
Carrying amount as on 30.6.20X2	2,42,000



# Multiple Acquisition

1<sup>st</sup> Time 10% 1/4

Next time 15% 1/10

Apply Equity method

W&F Second time i.e. 1/10

For Both Investments

Apply equity method on 10%

Apply equity method on 15%

1<sup>st</sup> Time 25% 1/4

Next Time 5% 1/10



Apply Equity method from

1<sup>st</sup> Time

On Both Investments Separately

## Format

(A) Invest Cost on 1<sup>st</sup> Time Investment xxx  
Share in Net Assets on 1<sup>st</sup> Time xxx

(if CR then Increase Value of Investm)

Goodwill or CR

(B) Investment Cost on 2<sup>nd</sup> Time Invest xxx  
Share in Net Assets on 2<sup>nd</sup> Time xxx

Goodwill/CR

(if CR then Increase  
Value of Investments)

② equity method on B/S date :-

Post Acquisition Share of  
profit

XXX

---

A+B+C

---

# AS 24 - DISCONTINUING OPERATIONS

## Areas Covered

### Meaning

**Disposal of Component**  
- In Substantial entirety  
- 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.

Q1 June ending  
Q2 Sep ending  
Q3 Dec ending  
Q4 March ending

# AS 25 - INTERIM FINANCIAL REPORTING

## 1 WHAT IS IFR ?

F/S for a period Less than 12m Period

AS 25 doesn't require which entity should prepare IFR & how frequent it should prepare.

AS 25 Requires minimum content to be disclosed while preparing IFR.

## 2 Types of IFR

Complete set of F/S

Same as Annual Reporting covering all Disclosures as per all AS & following Complete Schedule III requirements.

OR Set of Condensed F/S

Preparing F/S with minimum disclosures & Content considering New Changes During the Interim Period. (Shortcut Approach)

## 3 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

## 4 Periods for Which Interim Financial Statements are Required to be Presented

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

Example – Current FY = 22-23  
Current Interim Period - Q2 = (July to Sep)

### 1) Balance Sheet

Current Period 30/9/22

Comparative 31/03/22

Last year wali

### 2) Statement of P&L (Financial Results)

Current Period Q2  
1/7/22 to 30/9/22

Comparative Q2  
1/7/21 to 30/9/21

YTD  
1/4/22 to 30/9/22

YTD  
1/4/21 to 30/9/21

Q3  
YTD  
1/4 to 31/12

### 3) Cash Flow Statement

Current Period 1/4/22 to 30/9/22  
Only YTD

Comparative 1/4/21 to 30/9/21  
Only YTD

## 5 Seasonal / Occasional Revenue

No Deferment or anticipation is allowed (Jis Period me mila ussi period me report Hoga)

## 6 Cost Incurred Unevenly (eg. Property Tax; Advert. Exp; Bad-debts)

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)

## 7 Important Notes

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

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

$$\text{Interim Income} \times W. Avg. Tax Rate$$

Q1 Q2 Q3  
Actual Tax exp. Estm. Income



## 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 same accounting policies are followed in the interim financial statements as those followed in the most recent annual financial statements or, if those policies have been changed, a description of the nature and effect of the change.
- (b) Explanatory comments about the seasonality of interim operations.
- (c) 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) Issuances, buy-backs, repayments and restructuring of debt, equity and potential equity shares.
- (f) Dividends, 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 26 - INTANGIBLE ASSETS (I.A.)

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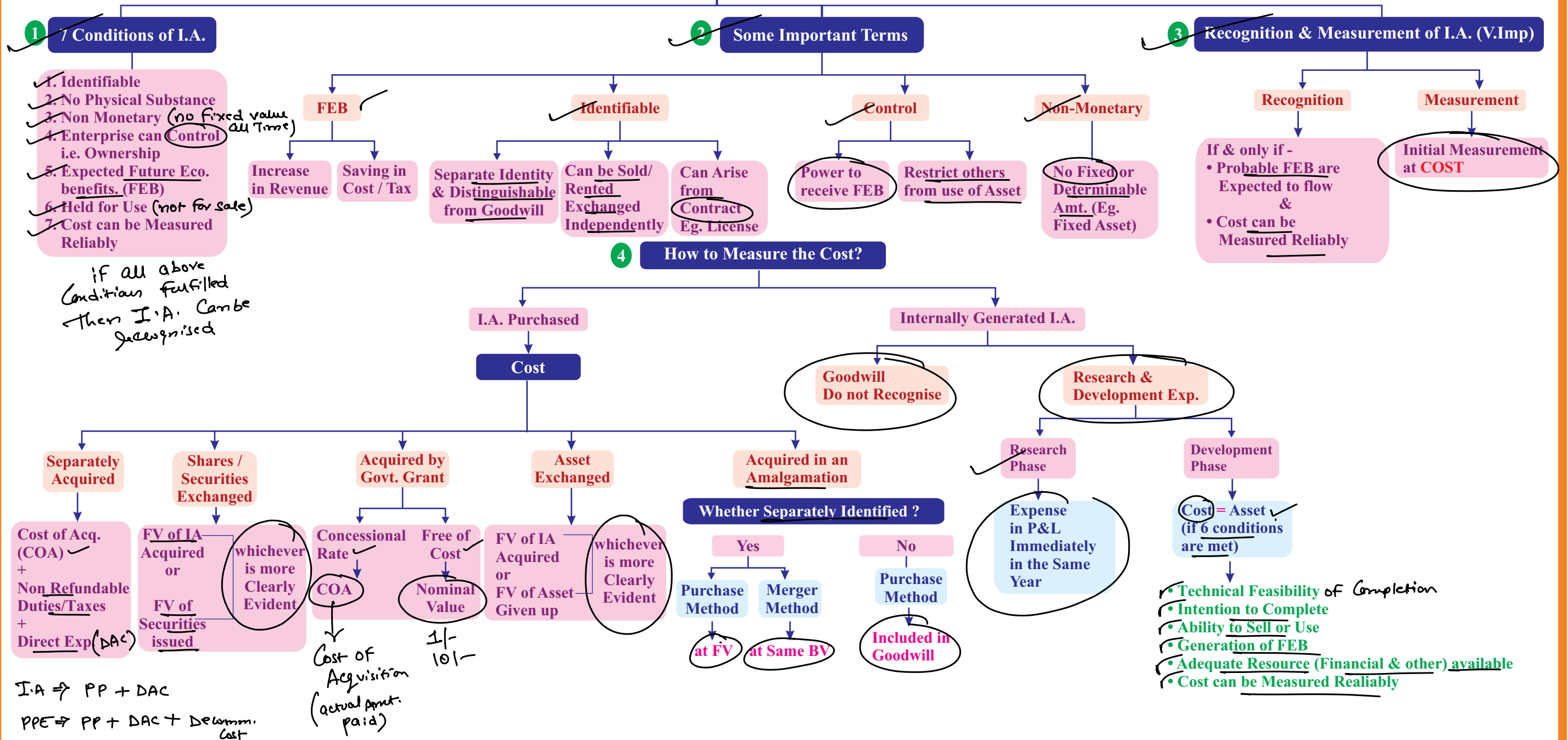
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# AS 26 - INTANGIBLE ASSETS (I.A.)

