



*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 “**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 A-3 Size (Very Popular among CA FINAL Students) Chart Book.*

*This book is not only provided to my registered students but also to the students buying other subjects of CA Final such as IDT from **V'Smart Academy**. Those students can consider this as a Gift from my side.*

*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 and 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 Final, u must watch all the **revision videos available on YouTube** covering all Important Topics of Financial Reporting.*

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

*“A Small Request to all the Students that in Case You receive more than 1 chart books, kindly gift it to your Friend/Junior who is in CA/CMA Final”*



*From My Pen  
CA. Jai Chawla & Team*

# Index

Sr.No.	Name	Page No.
1	INDAS 1 - PRESENTATION OF FINANCIAL STATEMENTS	1
2	INDAS 2 - INVENTORIES	3
3	INDAS 7 - STATEMENT OF CASH FLOWS	5
4	INDAS 8 - ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES & ERRORS	7
5	INDAS 10 - EVENTS AFTER THE REPORTING DATE	8
6	IND AS 12 - INCOME TAXES	9
7	INDAS 16 - PROPERTY PLANT & EQUIPMENT (PPE)	10
8	IND AS 19 - EMPLOYEE BENEFITS	12
9	IND AS 20 - GOVERNMENT GRANTS	14
10	INDAS 21 - EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES	15
11	INDAS 23 - BORROWING COSTS	17
12	INDAS 24 - RELATED PARTY DISCLOSURES	18
13	INDAS 109, 32 & 107 - FINANCIAL INSTRUMENTS	19
14	INDAS 33 - EARNINGS PER SHARE (EPS)	24
15	INDAS 34 - INTERIM FINANCIAL REPORTING (I.F.R)	26
16	INDAS 36 - IMPAIRMENT OF ASSETS	27
17	INDAS 37 - PROVISIONS, CONTIGENT LIABILITIES AND CONTINGENT ASSETS	29
18	INDAS 38 - INTANGIBLE ASSETS	30
19	INDAS 40 - INVESTMENT PROPERTIES	31
20	INDAS 41 - AGRICULTURE	32
21	INDAS 101 - FIRST TIME ADOPTION OF INDAS	33
22	INDAS 102 - SHARE BASED PAYMENTS	35
23	INDAS 27 - SEPARATE FINANCIAL STATEMENTS	36

# Index

Sr.No.	Name	Page No.
24	INDAS 103 & INDAS 110 - BUSINESS COMBINATION & CONSOLIDATION	37
25	IND AS 111 - JOINT ARRANGEMENT	44
26	IND AS 28 - INVESTMENT IN ASSOCIATES AND JV	45
27	IND AS 105 - NON CURRENT ASSETS HELD FOR SALE & DISCONTINUED OPERATIONS	46
28	INDAS 108 - OPERATING SEGMENTS	47
29	INDAS 113- FAIR VALUE MEASUREMENT	48
30	IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMER	49
31	INDAS 116 - LEASES	53
32	ITEMS OF OCI (OTHER COMPREHENSIVE INCOMES)	60
33	IMPORTANT CARVE OUTS IN INDAS FROM IFRS (INDAS vs. IFRS)	61

# INDAS 1 - PRESENTATION OF FINANCIAL STATEMENTS

(Page 1)

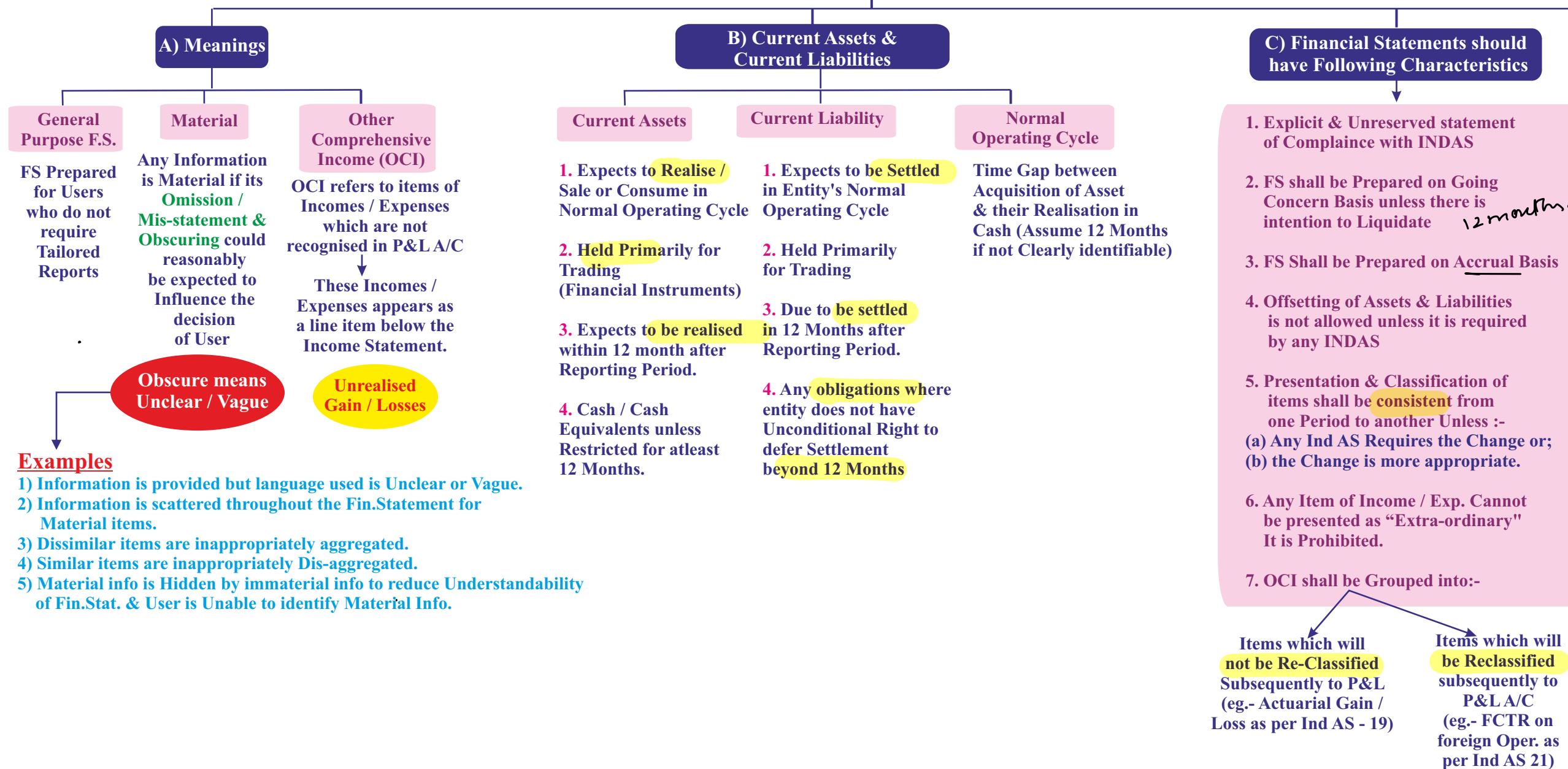


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# INDAS 1 - PRESENTATION OF FINANCIAL STATEMENTS

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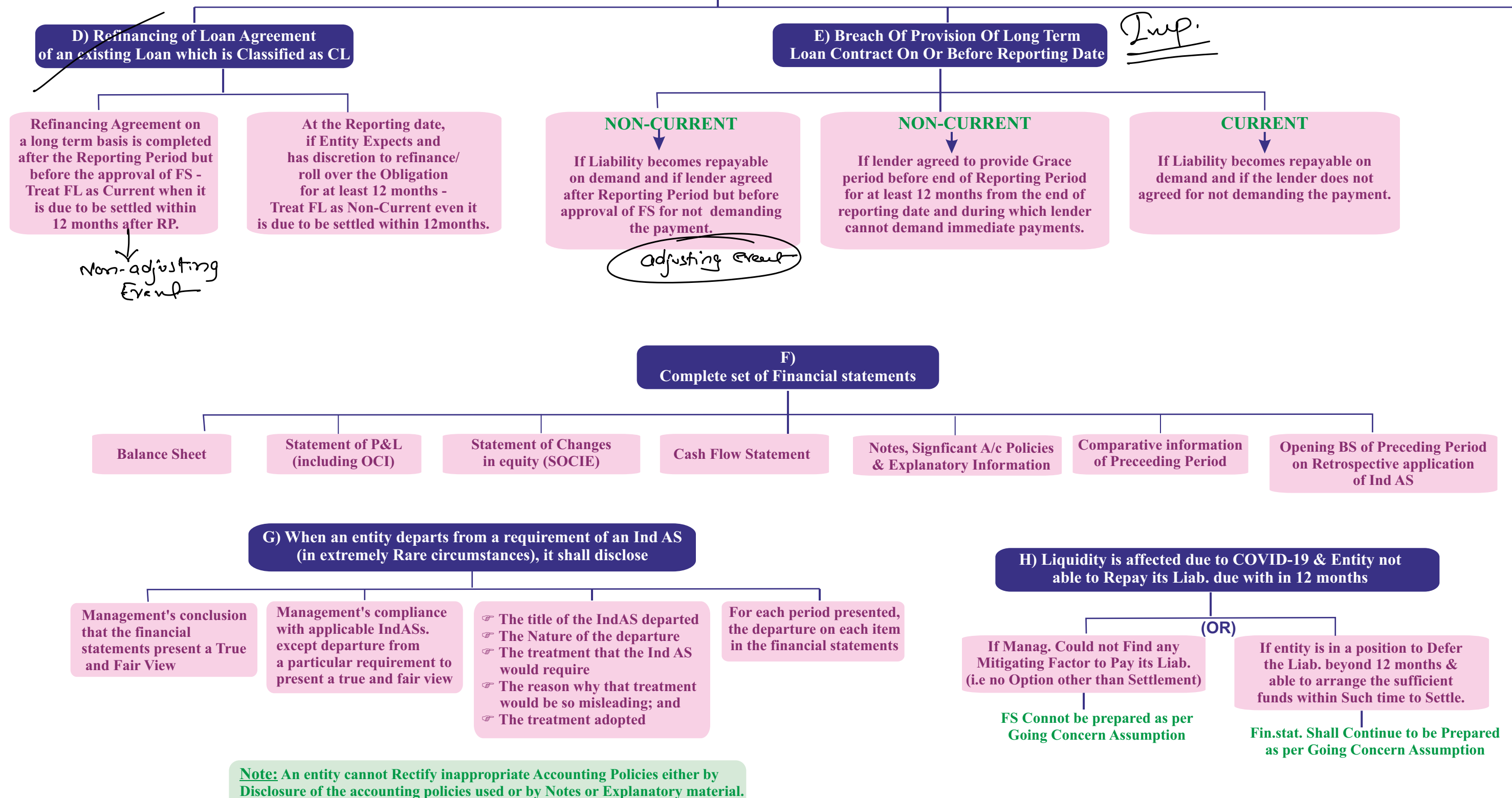


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# INDAS 2 - INVENTORIES

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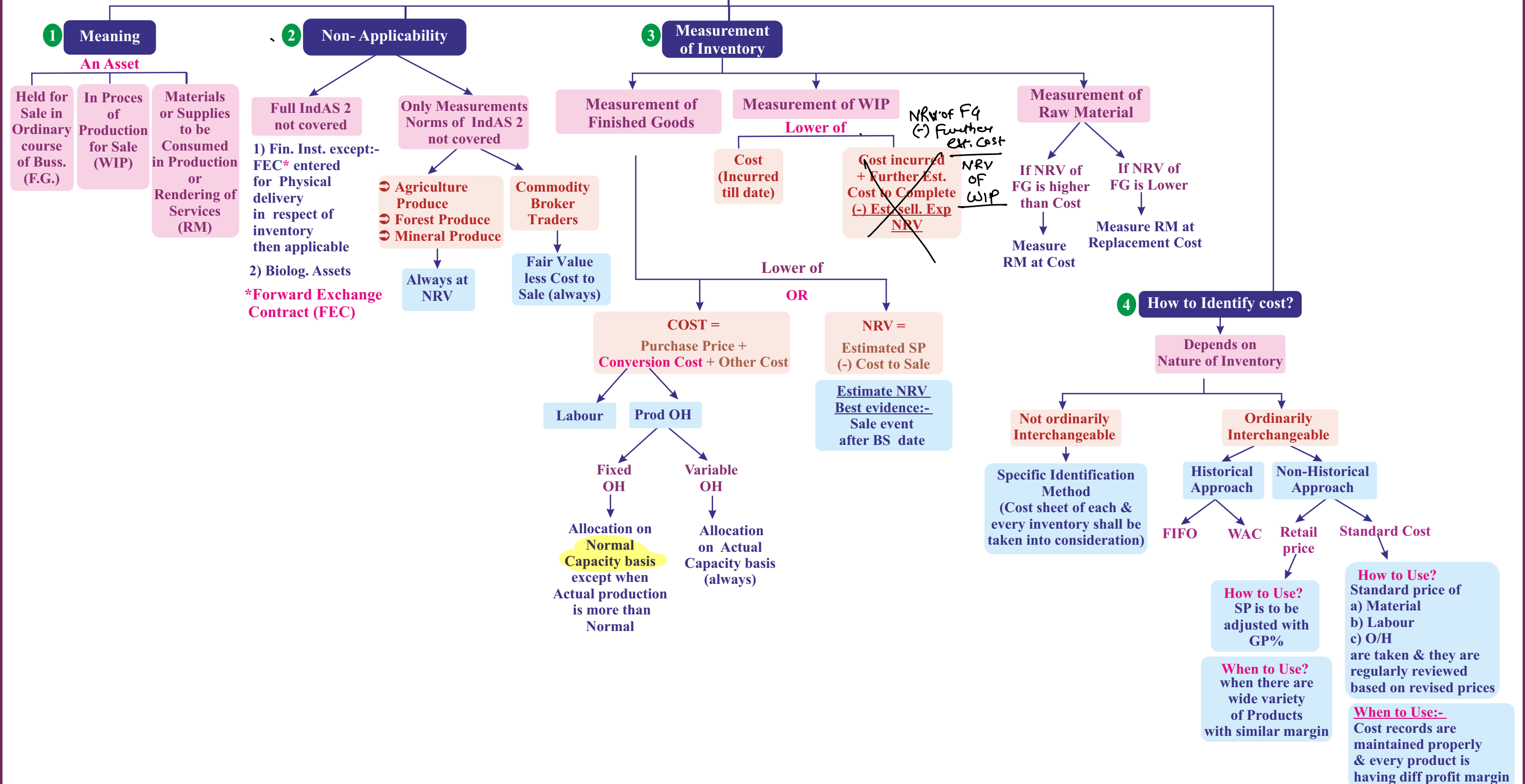
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# INDAS 2 - INVENTORIES

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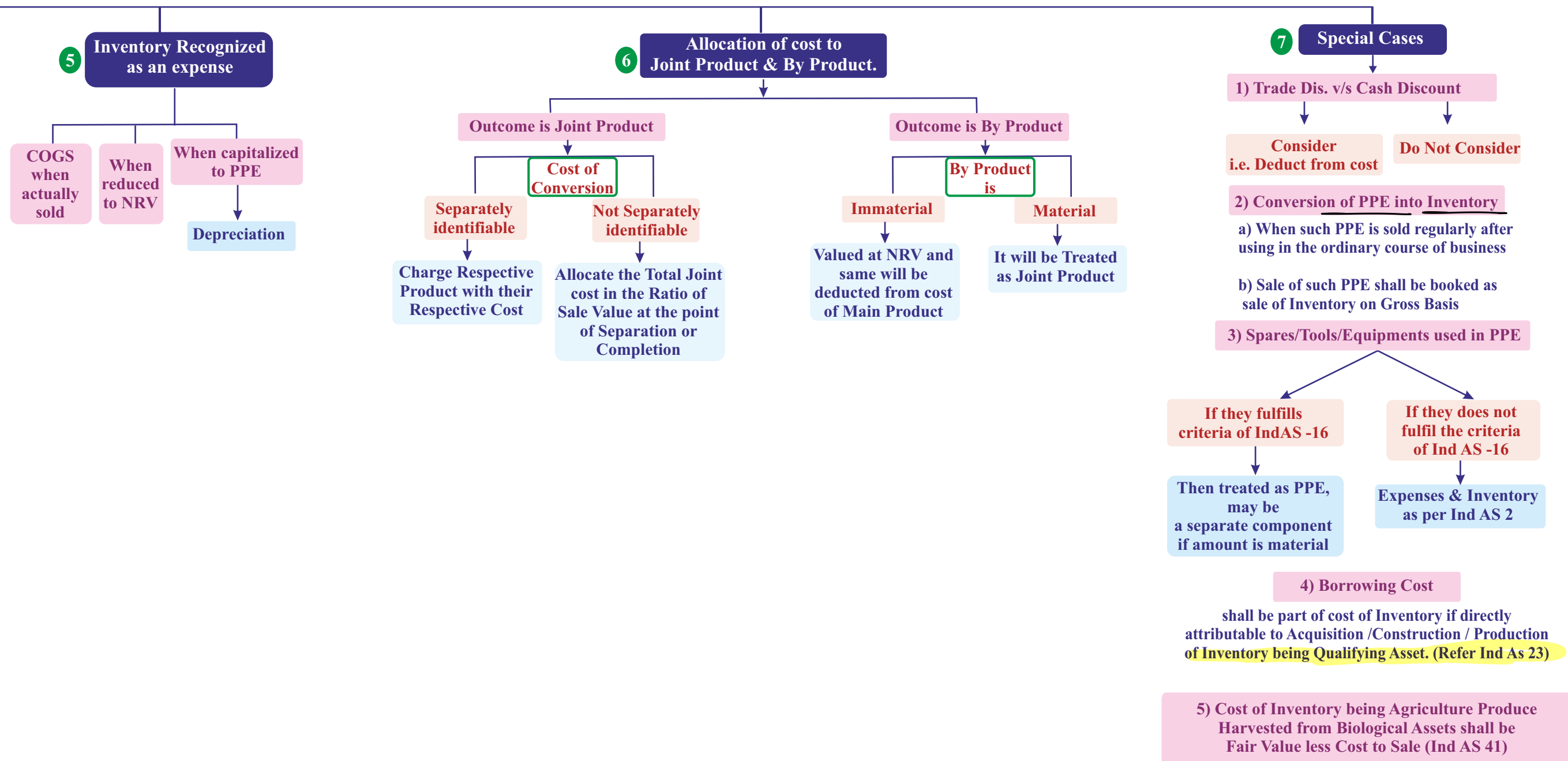
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# INDAS 7 - STATEMENT OF CASH FLOWS