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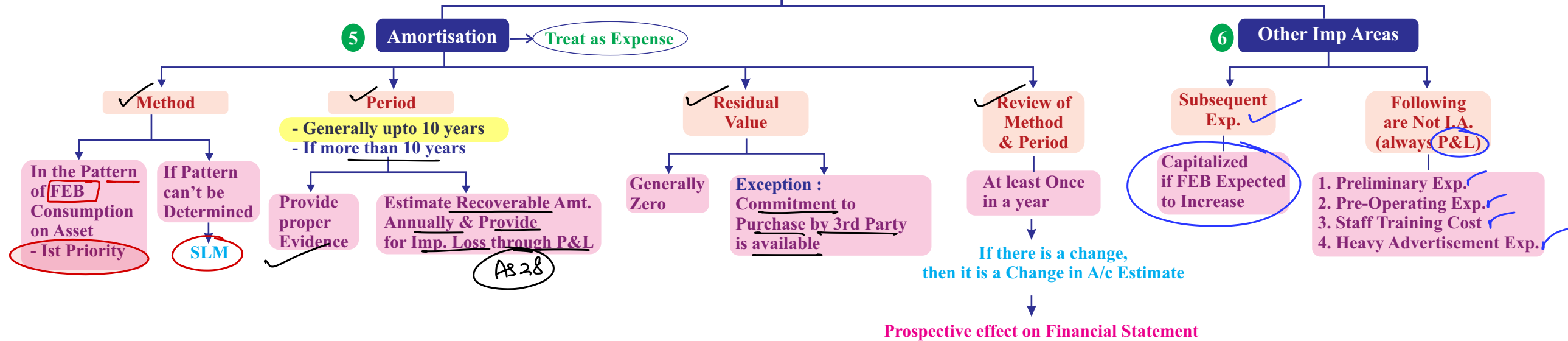
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# AS 27 - Financial Reporting of Interest in JV



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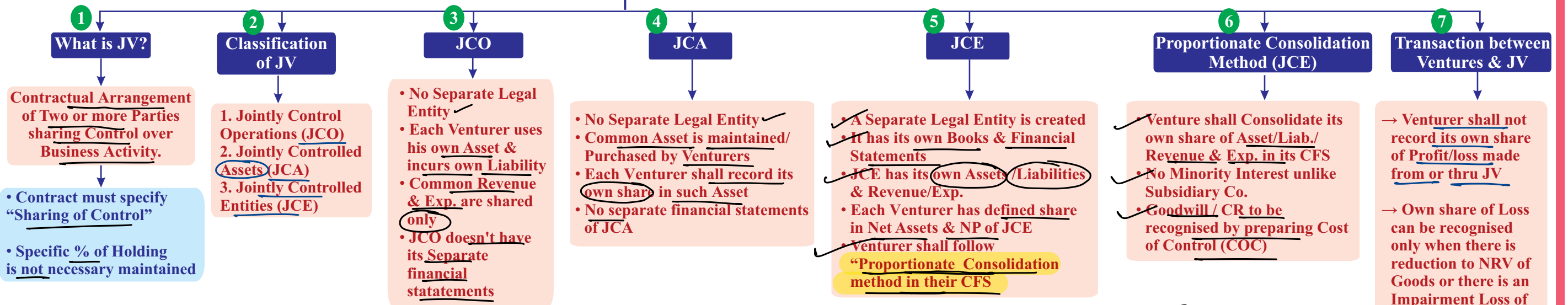
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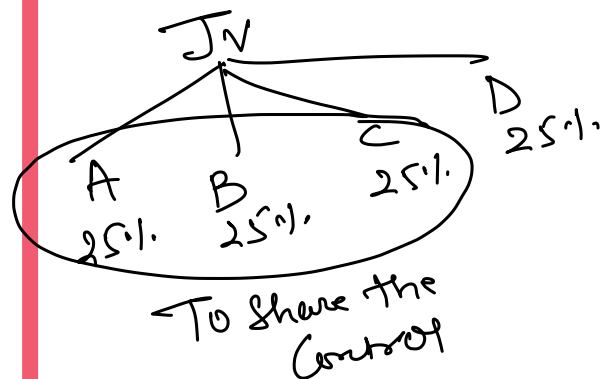
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→ Contract ✓  
→ Sharing of Control ✓  
(Unanimous decis. making)  
→ % not specified



TATA

AOP	
Pre	Post

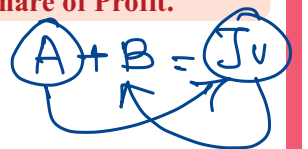
Handwritten calculations and notes:

50% T + 50% S = V(T+S)

100 → 300 Cr. (Tata) 250 Cr. (Aircraft) 500

✓ V 50% ✓ ✓

✓ ✓





## Q.AS27.OM.06 (Master Question)

Standalone Balance sheets on 31/03/24

Particular	H	S	JV	ASS
ESC 10/- face Value	10,00,000	8,00,000	6,00,000	50,000
R&S	9,00,000	75,000	4,50,000	3,00,000
Liability	11,00,000	6,50,000	5,50,000	4,00,000
	30 Laksh	22 Laksh	16 Laksh	12 Laksh
Investments:				
In S 80%	11,00,000	-	-	-
In JV 50%	5,00,000	-	-	-
In Ass. 30%	1,60,000	-	-	-
Other Assets	12,40,000	22,00,000	16,00,000	12,00,000

1) Date of Acquisition of all Investments is 01/07/23.

2) Opening Balance of R&S on 01/04/23

S Ltd.	4,80,000
JV Ltd.	1,50,000
Associate Ltd.	1,20,000

Prepare Consolidated Balance Sheet for H Ltd.

Solution:-

1) Subsidiary Consolidation

Cons R&S

Analysis of Profit (AOP)			
Particulars	Pre	Post	B/S
R&S	4,80,000	2,70,000	7,50,000
(+/-) Time Adjustment	67,500	(2,70,000 × 3/12)	
	5,47,500	2,02,500	
Share of H Ltd. 80%	4,38,000	1,62,000	
Share of M/I 20%	1,09,500	40,500	

Minority Interest		
ESC	20%	1,60,000
(+) Pre-Acquisition	20%	1,09,500
(+) Post Acquisition	20%	40,500
		3,10,000
Cost of Control (COC)		
Investments in S Ltd.		11,00,000
(-) 80% Net Assets		(6,40,000)
ESC 80%		(4,38,000)
Share of Pre-Acquisition Profit		22,000
Goodwill		

2) JV (Proportionate Consolidation Method)

Analysis of Profit (AOP)			
Particulars	Pre	Post	B/S
R&S	1,50,000	3,00,000	4,50,000
(+/-) Time Adjustment	75,000	(3,00,000 × 3/12)	
	2,25,000	2,25,000	
H 50%	1,12,500	1,12,500	

Cost of Control	
Investment	5,00,000
(-) 50% of Net Assets	
ESC 50%	3,00,000
Share of Pre Acquisition	1,12,500
Goodwill	87,500

3) Associate Consolidation (Equity Method):

Analysis of Profit			
Particulars	Pre	Post	B/S
R&S	1,20,000	1,80,000	3,00,000
(+/-) Time Adjustment	45,000	(1,80,000 × 3/12)	
	1,65,000	1,35,000	

Equity Method	
Investment Cost	1,60,000

(-) 30% N. Assets as on DOA	1,99,500
Equity Share Capital 5,00,000 ✓	
Share of Pre-Acquisition 1,65,000 ✓	
$6,65,000 \times 30\%$	
Capital Reserve on DOA	39,500
(Investment to be Increased by 39,500)	
Revised Carrying Amount of Investment	1,99,500
(+) Share in Post-Acquisition Period Profit	40,500
$1,35,000 \times 30\%$	
Closing Investment as on Balance Sheet	2,40,000 ✓

### Consolidated P&L A/c of H Ltd.

Balance of R&S of H Ltd. as per SFS	9,00,000 ✓
(+) Share in Post Acquisition profit	
From S Ltd.	1,62,000 ✓
From JV Ltd.	1,12,500 ✓
From Associate Ltd.	40,500 ✓
Consolidation P&L	1,21,500
Capital Reserve from COC	39,500
Consolidation R&S	12,54,500

### Consolidated Balance Sheet

Particulars	Amount
Equity Share Capital	10,00,000
Consolidation Reserves and Surplus	12,54,500 ✓
Minority Interest ✓	3,10,000 ✓
Liability H 11,00,000	20,25,000
S 6,50,000	
JV 2,75,000	
	45,89,500
Investment in Associate as per Equity Method	2,40,000 ✓
Other Assets H 12,40,000	
I 22,00,000	
JV 8,00,000	
Goodwill S 22,000	1,09,500 ✓
JV 87,500	
	45,89,500

To profit 50

# AS 28 - IMPAIRMENT OF ASSETS

(Page 1)

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1 ①  
**Scope**

Applicable to

- ✓ 1. PPE AS 10
  - ✓ 2. Intangible Assets AS 26
  - ✓ 3. Assets taken on Finance Lease AS 19
  - ✓ 4. Investment Property AS 13
- Goodwill

Not Applicable to

- ✓ 1. Inventory
- ✓ 2. DTA
- ✓ 3. Financial Assets e.g. Investment in Equity AS 13
- ✓ 4. Assets arising in Construction Contract AS 7

2 ②  
**Important Definitions**

1) **Carrying Amt :-**

Book value of Asset after charging Depreciation

2) **Net selling Price :-**

SP - S/Exp.  
Amount obtainable from Sale of an Asset in an Arm's length transaction between Knowledgeable, willing parties, Less Costs of disposal.

3) **Cost of disposal :-**

Selling exp.  
Directly attributable cost to dispose the Asset excluding Finance Cost & Income Tax. EB exp Term.

4) **Value in Use :-**

Pv of FCF  
PV of Estimated Future Cash Flows from continuing use of an Asset including its disposal at end of its useful life.