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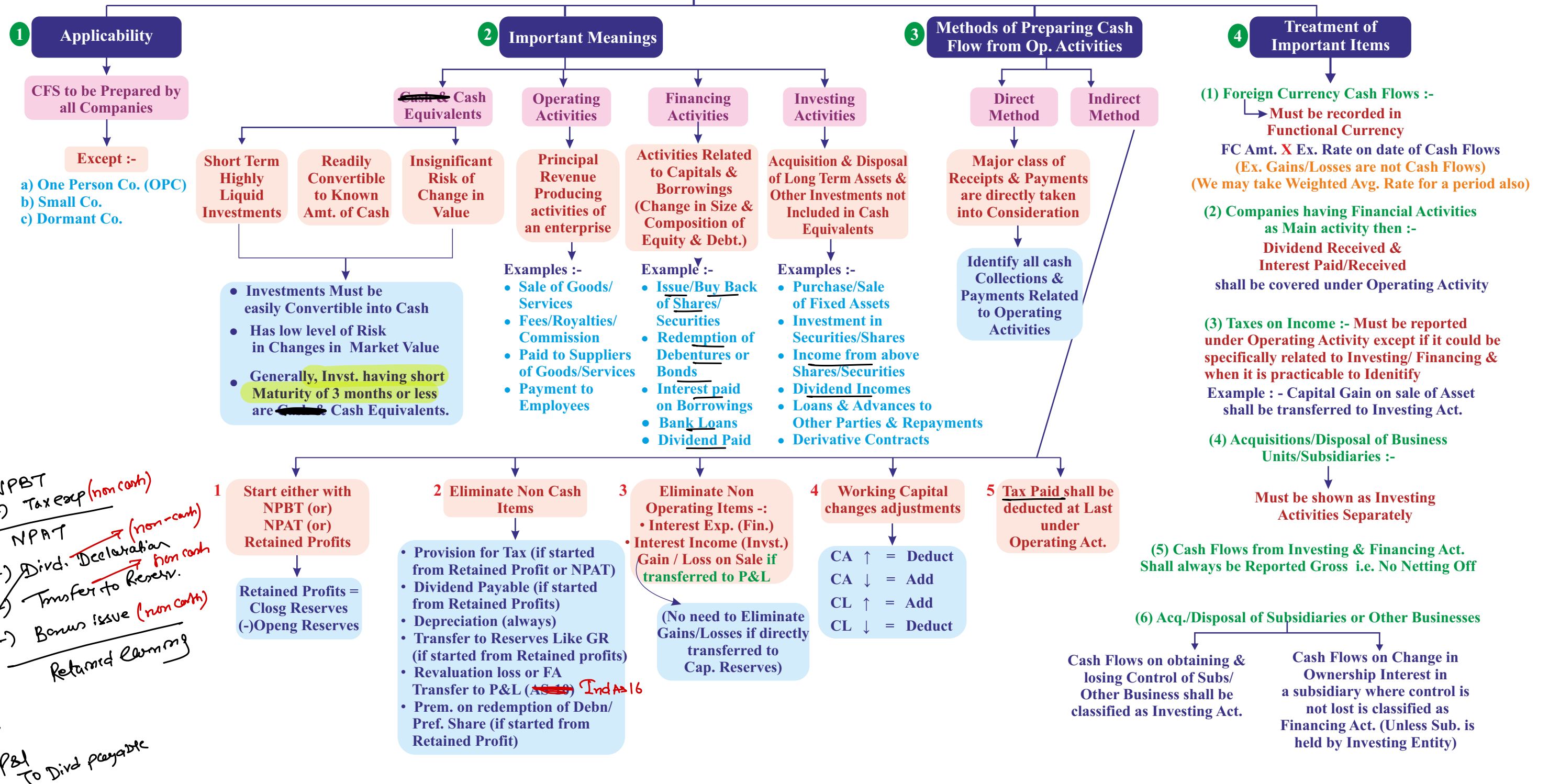
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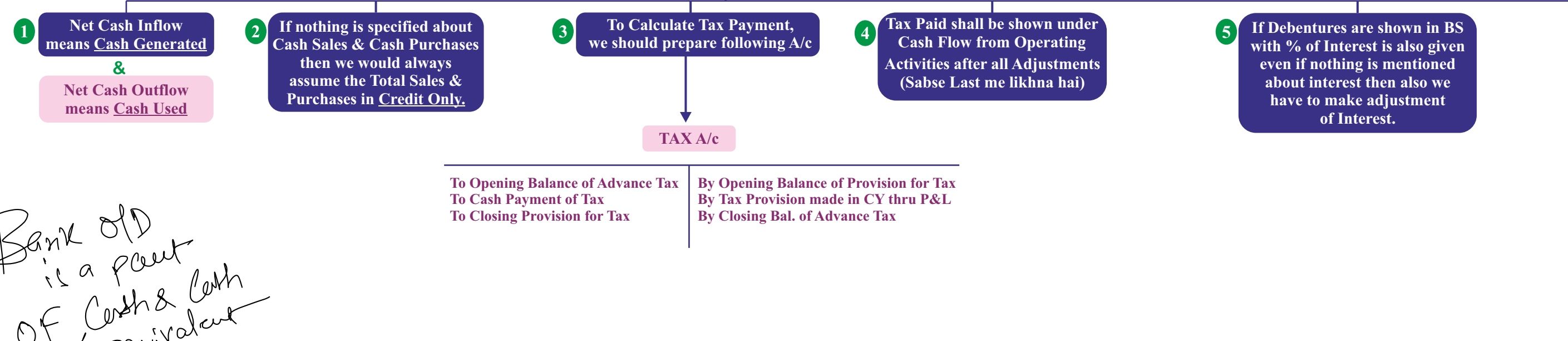
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# SUMMARY OF CASH FLOW STATEMENT

(Page 2)

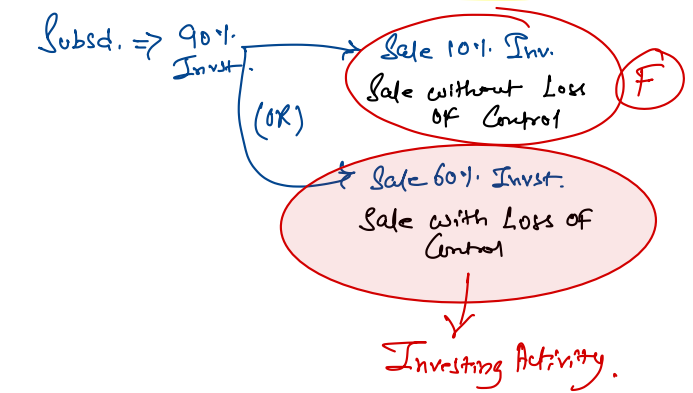


To Opening Balance of Advance Tax To Cash Payment of Tax To Closing Provision for Tax	By Opening Balance of Provision for Tax By Tax Provision made in CY thru P&L By Closing Bal. of Advance Tax
---	---

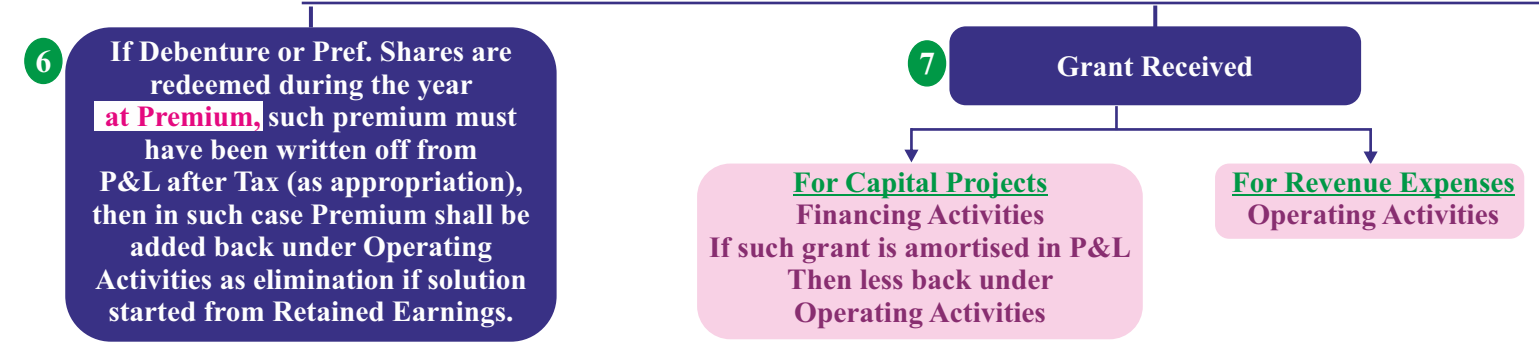
Bank OD is a part of Cash & Cash Equivalent

But in B/L it is F/L under Current Liab.

Investment in Subsidiary/Asso./JV is Cash outflow Under Investing activity.



Investing Entity Such<sup>n</sup> Venture Capital Co. or Mutual Fund Co., IF They obtain or Sale any Investment then it is Operating activity.



# INDAS 8 - Accounting Policies, Changes in Accounting Estimates & Errors



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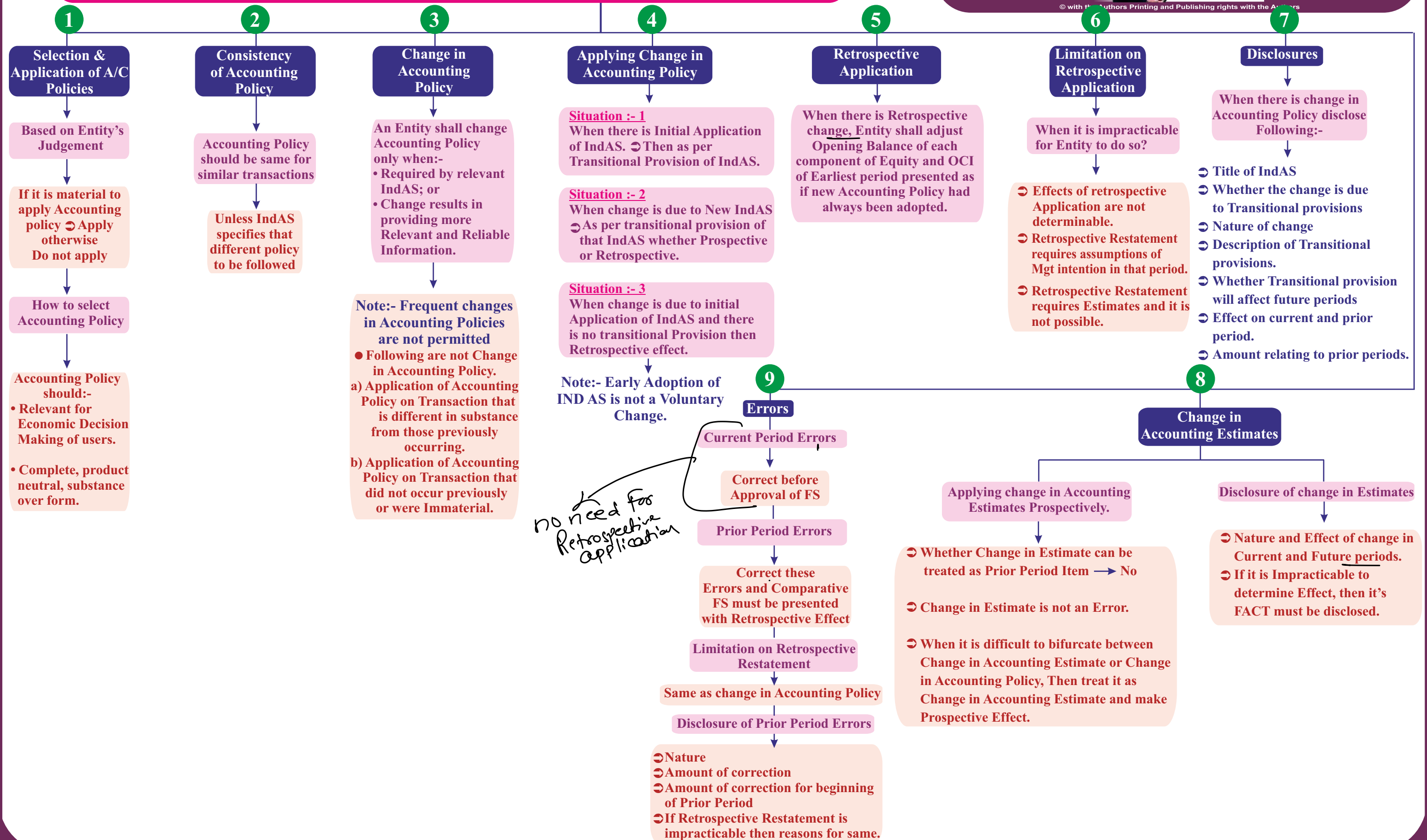


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- Ind AS  
8
- 1) Change in purpose  $\Rightarrow$  Not a Change in A/c Policy
  - 2) Functional Currency is not a matter of A/c Policy
  - 3) But Change in presentation Currency will be change in A/c Policy  $\Rightarrow$  Retrospective
  - 4) Change in Inventory Cost Formula is Change in A/c Policy
  - 5) Applying wrong Classification of A/c (Current/noncurrent) is Error.

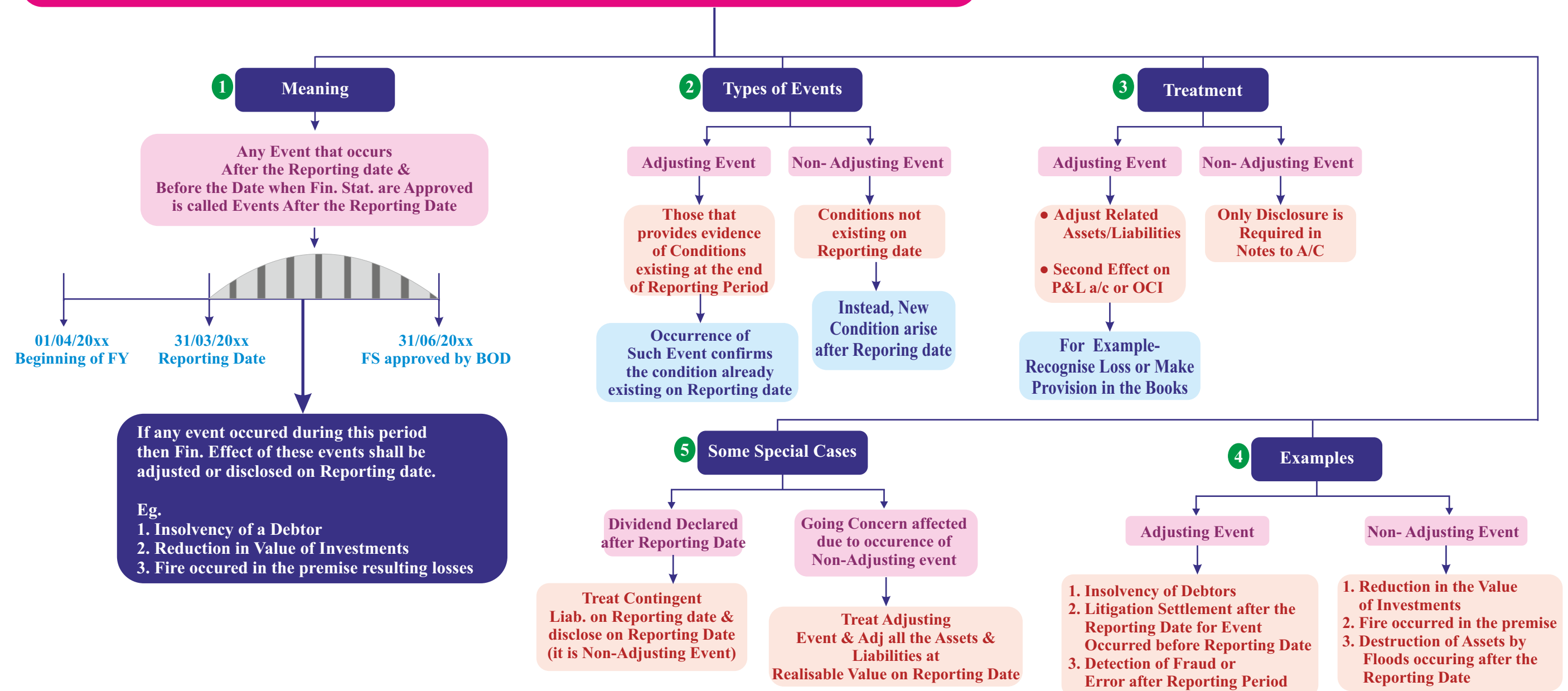
6) applying Voluntary application  
OF A/c Policy or Int A/s

↓  
Retrospective  
Restatement

7) Change in Business model  
is not Change in  
A/c policy



# INDAS 10 - EVENTS AFTER THE REPORTING DATE



# IND AS 12 - INCOME TAXES



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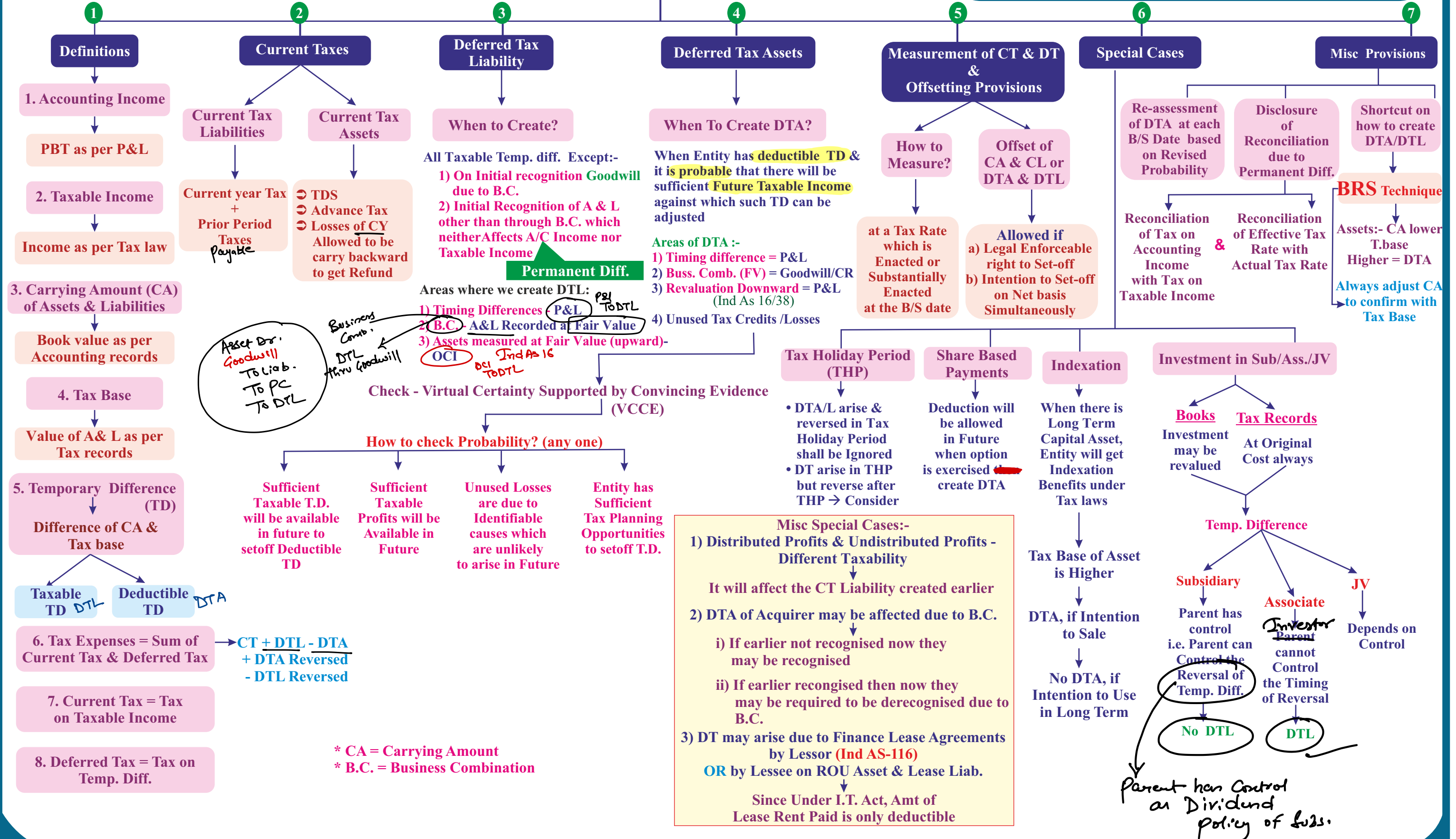
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# INDAS 16 - PPE