5) **Recoverable Amount**

- maximum  
Higher of  
a) Net Selling Price  
&  
b) Value in Use

3 ③  
**Indications of Impairment & Indications of Reversal**

Impairment

For Assets Other than Investments in Sub/IV/As

External Indicators

✓ Significant Decline in Market Value of Asset

✓ Adverse Effect Due to  
✓ Technological Changes  
✓ Legal Changes  
✓ Economical Changes  
✓ Market Changes

✓ Market Interest Rate Increased Significantly

✓ Book Value of N.A. > Market Value of Net Assets

Internal Indicators

✓ Damage & Obsolescence of Assets

✓ Adv. Effect Due to :-

- ✓ Asset is Idle
- ✓ Discontinuation of Business
- ✓ Restructuring of Operation
- ✓ Plan to Dispose of Assets
- ✓ Reassessing the life from Infinite to Finite

✓ Economic Performance of Asset is Worse than expected

Reversal of Impairment

External Indicators

- ✓ Signf. Increase in M.V. of Assets
- ✓ Favourable Effect Due to
  - ✓ Technological Changes
  - ✓ Legal Changes
  - ✓ Economical Changes
  - ✓ Market Changes
- ✓ Market Interest Rate Decreases Significantly

Internal Indicators

- ✓ Fav. Effect Due to enhanced performance & Improved Business operations
- ✓ Economic Performance of Asset is Better than Expected

4 ④  
**How to Calculate Impairment Loss & its Reversal**

Impairment Loss

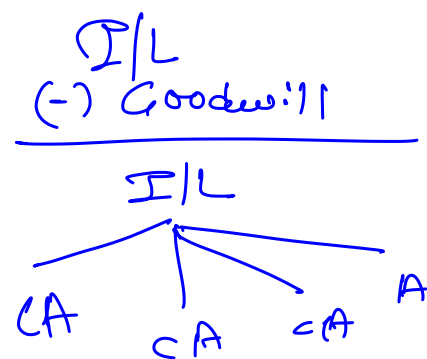
✓ Carrying Amt. (C.A.)  
Less  
✓ Recoverable Amt. (R.A.)

Reversal of Imp. Loss

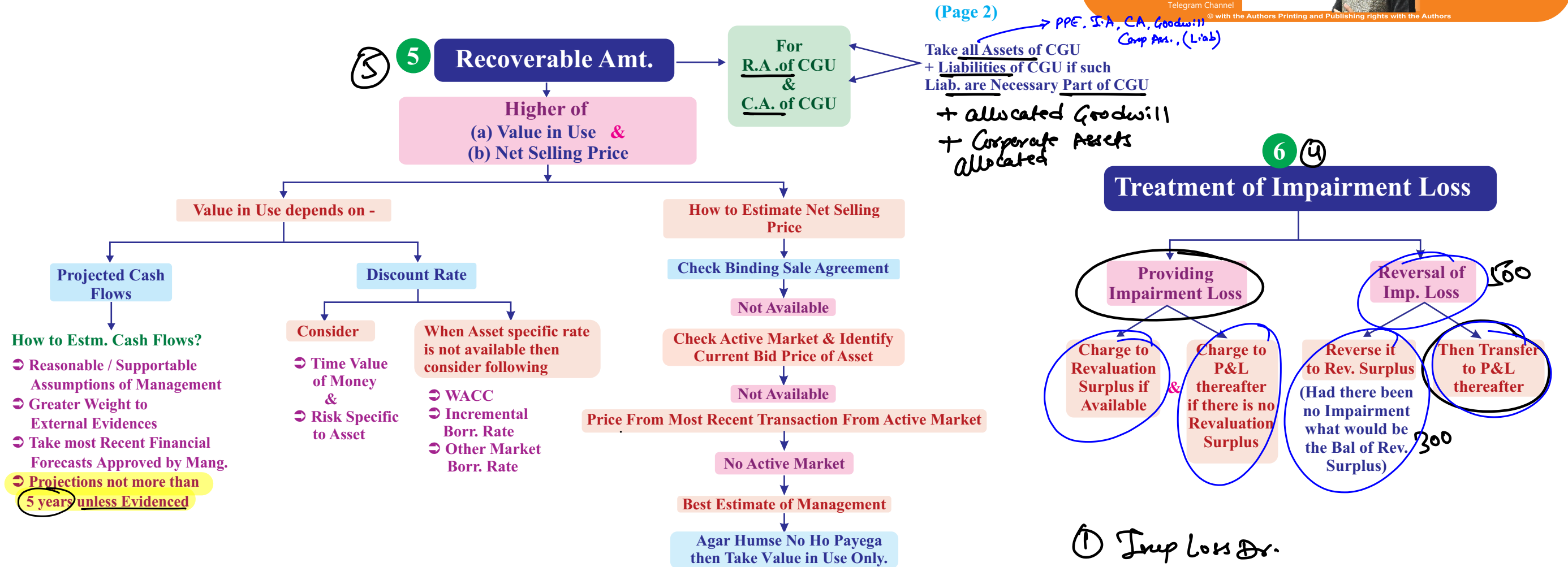
After Reversal the Revised CA should be lower of :-

- ✓ Lower of (a) Recoverable Amount & (b) C.A. after Dep. had there been no Impairment
- 480000

Current CA = 400000



# AS 28 - IMPAIRMENT OF ASSETS



Ist ⇒ Impairment Testing → Single Asset  
 IInd ⇒ CGU

- ① Imp Loss Dr. To Asset
- ② R.R Ist pr. P&L (B/F) To Imp Loss



# Impairment of CGU

↓  
I/Loss

(-) allocated Goodwill

Bottom Up

CGU<sub>1</sub> CGU<sub>2</sub> CG<sub>3</sub>

All  
AS.  
(+) Good  
(+) CPA.

RA

Top down

Total CA  
Corg.

(+) Vm 4  
uncomp


RA

I/L  
(-) G  
(-)


CGU<sub>1</sub> 2 3

# AS 28 - IMPAIRMENT OF ASSETS

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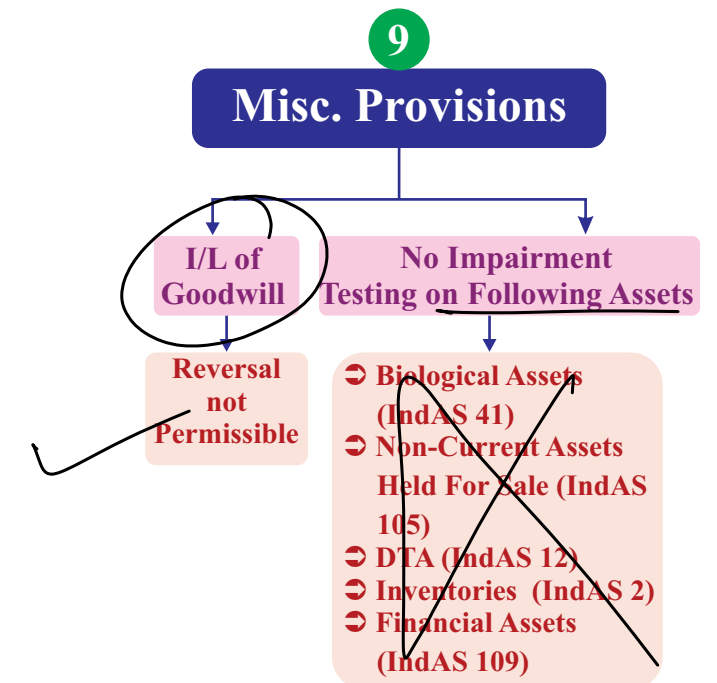
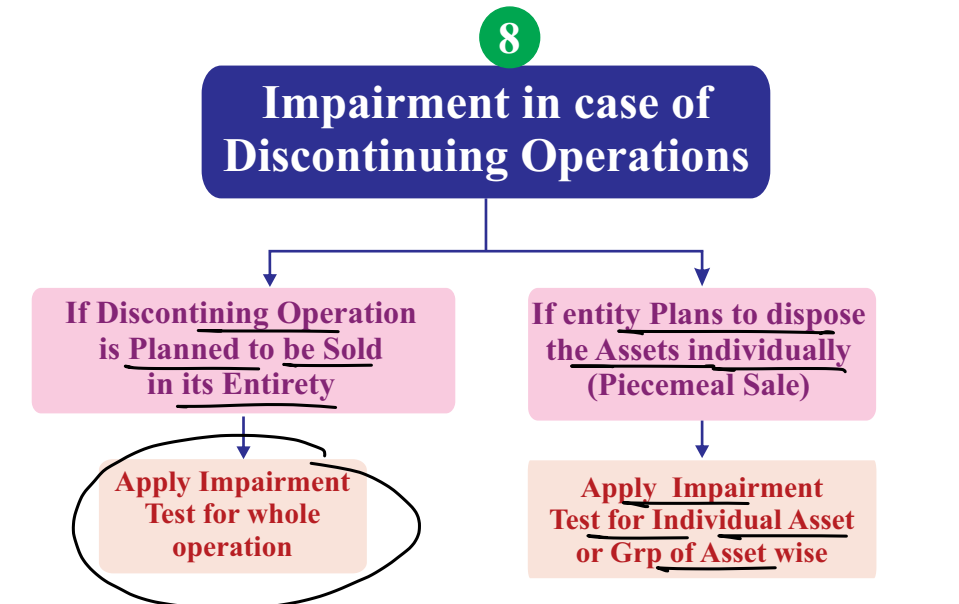
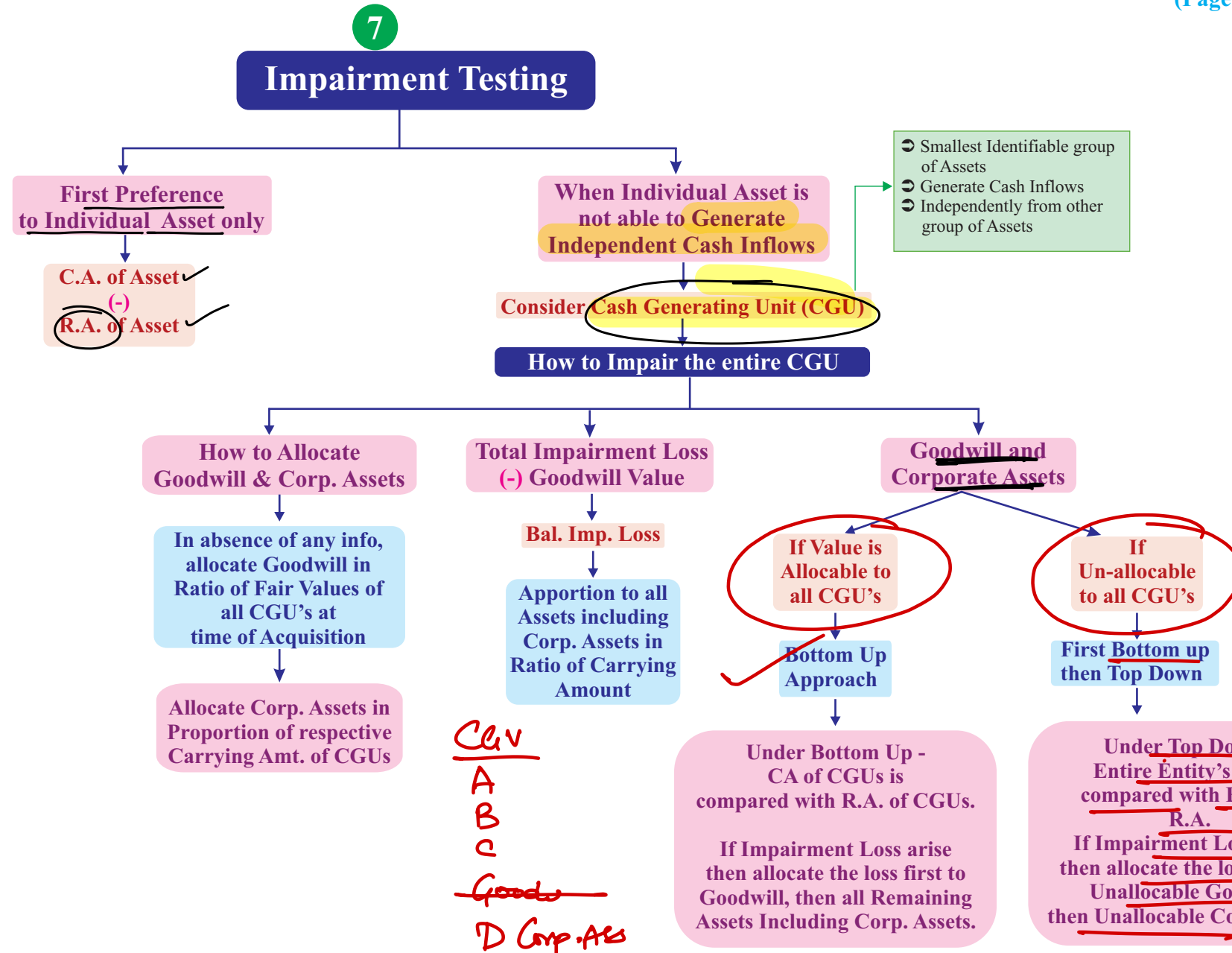