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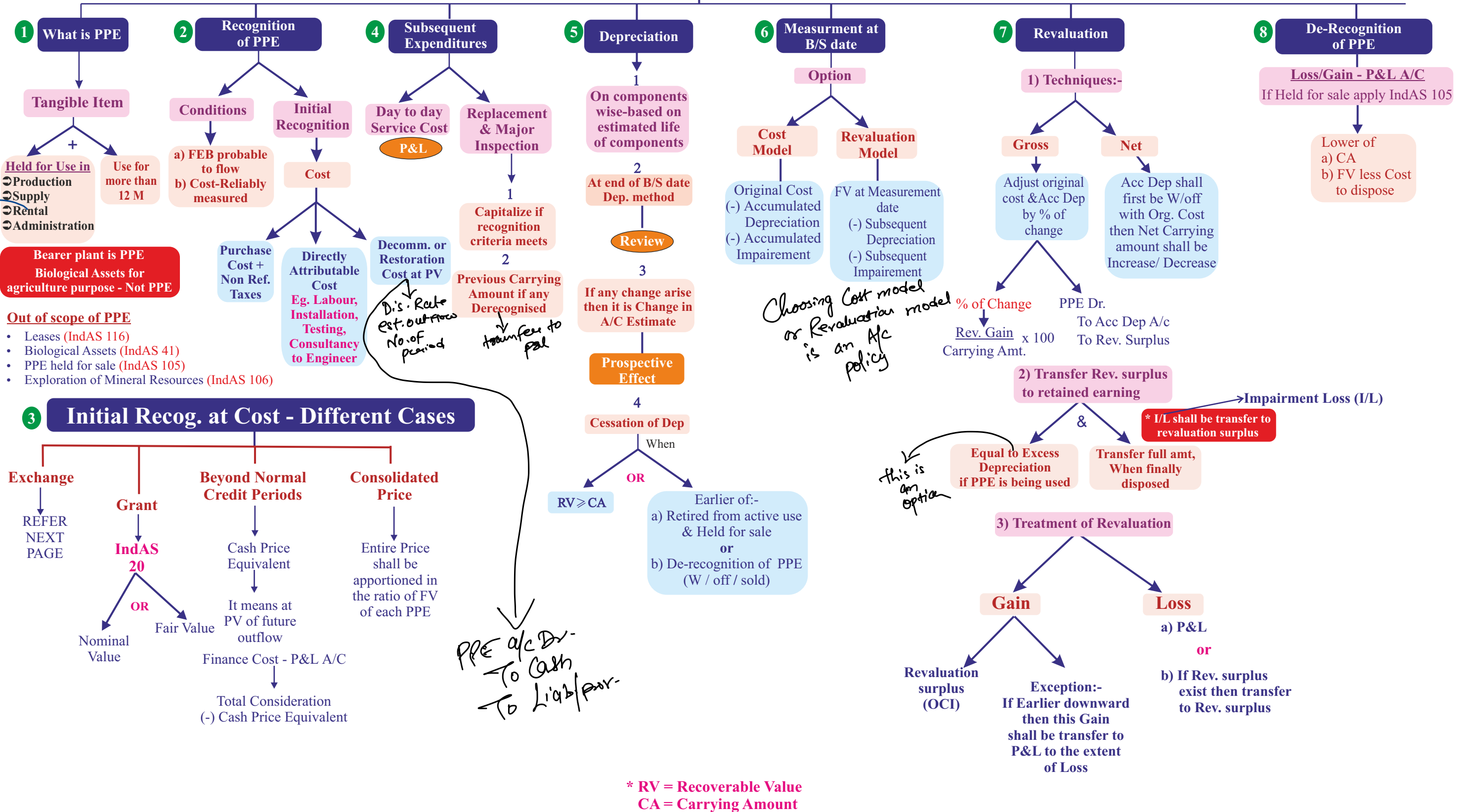


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# INDAS 16 - PPE

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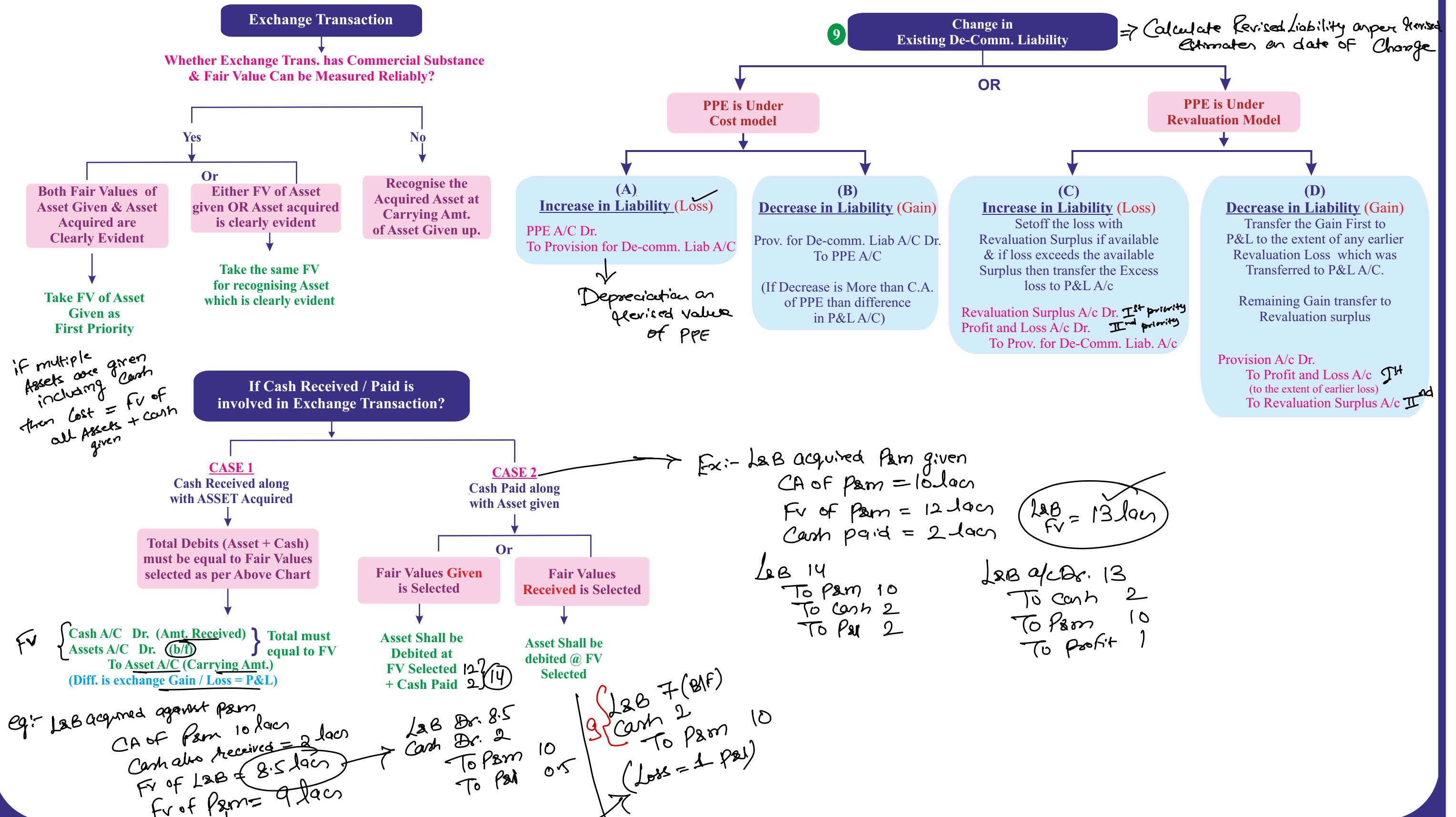


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# IND AS 19 - EMPLOYEE BENEFITS

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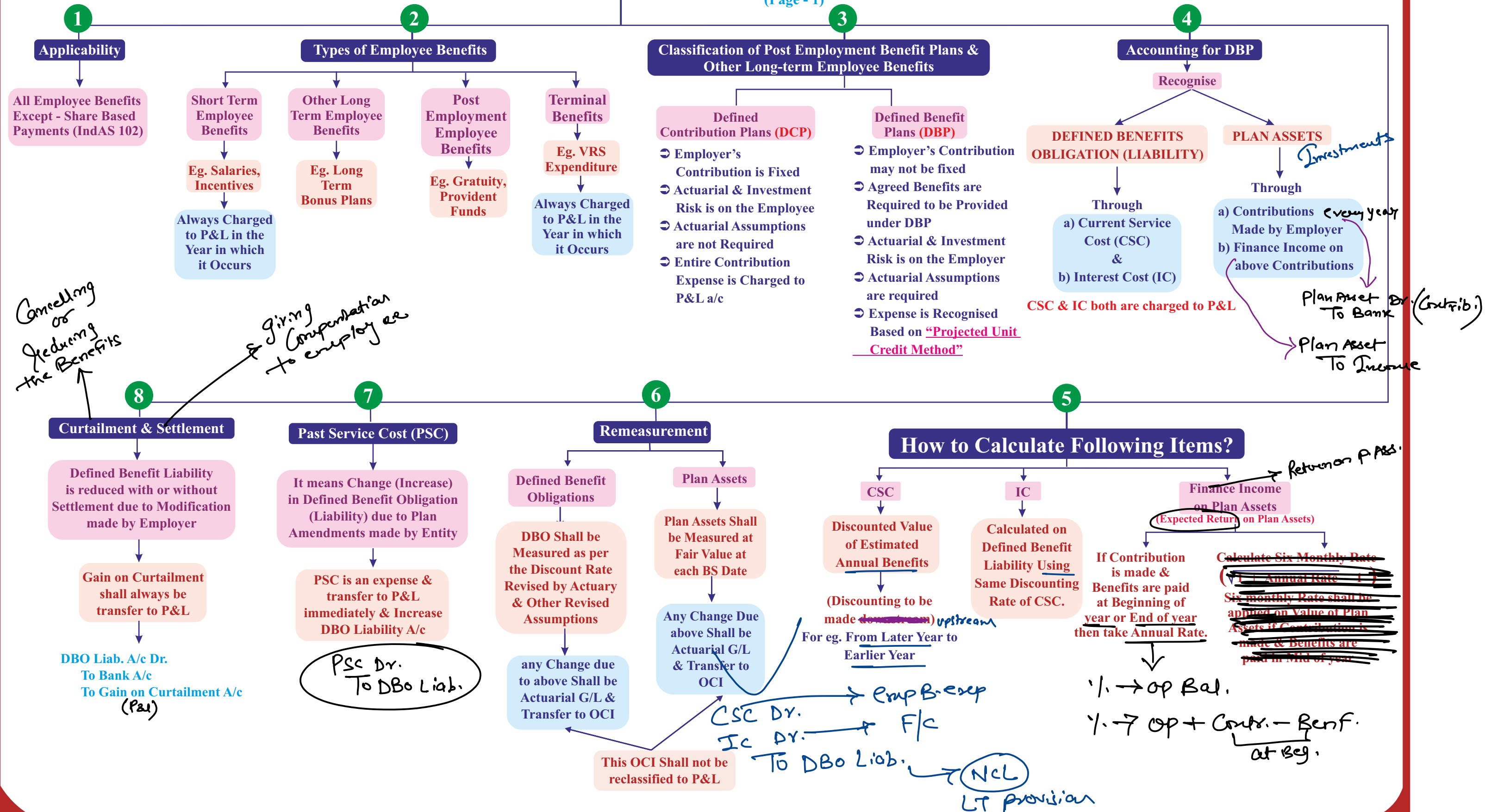
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# IND AS 19 - EMPLOYEE BENEFITS

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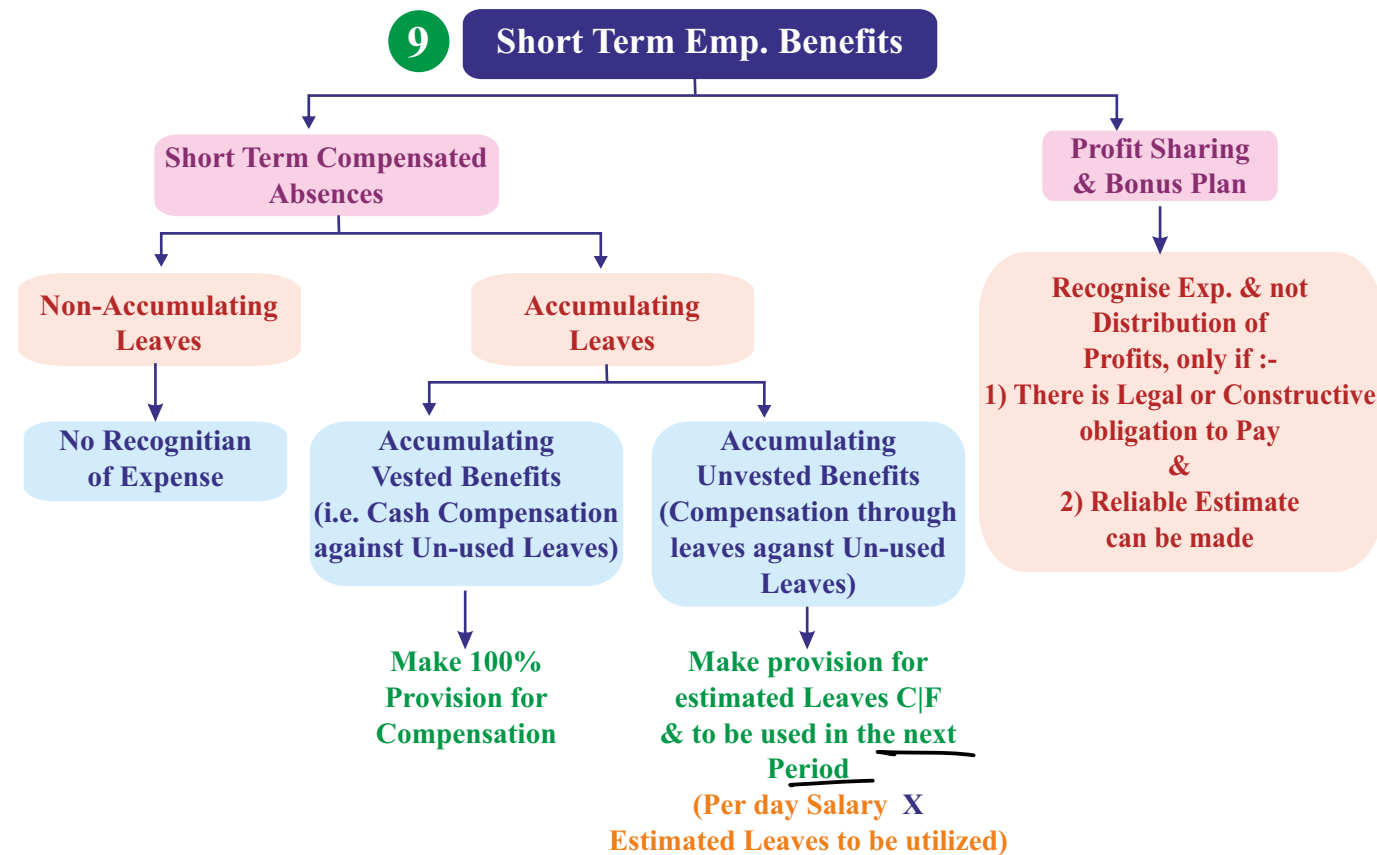
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Summary

P&L

Employee Benf :- CSC  
Exp :- PSC  
Gain on Curtailm.

Fin. Cost :- IC  
- Return on P. Ass.

OCI

Actuarial G/L on DBO  
Actuarial G/L on P. Asset

To Bal. (FV)

B/L

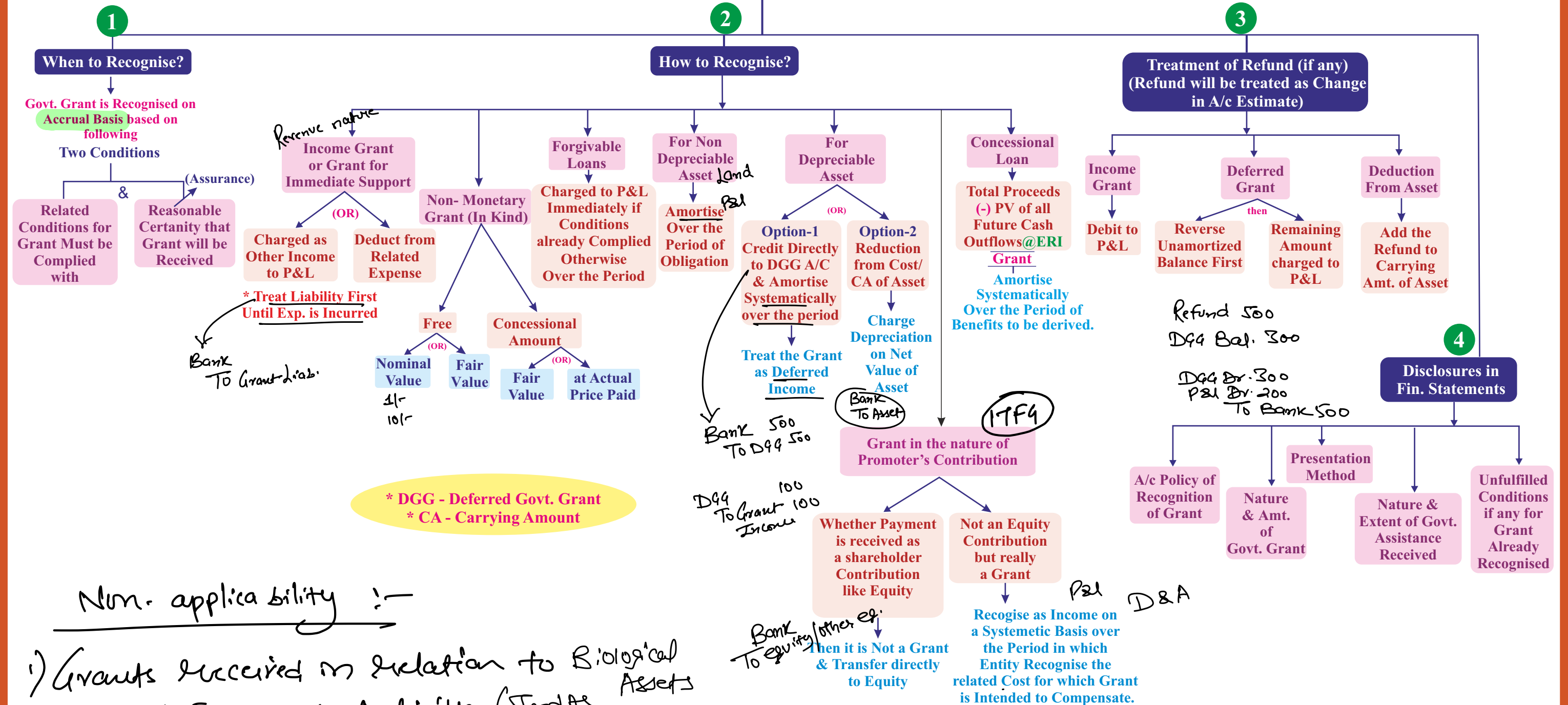
NCL :-  
DBO Liab  
(-) P. Asset  
Net Liab.

# IND AS 20 - GOVERNMENT GRANTS

## Govt Grants & Govt Assistances

Recognition & Disclosure

Only Disclosure



Non-applicability :-

1) Grants received in relation to Biological Assets used for agr. Activity (Ind AS 41)

2) Tax Benefits are not Grant

5	Grant receivable as compensation for expenses or losses already incurred or for immediate financial support with no future related costs	<ul style="list-style-type: none"> <li>• Shall be recognised in profit or loss of the period in which it becomes receivable</li> <li>• Provide disclosure to ensure that its effect is clearly understood.</li> </ul>
---	--	---



# INDAS 21 - EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

(Page - 1)



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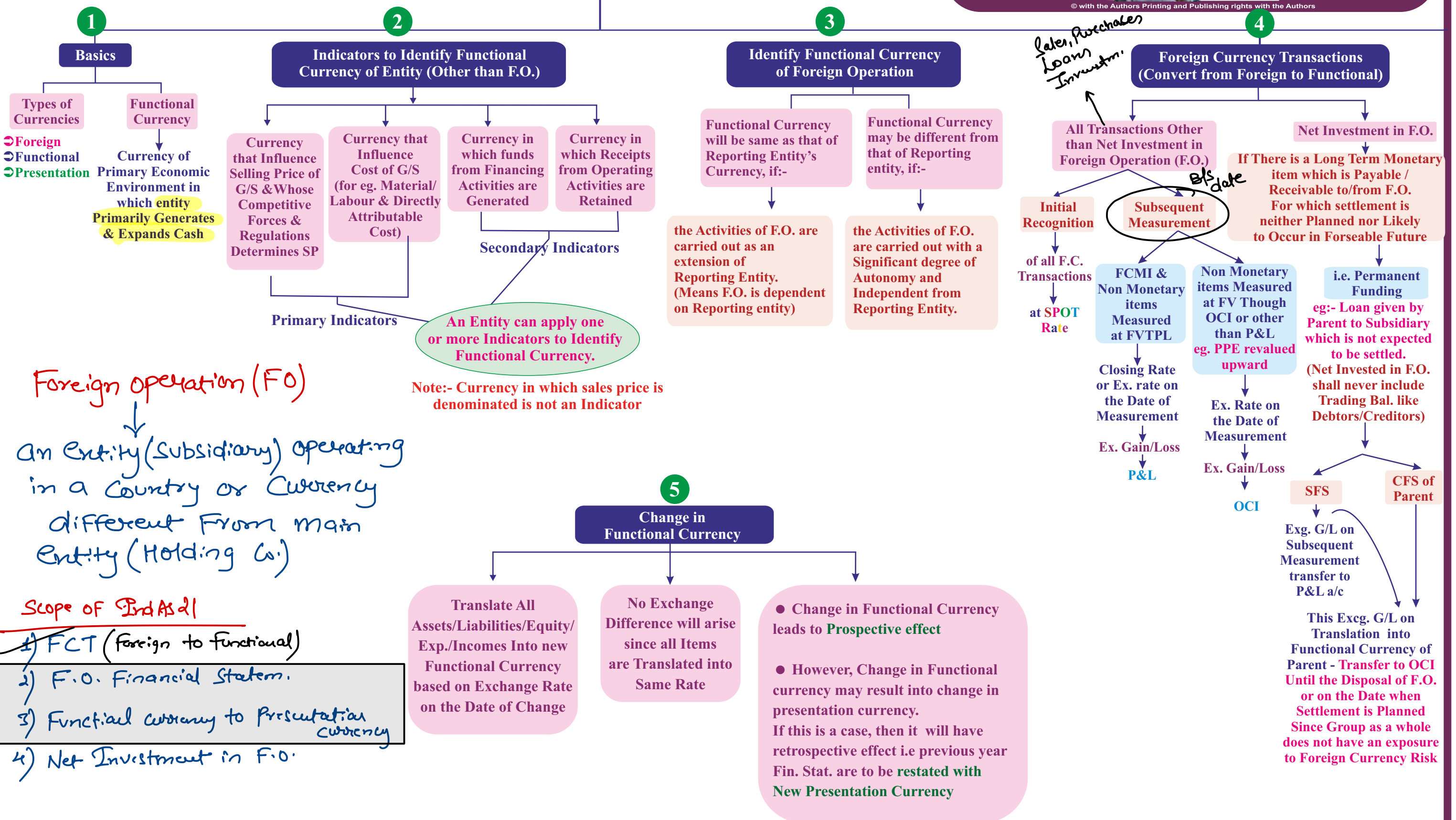
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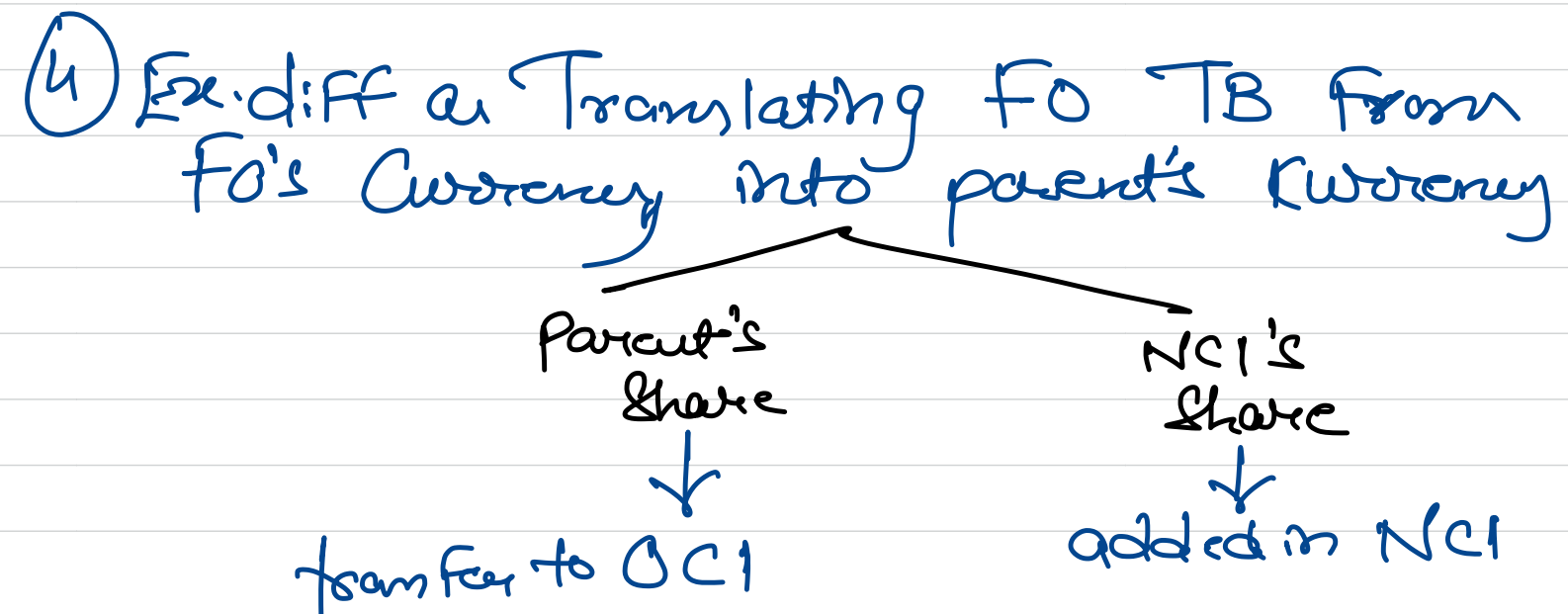
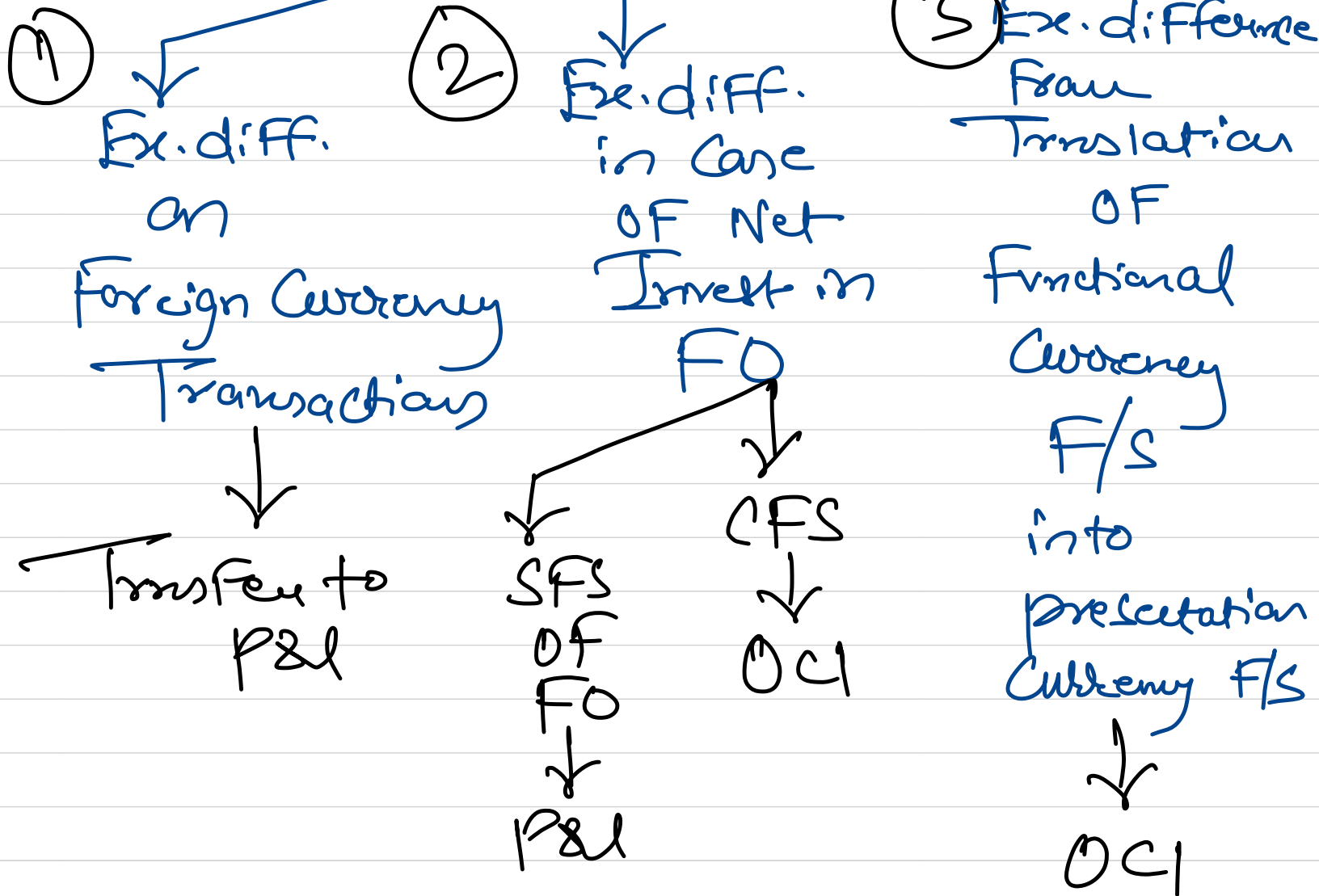
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*Notes, Purchases, Loans, Investments*





# Summary of Ex. Diff.



Holding  
(₹)

Foreign  
Subsd.  
(\\$)

LT loan (Net Invest in  
in ₹) (Net Invest in  
Fo)

Translated in ₹  
Avg Rate

Fo  
For Subsd its  
a F.C.T

P&L of Subsd/Grp  
Income ₹  
Exp ₹

Ex. P&L of  
Subsd.

OCI  
Ex. diff ₹  
Ex. diff

P&L	
Exp \$	Income \$
Ex. diff \$	Ex. diff \$

# INDAS 21 - EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

(Page - 2)

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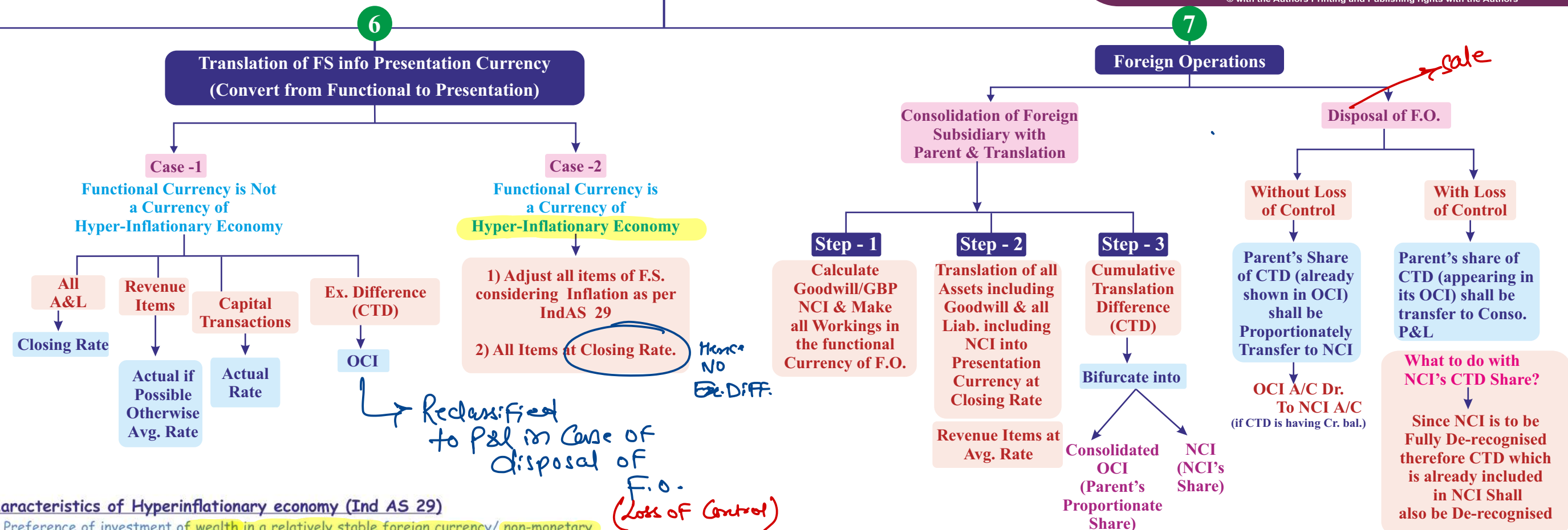