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# AS 29 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS



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**ADVANCED ACCOUNTS CHARTS**

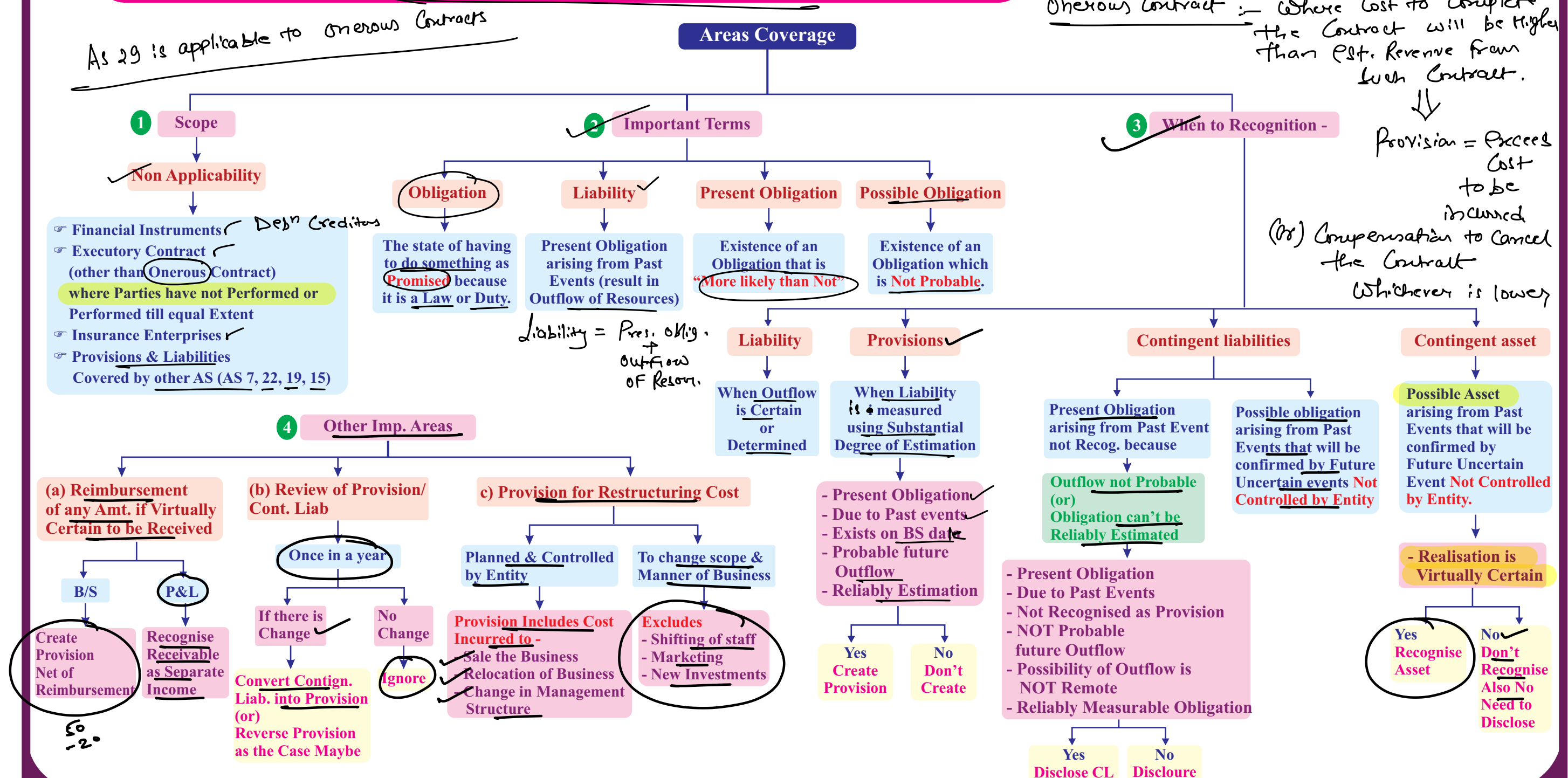


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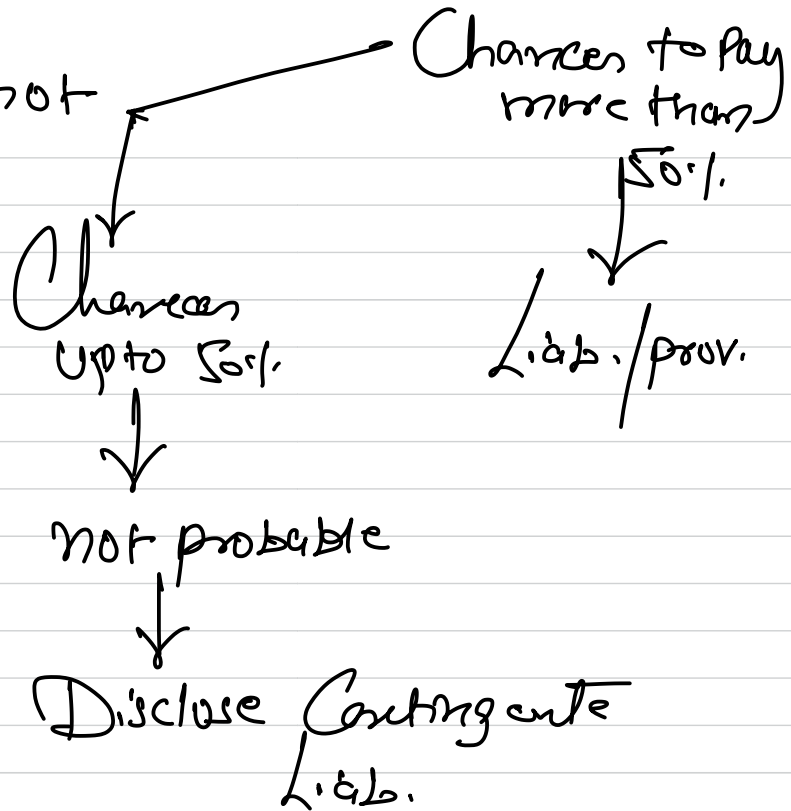
Onerous Contract :- Where Cost to Complete the Contract will be higher than Est. Revenue from such Contract.