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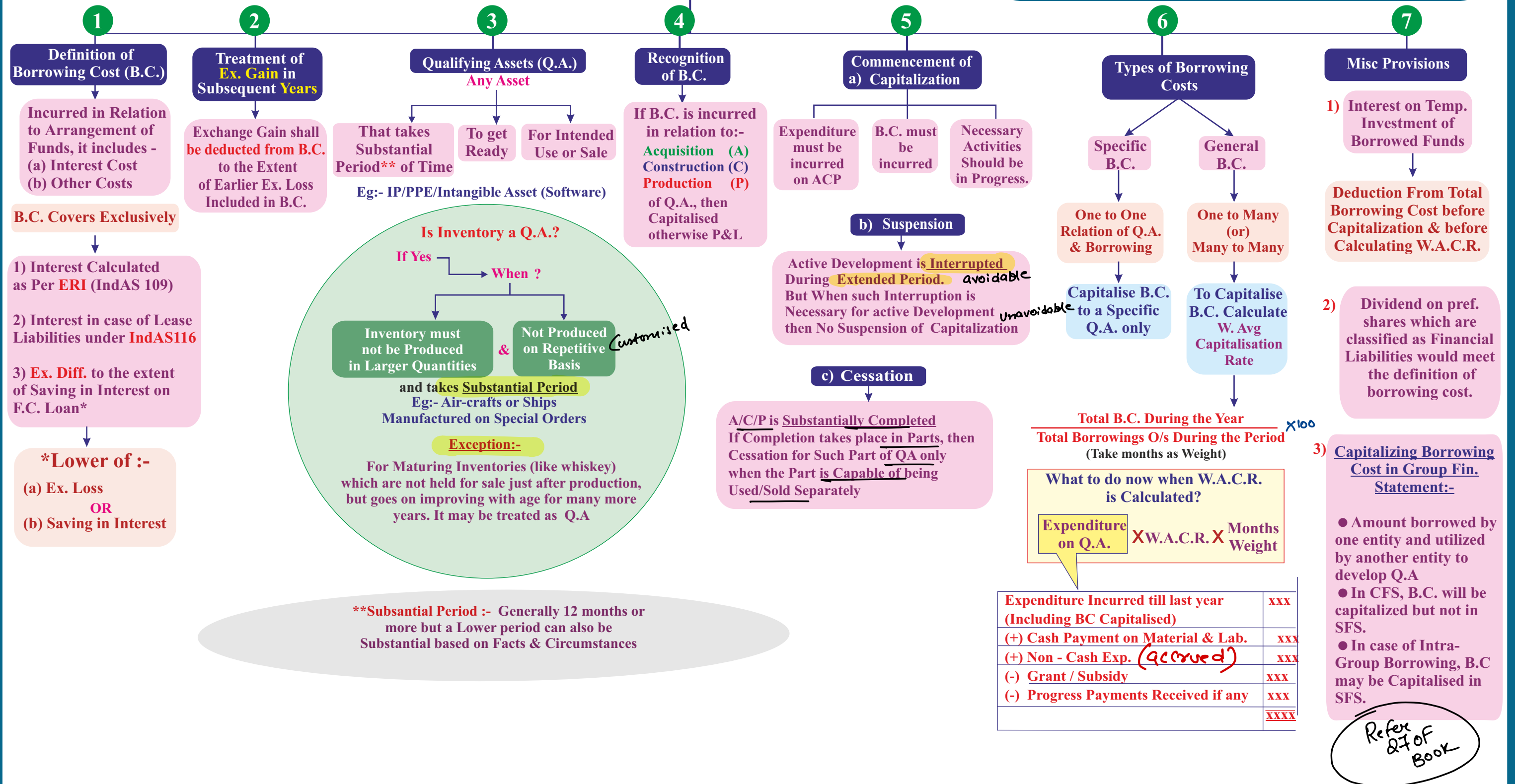
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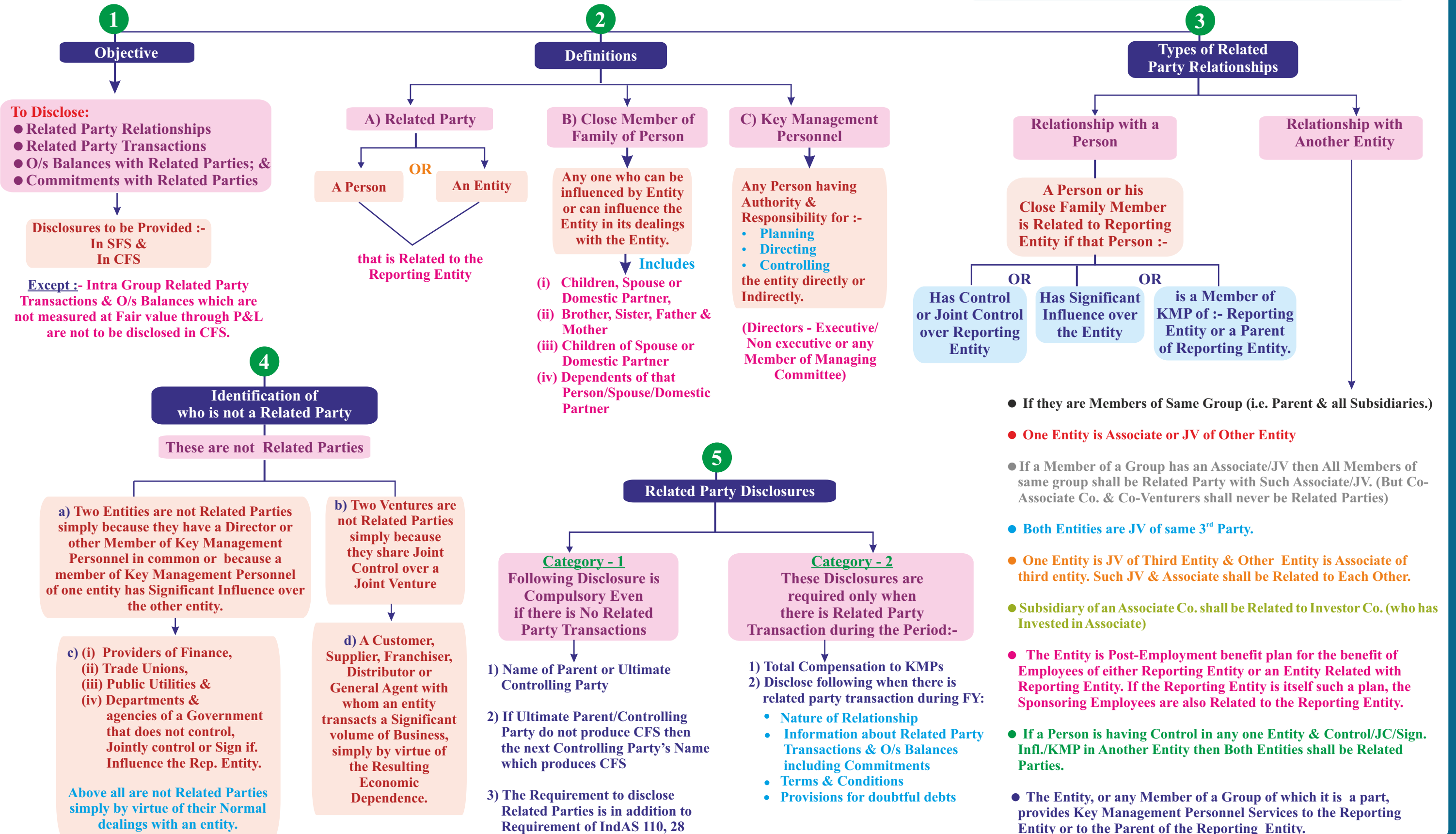


# IND AS 23 - BORROWING COSTS





# INDAS 24 - RELATED PARTY DISCLOSURES



# FINANCIAL INSTRUMENTS

A

## BASICS

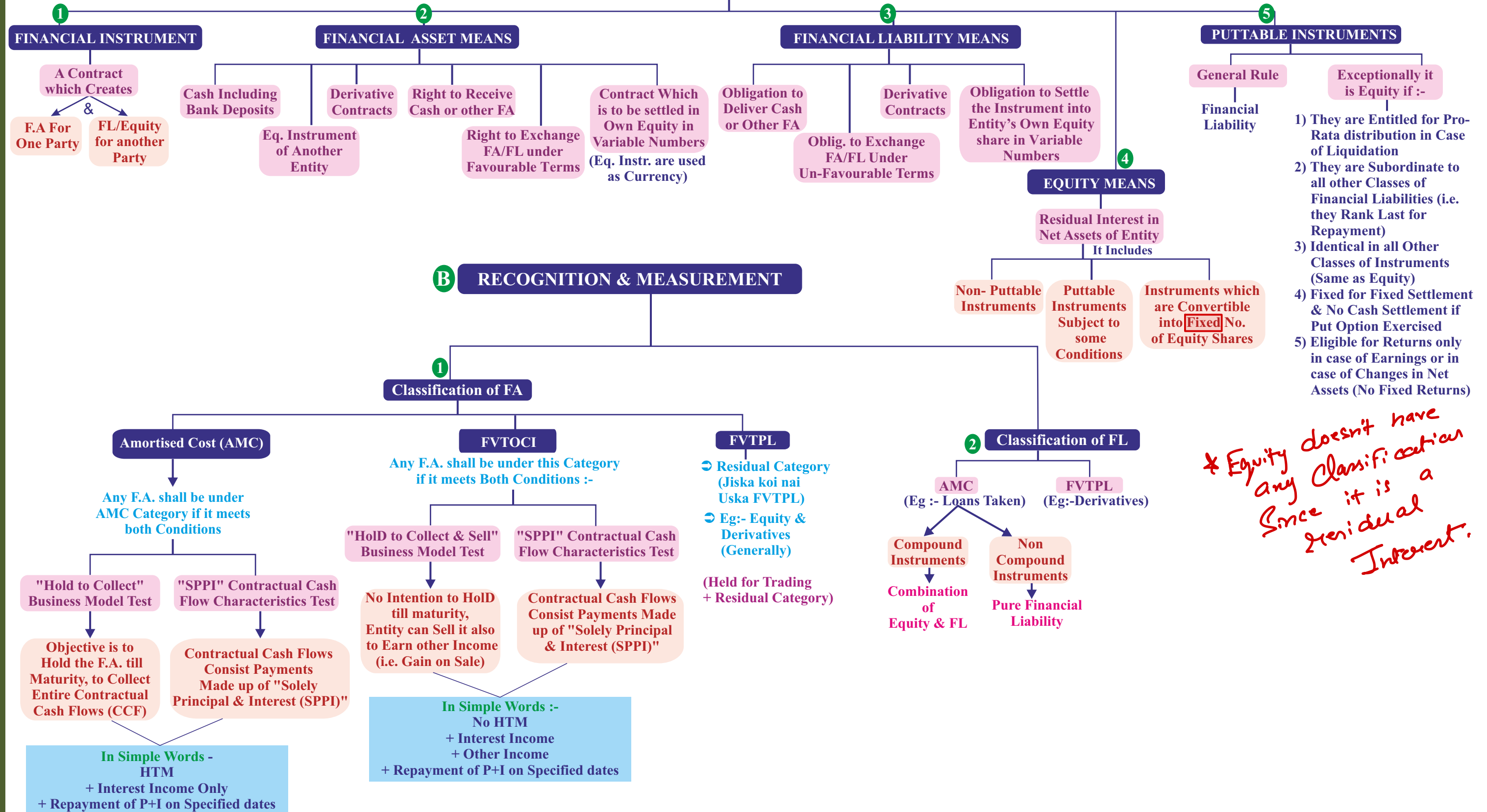
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\* Equity doesn't have any classification Since it is a Residual Interest.

# FINANCIAL INSTRUMENTS

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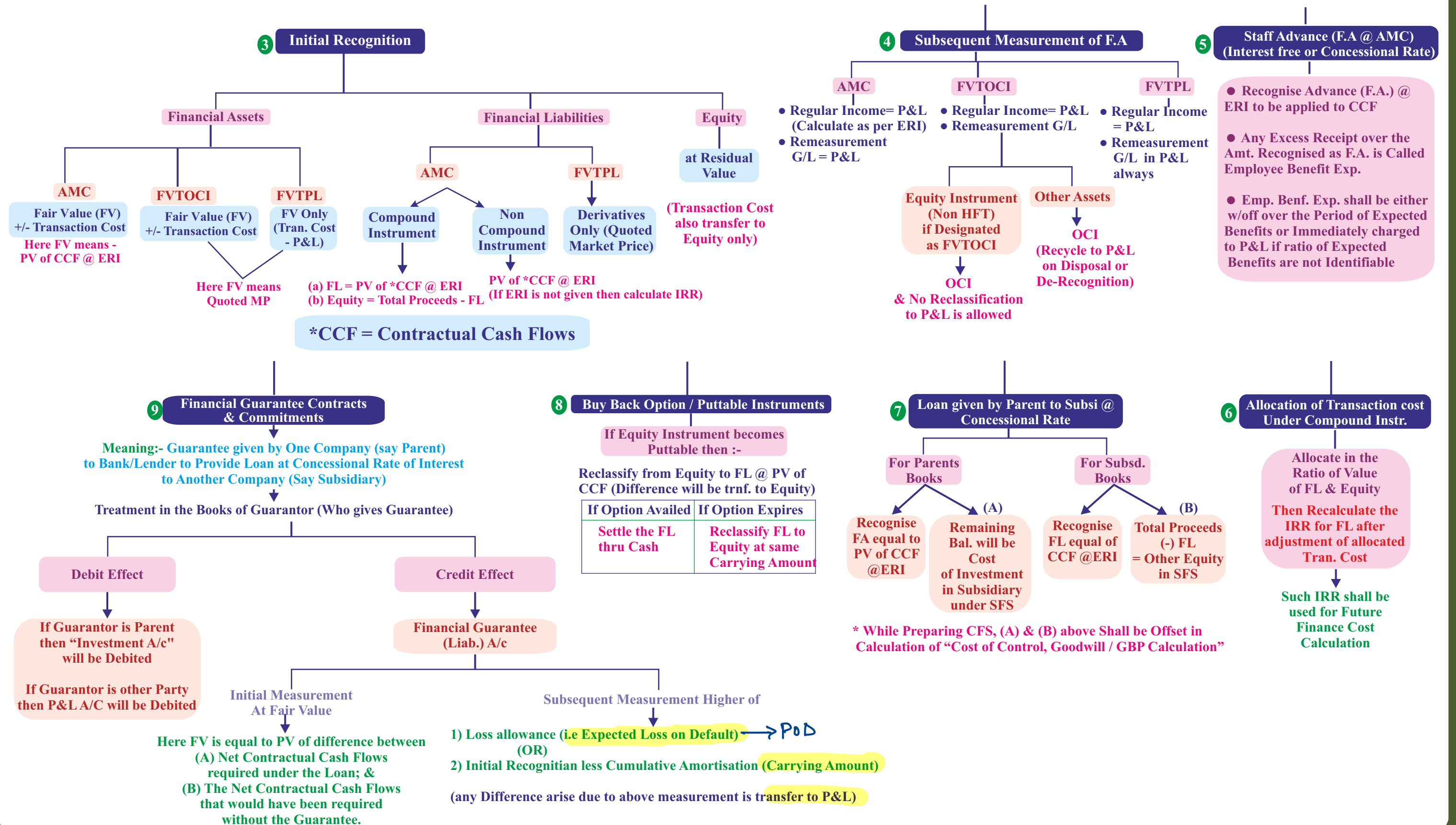


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# FINANCIAL INSTRUMENTS

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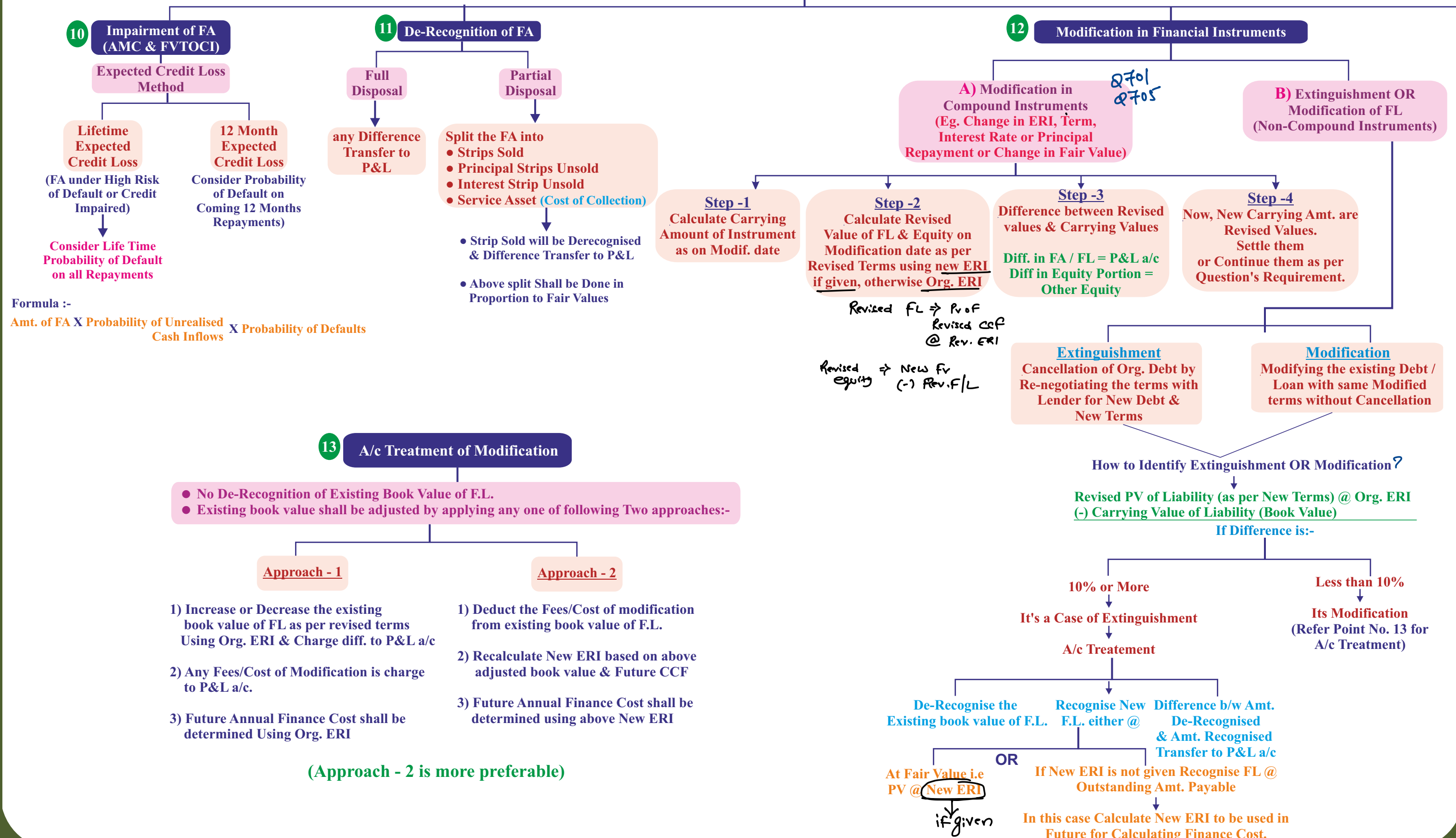


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# FINANCIAL INSTRUMENTS

## C DERIVATIVES

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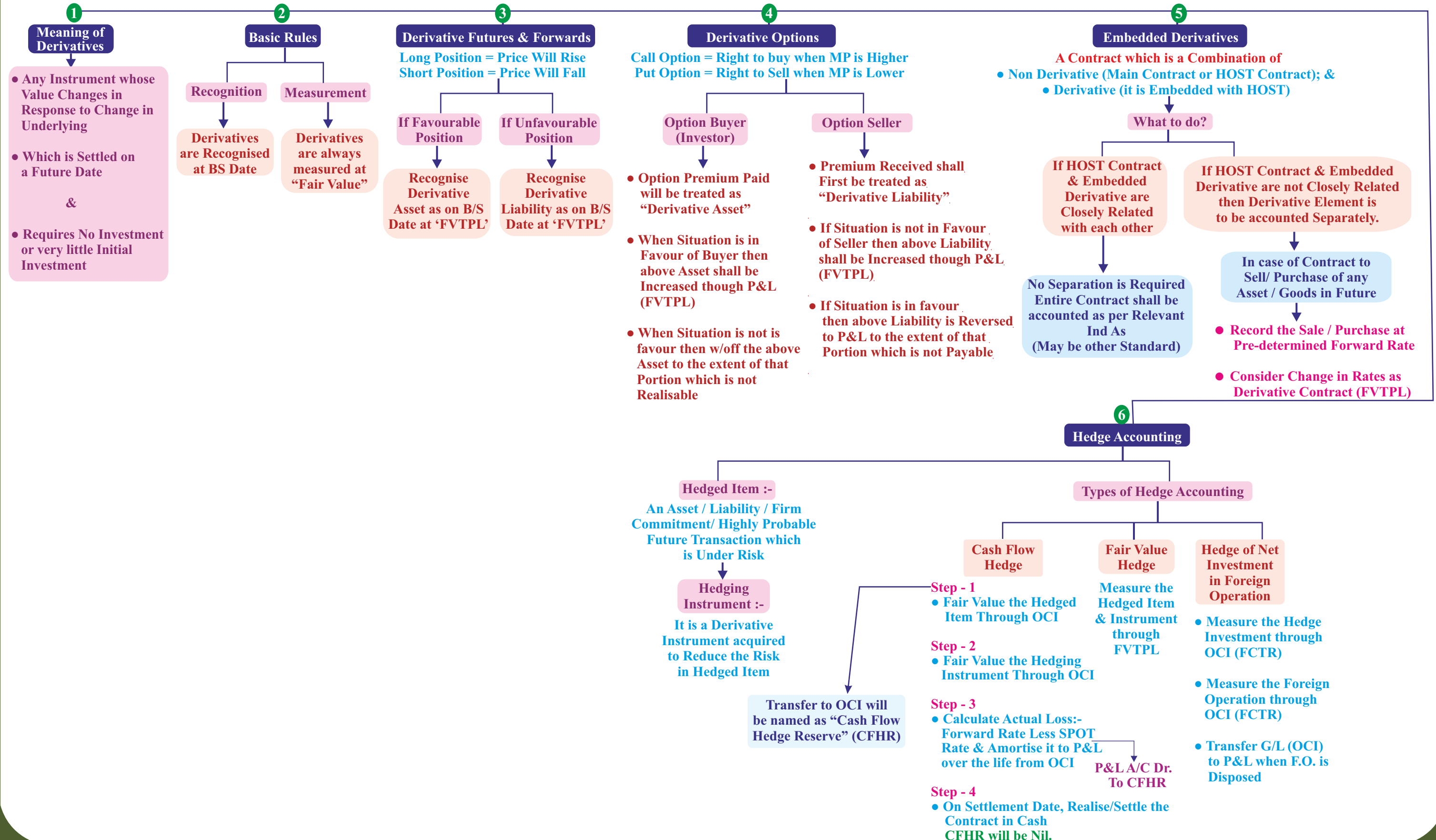
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# FINANCIAL INSTRUMENTS