↓  
Provision = Exceeds Cost to be incurred  
(or) Compensation to Cancel the Contract  
Whichever is lower

## Areas Coverage




**Outflow** probable or not






# DIVISIBLE PROFITS

## Payment of Dividend



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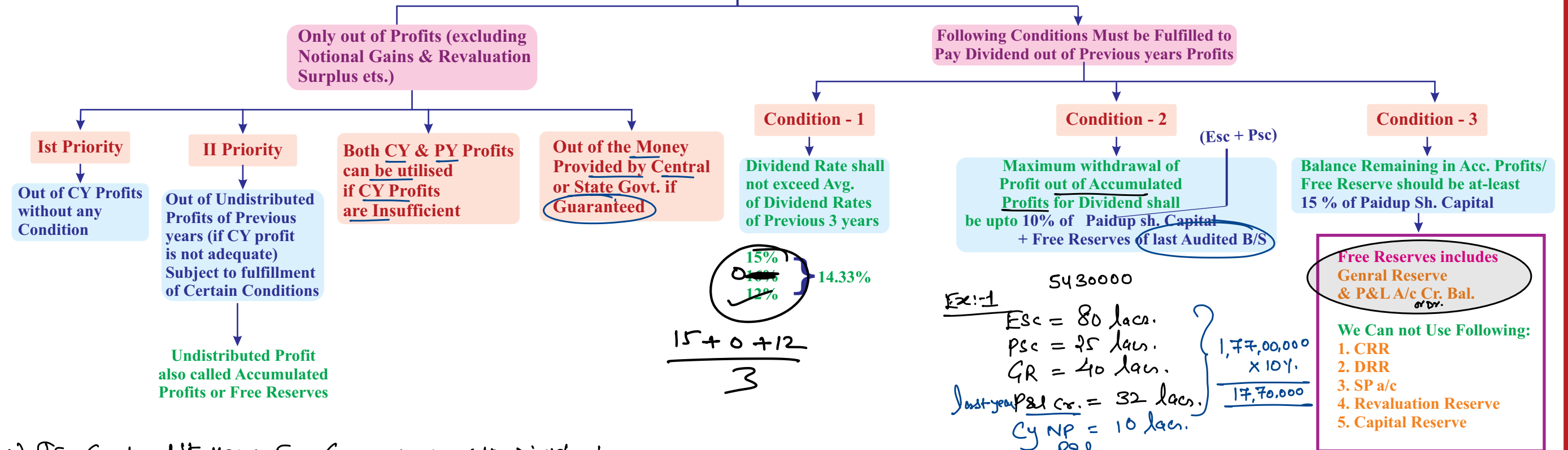
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$$\frac{15 + 0 + 12}{3} = 14.33\%$$

Ex:-1

5430000

Esc = 80 lac.  
Psc = 25 lac.  
GR = 40 lac.

Just year P&L Cr. = 32 lac.  
Cy NP = 10 lac.

1,77,00,000 × 10% = 17,70,000

Ex:-2

Esc = 75 lac.  
Psc = 20 lac.  
GR = 50 lac.

35 - 13 = 22

(Last yr.) P&L Cr. Dr. Bal. = (15 lac)

1,30,00,000 × 10% = 13,00,000

Max. Withdrawal = 1300000

1) If Cy is 1<sup>st</sup> year for Company :- NO Dividend

2) If Cy is 3<sup>rd</sup> yr. only for Company :- Take Avg of Last 2 years.

3) Company never distributed any Dividend in last 3 years → NO Dividend

4) If Dividends of Last 3 years are :-


1	15%.
2	0
3	10%.

Avg ⇒  $\frac{15 + 0 + 10}{3} = 8.33\%$   
Avg.

# BuyBack of Equity


(Sec 68 of the Companies Act 2013)