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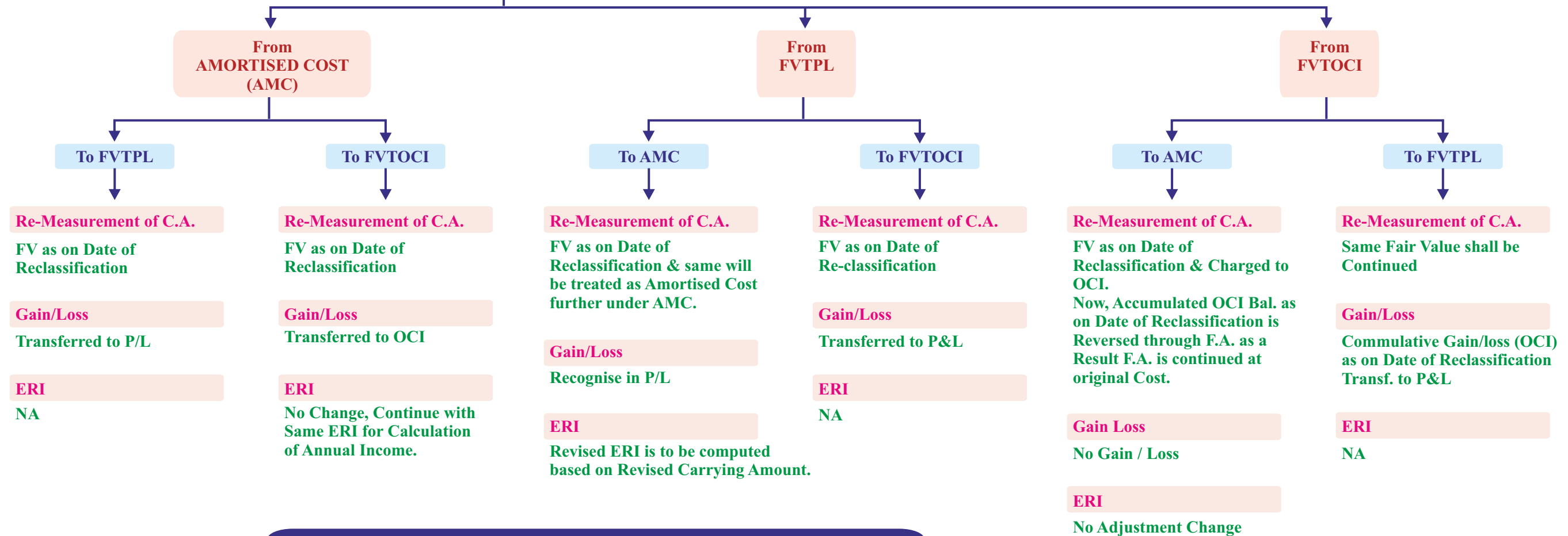
## Reclassification from One Category to Another

### FINANCIAL ASSETS

Reclassification of FA is possible only when Entity Changes its Business Model

### FINANCIAL LIABILITY

Reclassification of FL is not allowed



## Reclassification from Financial Liability to Equity and Vice Versa

### From FL to Equity

Measured at Same Carrying Amount

### From Equity to FL

- Measured at Fair Value on the Date of Reclassification (PV of CCF@ ERI)
- Difference if any charged to Equity Only

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# IND AS 33 - EARNINGS PER SHARE (EPS)

(Page - 1)



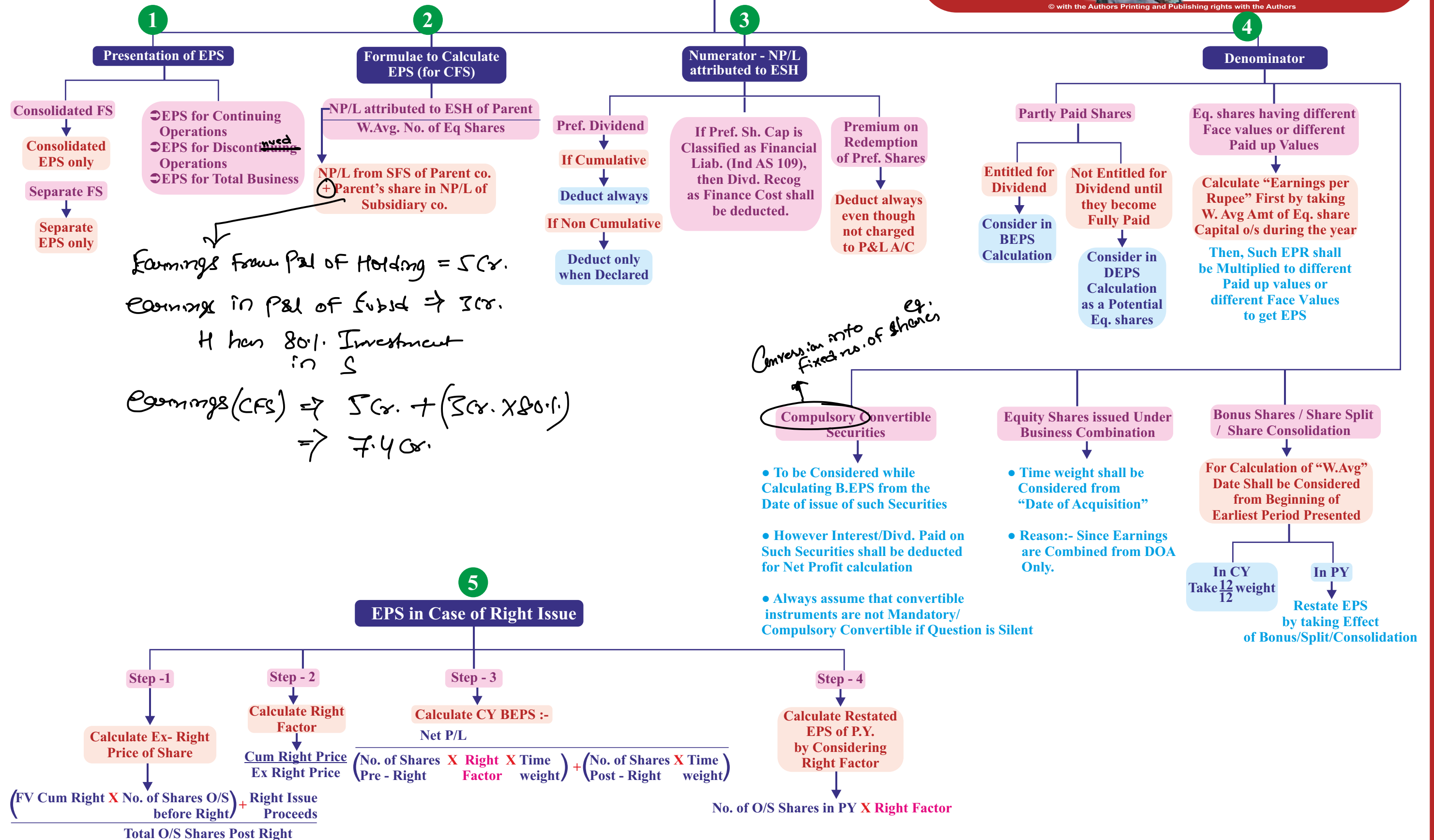
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Earnings from P&L of Holding = 5 Cr.  
Earnings in P&L of Subid  $\Rightarrow$  3 Cr.  
H has 80% Investment in S  
Earnings (CFS)  $\Rightarrow$  5 Cr. + (3 Cr.  $\times$  80%)  
 $\Rightarrow$  7.4 Cr.

Conversion into fixed no. of shares eg.

# IND AS 33 - EARNINGS PER SHARE (EPS)

(Page - 2)



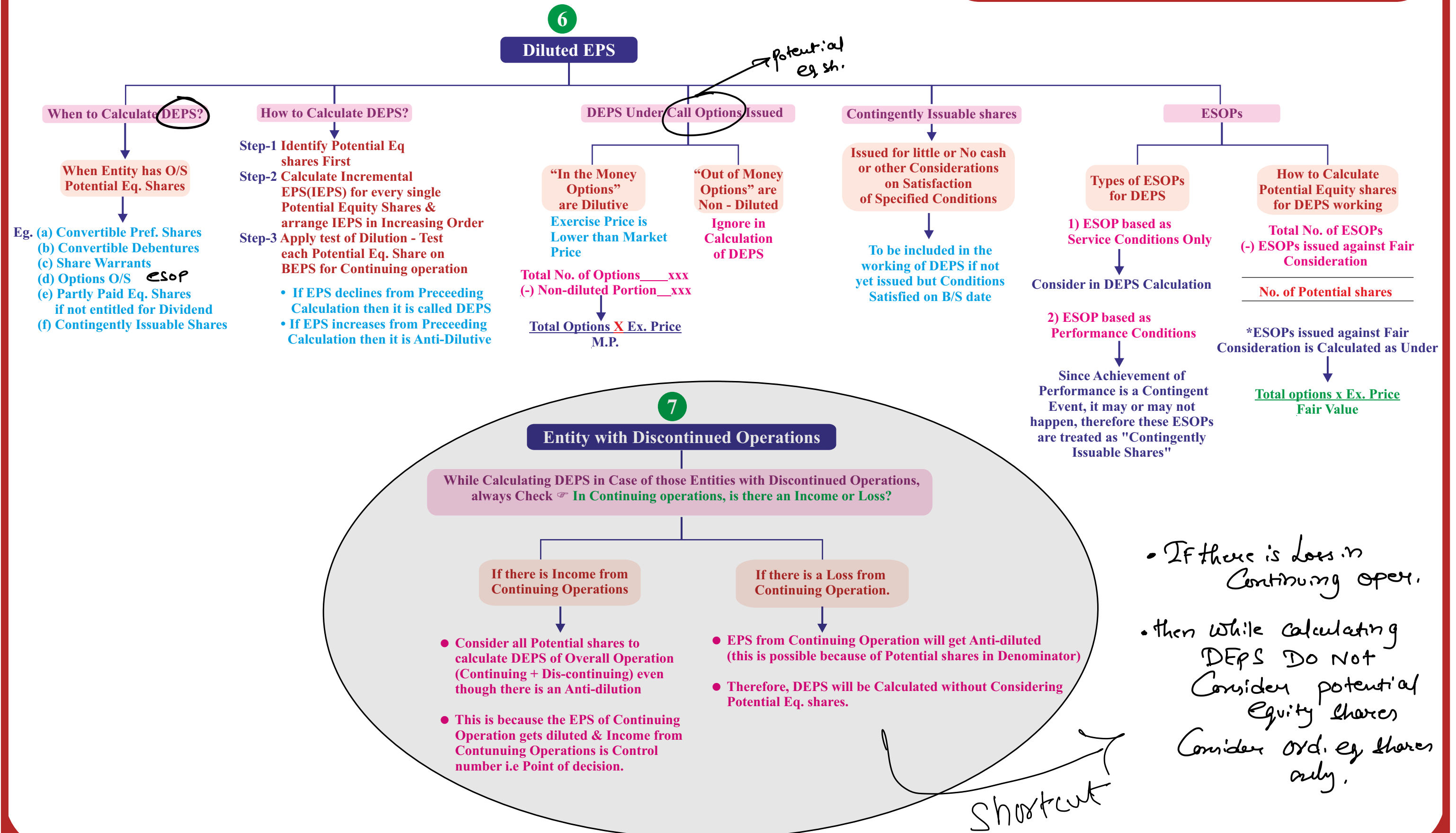
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**7 Entity with Discontinued Operations**

While Calculating DEPS in Case of those Entities with Discontinued Operations, always Check *In Continuing operations, is there an Income or Loss?*

**If there is Income from Continuing Operations**

- Consider all Potential shares to calculate DEPS of Overall Operation (Continuing + Dis-continuing) even though there is an Anti-dilution
- This is because the EPS of Continuing Operation gets diluted & Income from Continuing Operations is Control number i.e Point of decision.

**If there is a Loss from Continuing Operation.**

- EPS from Continuing Operation will get Anti-diluted (this is possible because of Potential shares in Denominator)
- Therefore, DEPS will be Calculated without Considering Potential Eq. shares.

- If there is Loss in Continuing oper.
- then while calculating DEPS Do Not Consider potential Equity shares Consider ord. eq shares only.

*Shortcut*

# IND AS 34 - Interim Financial Reporting (I.F.R)

I.F.R can be Presented by any one out of Two ways:-  
1) A Complete set of FS as per IndAS - 1; or  
2) A Condensed set of FS as per IndAS - 34



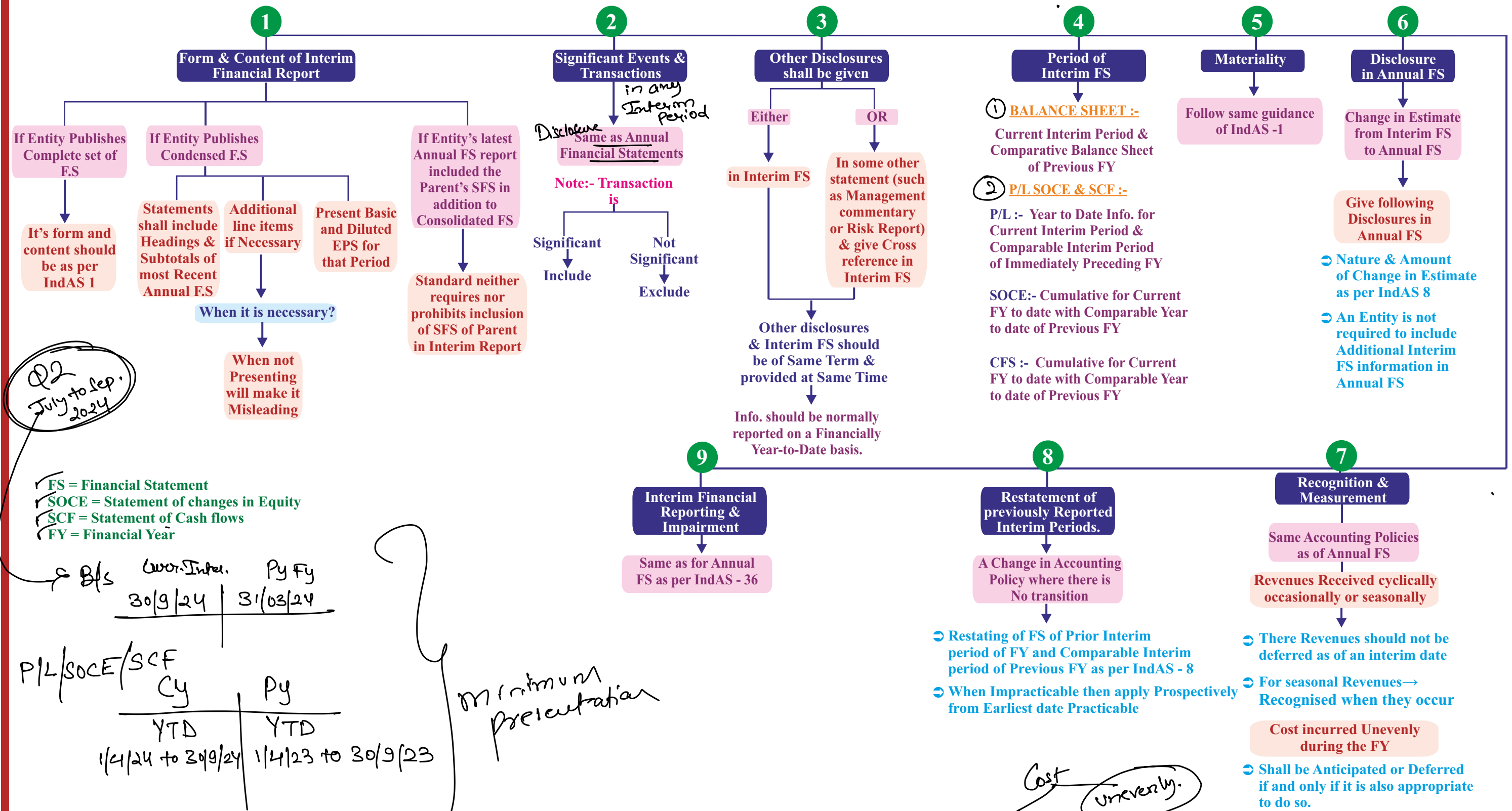
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FS = Financial Statement  
SOCE = Statement of changes in Equity  
SCF = Statement of Cash flows  
FY = Financial Year

Q2 July to Sep. 2024

B/S		Over Inter.		Py FY	
		30/9/24		31/03/24	
P/L/SOCE/SCF					
Cy				Py	
YTD				YTD	
1/4/24 to 30/9/24				1/4/23 to 30/9/23	

Minimum presentation

Cost unevenly.  
Evening Salaries Rent  
Yearly Bonus Advertising. loss  
Bad-debts



Q2 (July to Sep 2024)

P/L			
Cy	Cy	Py	Py
Current IP	YTD	Current IP	YTD
1/7/24 to 30/9/24	1/4/24 to 30/9/24	1/7/23 to 30/9/23	1/4/23 to 30/9/23

## Tax aspects

- 1) Calculate Estimated Total Tax & Est. Total Annual Income
- 2) Calculate W. Avg. Tax Rate if there are different Slab Rates, (excluding Cap. gain / special Income)
- 3) Apply that W. Avg Rate to each Quarter

# IND AS 36 - IMPAIRMENT

(Page 1)



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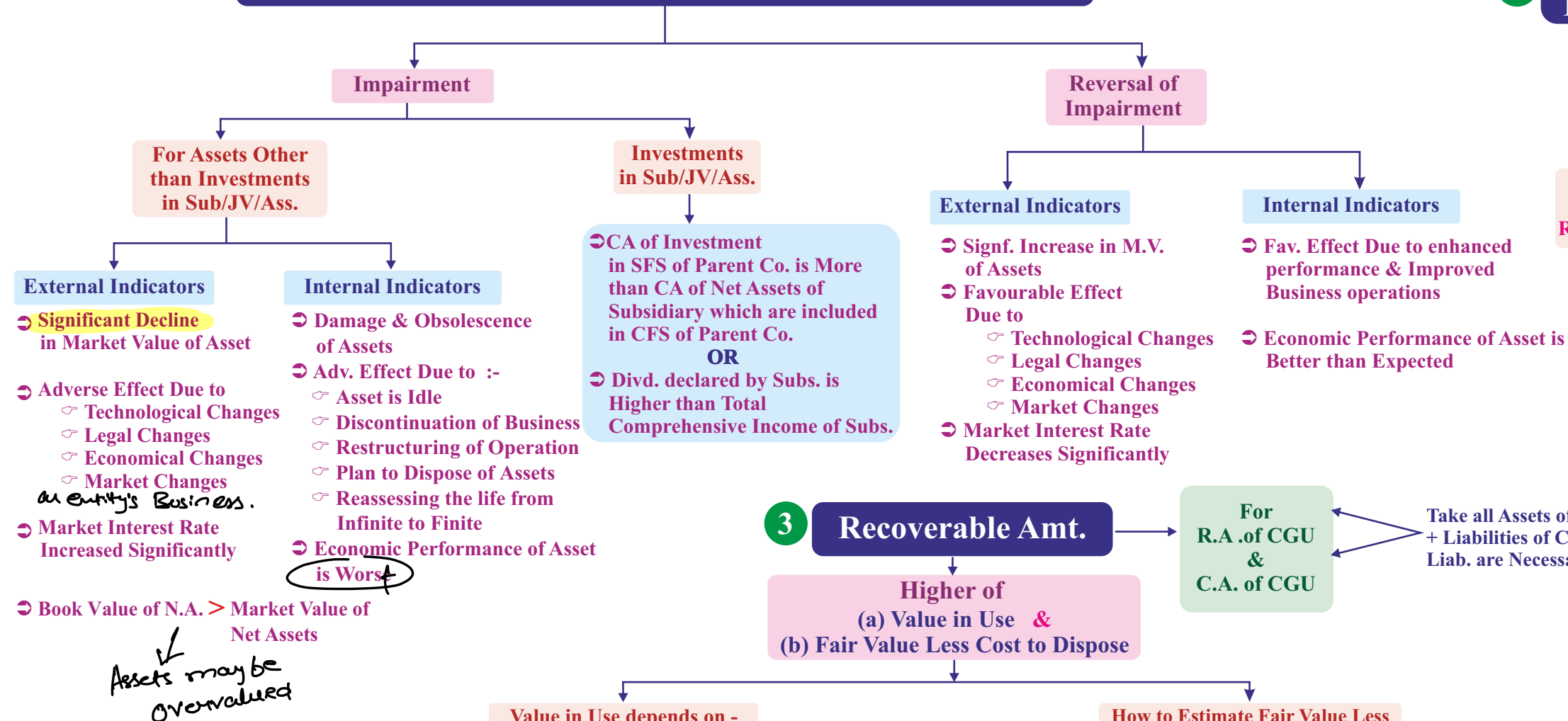
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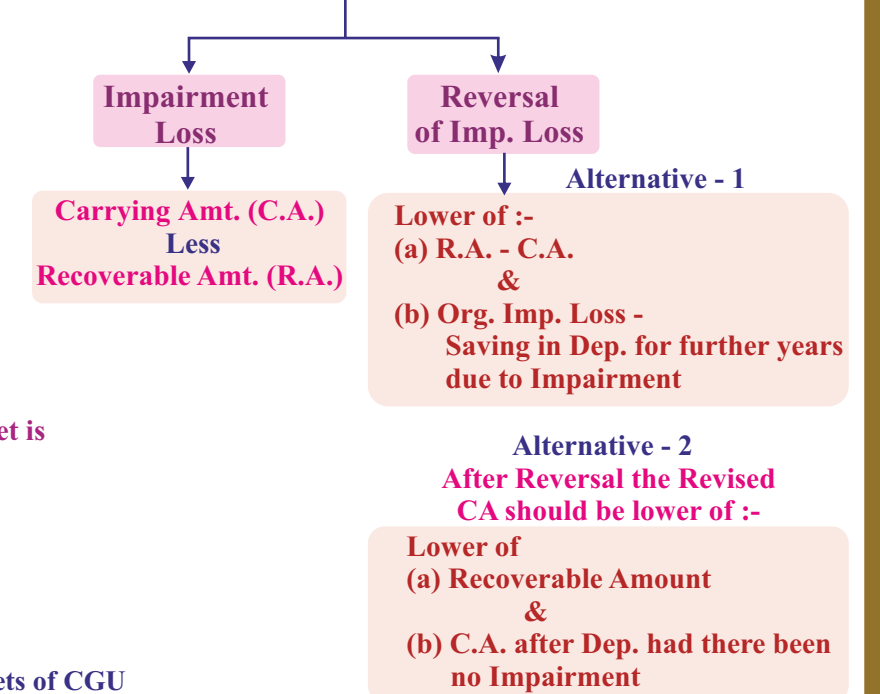
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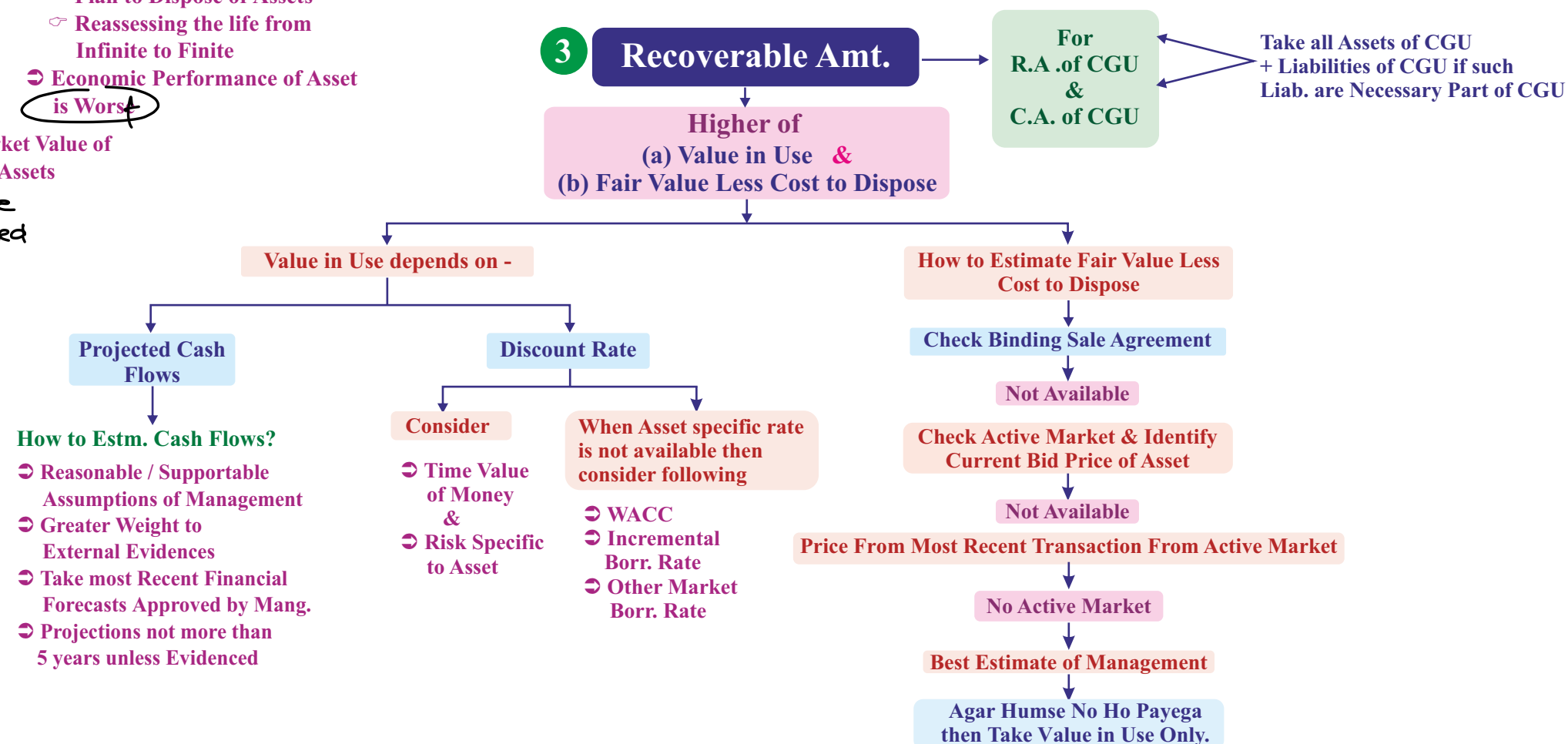
## 1 Indications of Impairment & Indications of Reversal



## 2 How to Calculate Impairment Loss & its Reversal



## 3 Recoverable Amt.



# IND AS 36 - IMPAIRMENT

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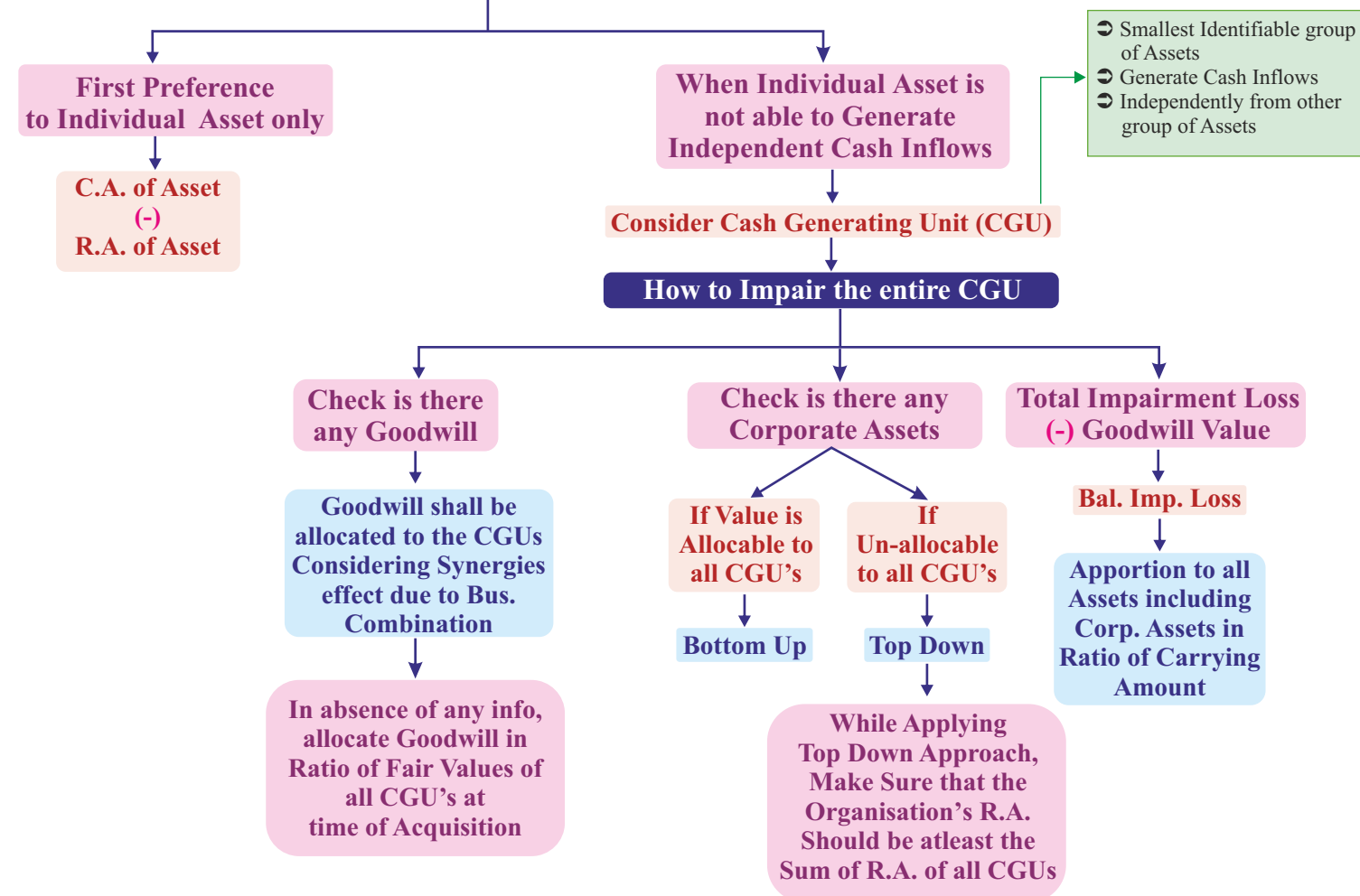
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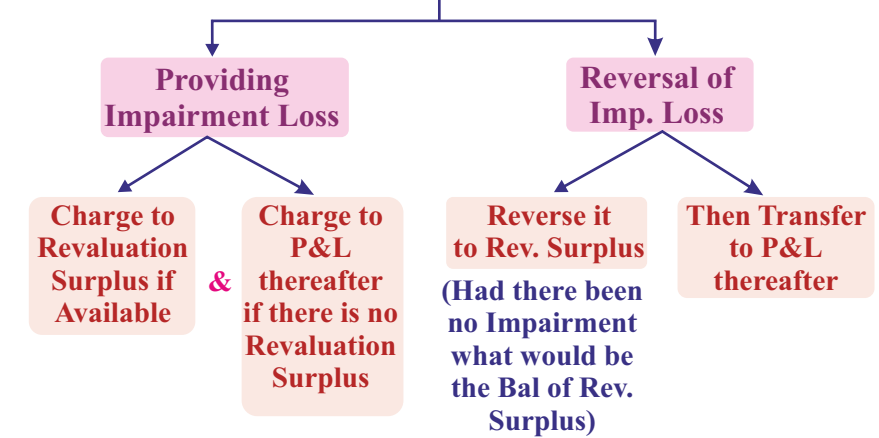
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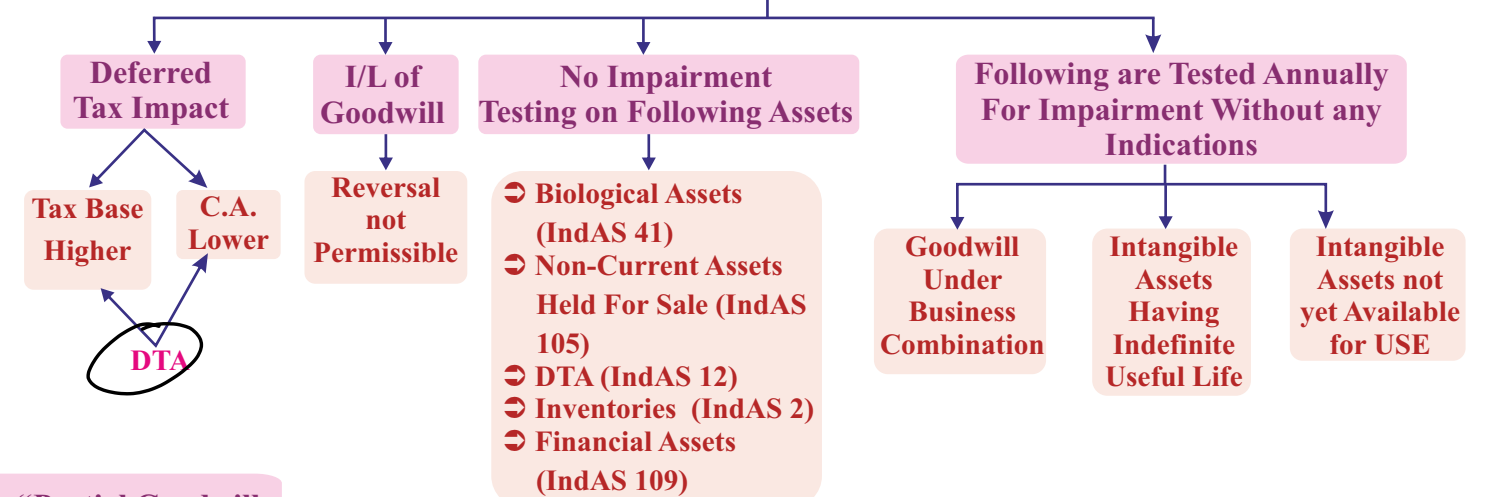
## 4 Impairment Testing



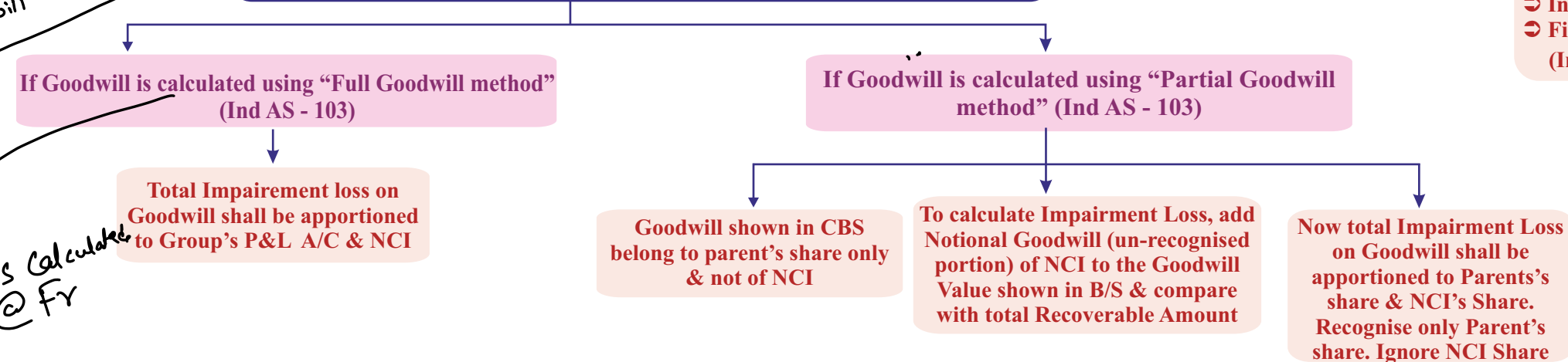
## 5 Treatment of Impairment Loss



## 7 Misc. Provisions



## 6 Goodwill Impairment Testing - Impact on NCI



CA + Goodwill  
IRA

Partial Goodwill (Net)