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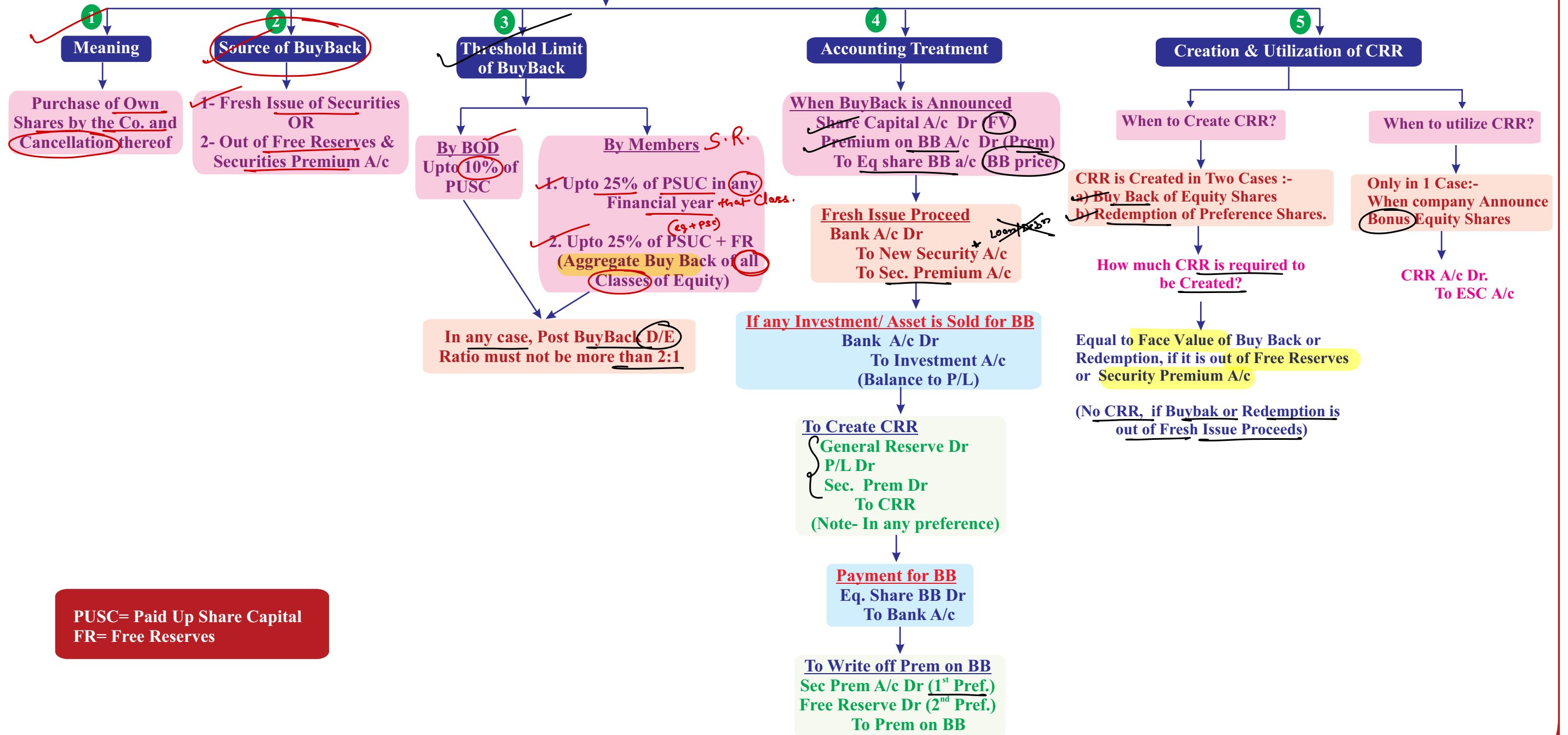
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# BuyBack of Equity


(Sec 68 of the Companies Act 2013)

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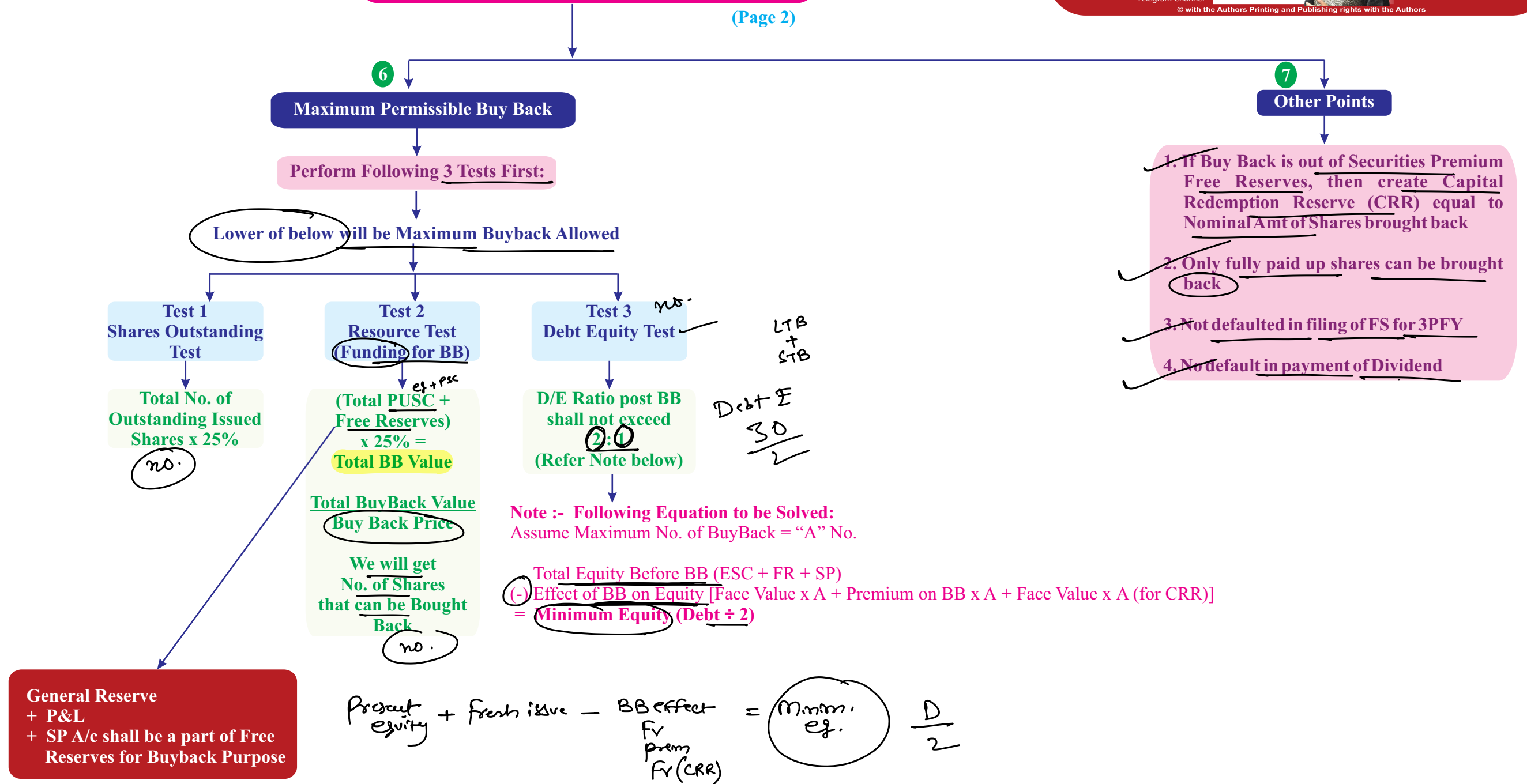


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# Internal Reconstruction