NCI is Calculated @ Fr

# INDAS 37 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS



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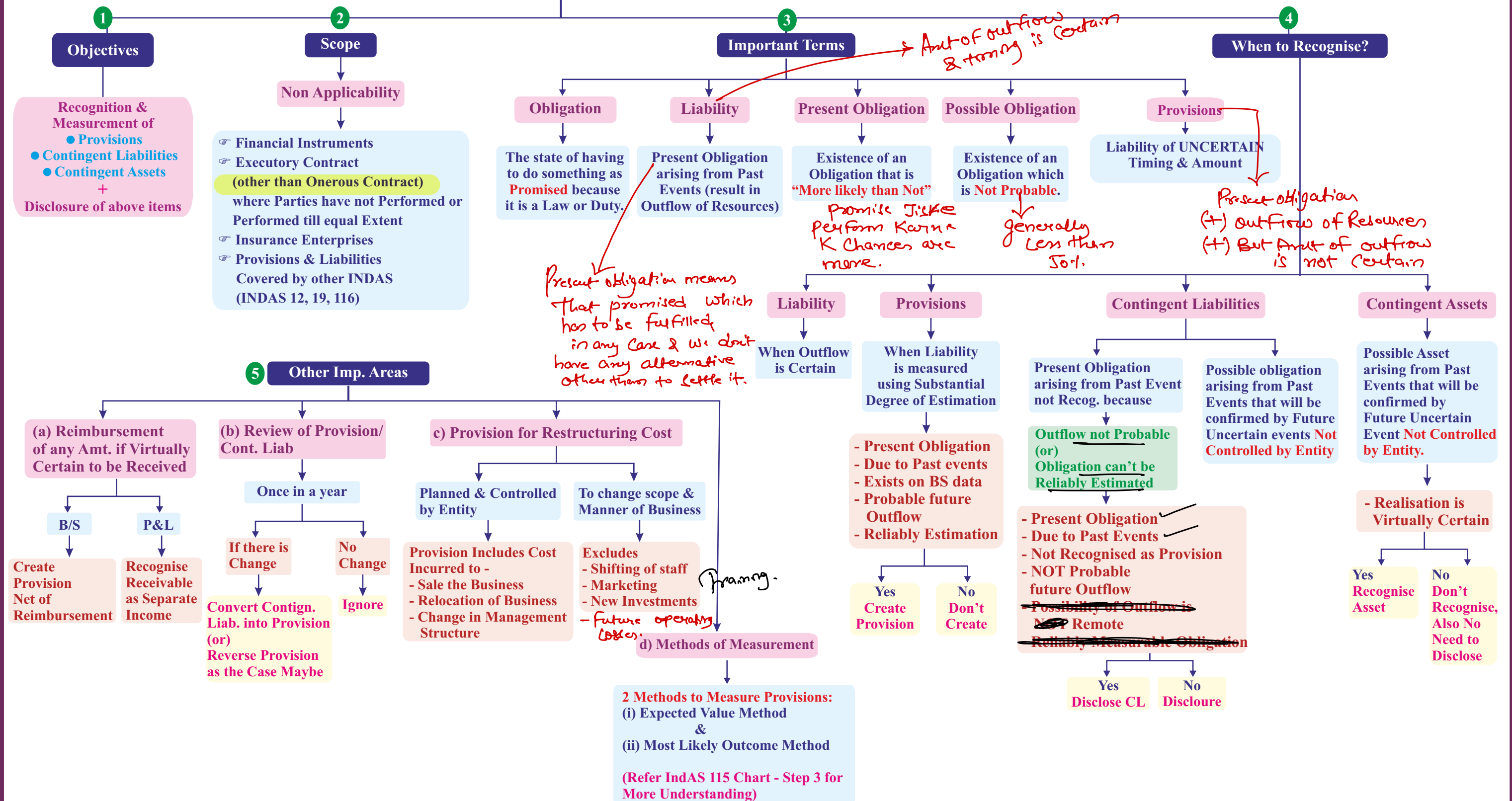
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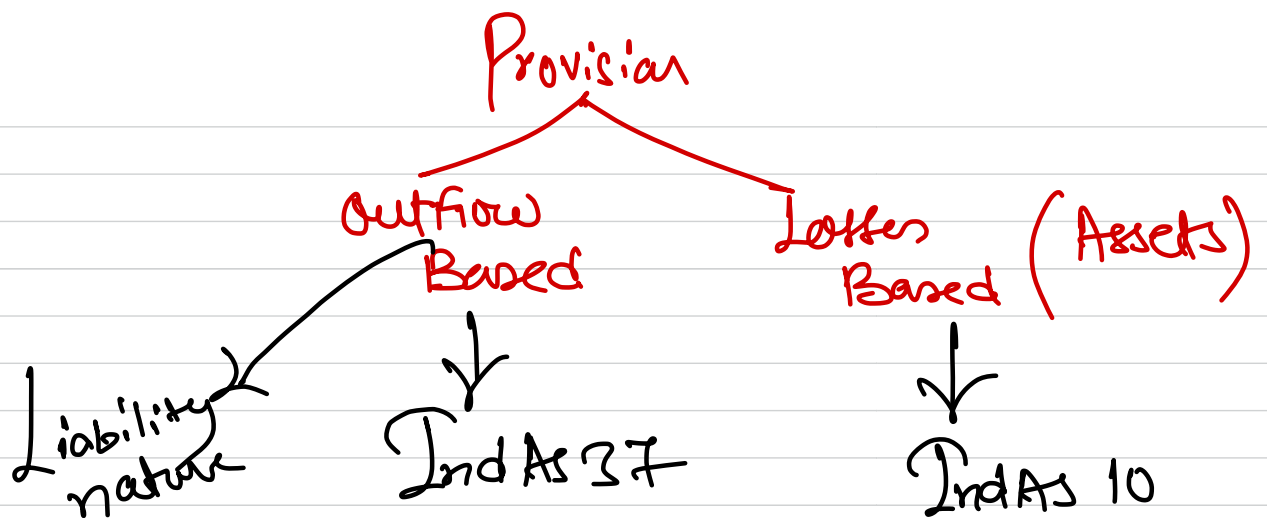
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Provisions  
↓  
Which Can-not be  
reasonably estimated  
are  
Disclosed as Cont. Liab.

# INDAS 38 - INTANGIBLE ASSETS



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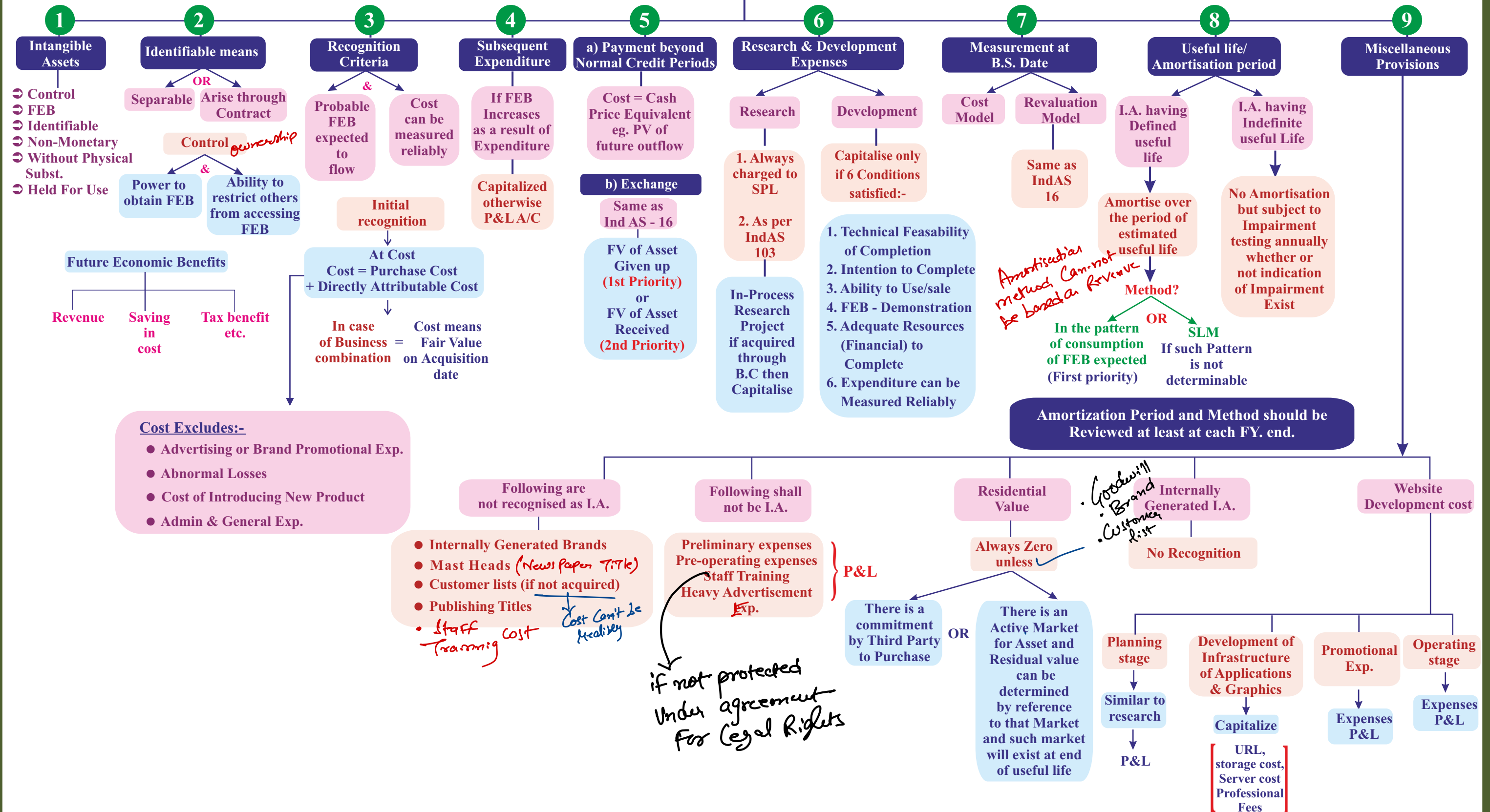
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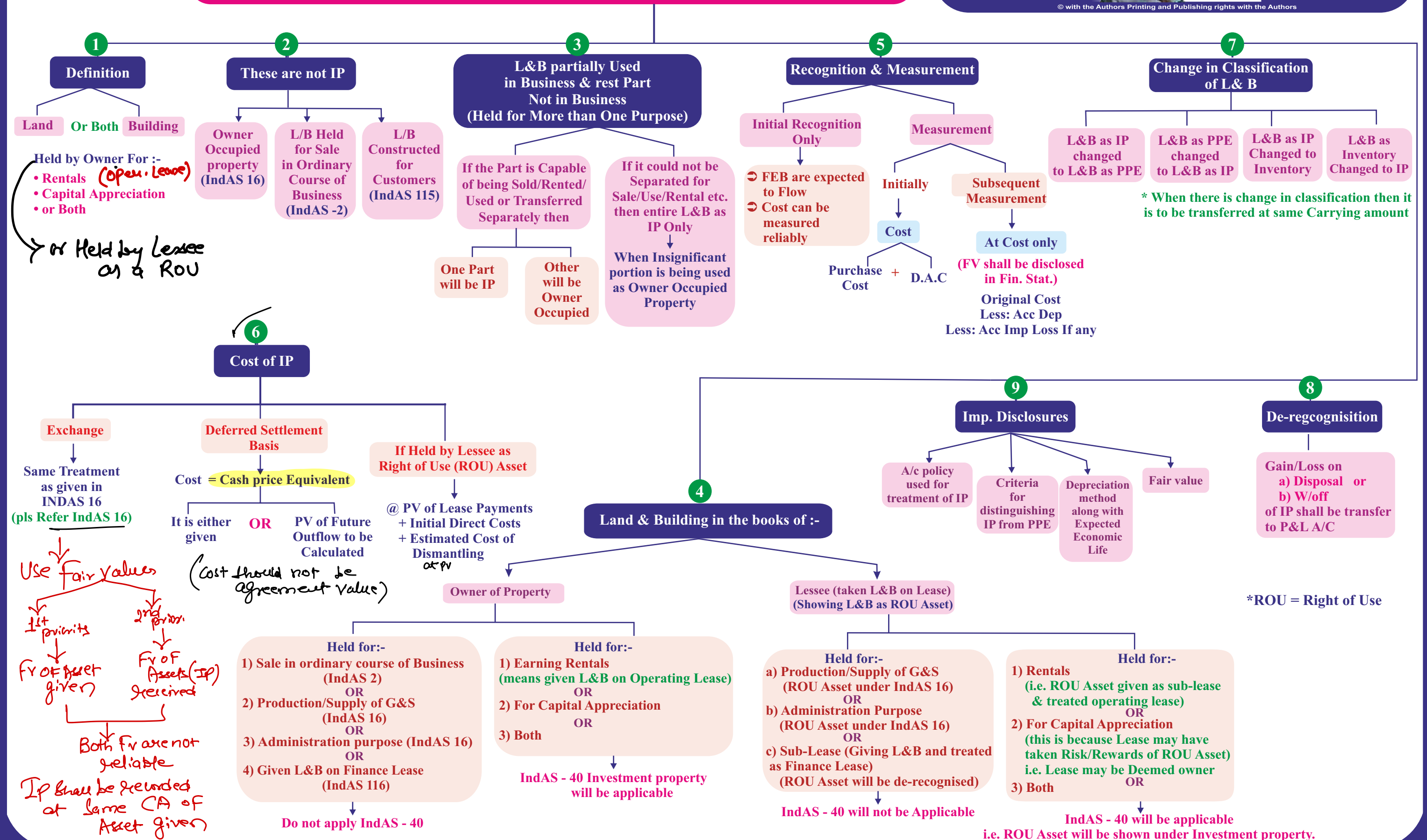
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# INDAS 40 - INVESTMENT PROPERTIES (IP)



# INDAS 41 - AGRICULTURE



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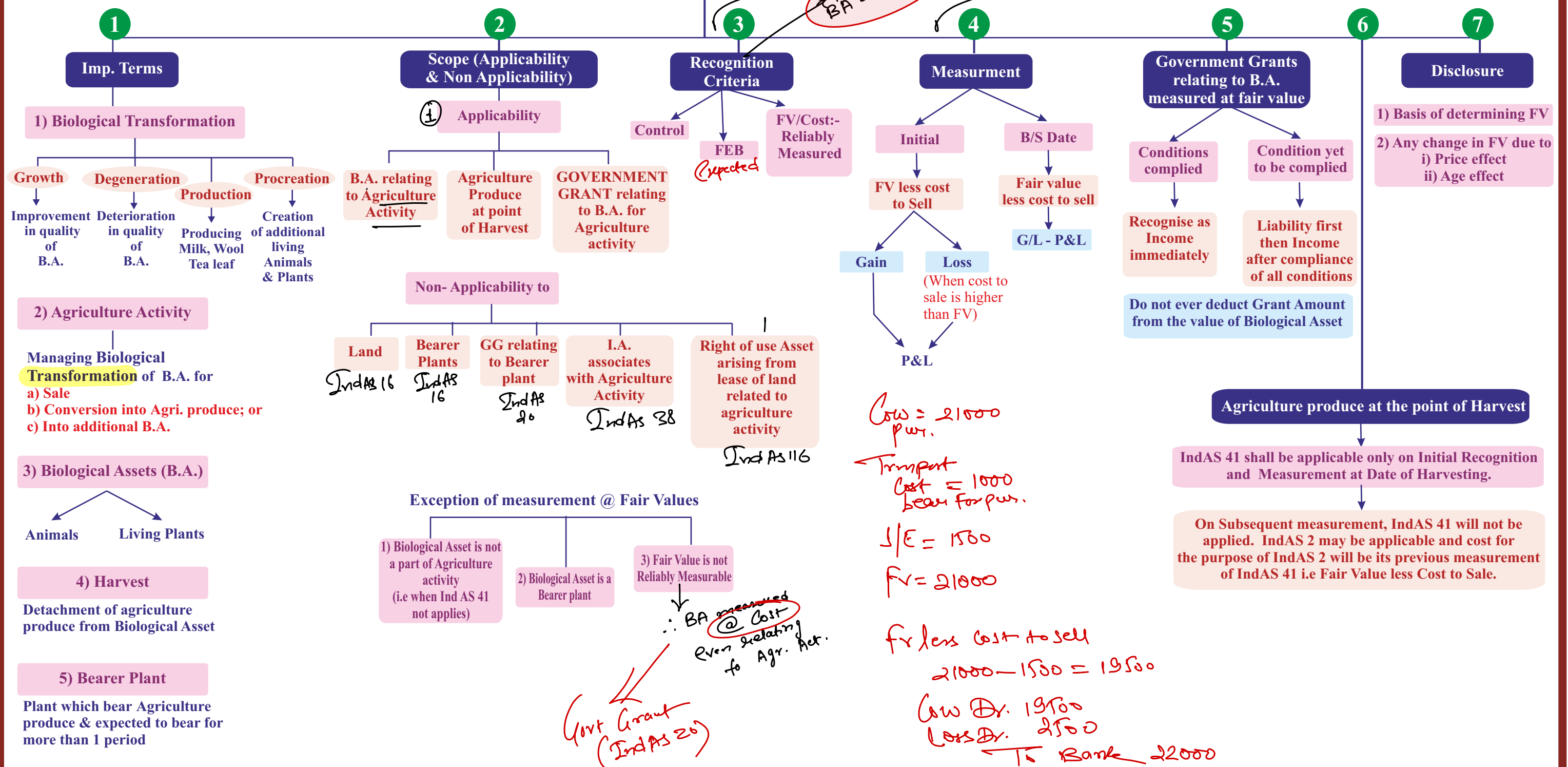
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# INDAS 101 - FIRST TIME ADOPTION OF INDAS

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## A Basics

1

### IMP Definitions

- 1) **Transition Date:-** Beginning of Earliest Period for which entity Presents Full Comparative Information.
- 2) **Opening Ind AS B/S :-** B/S at the Date of Transitions

2

### Objective of INDAS

**First Ind AS Financial Statements including Interim Reports should contain High Quality Information that :-**

- (a) is Transparent & Comparable
- (b) Provides Starting Point for Accounting with Ind AS; &
- (c) Can be Generated at a Cost that does not Exceed the Benefits.

**Note :- Ind AS 101 Applies when an Entity Adopts Ind AS for the First Time by an "Explicit and Un-reserved" Statement of Compliance**

B

## Process of First Time Adoption of Ind AS

1

### Apply Ind AS w.e.f. Transition Date

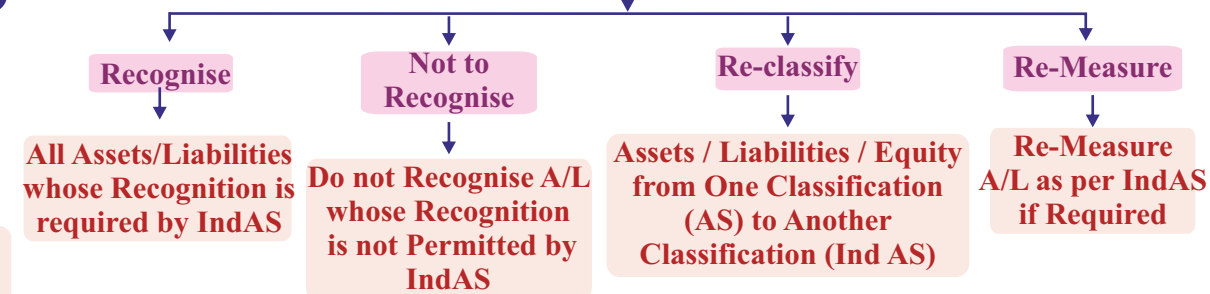
Prepare Opening Ind AS B/S as on Transition Date

All Assets & Liabilities as on Transition date Must be shown as per IndAS

This is required for Smooth Transition

2

### Specific Requirements



3

### Follow All Ind AS Requirements

The General Rule is to Follow Requirements of all IndAS on First Ind AS Financial Statements **Retrospectively**

However Ind AS 101, Sets Some "Mandatory Exceptions" & "Optional Exemptions" where No Retrospective Application is Required.

C

## Mandatory Exceptions

Exceptions from Applying Specific Ind AS Transitional Provisions.

1

### Estimates

Estimates taken by Entity in accordance with Previous GAAP shall not be Changed in view of developments after the Transition date.

2

### Non - Controlling Interest

Apply following Requirements of Ind AS 110 Prospectively from Transition date:-

- Total Comprehensive Income is attributed to the Owners of Parent & NCI
- Accounting for Change in Parent's Ownership Interest either with Loss of Control or without Loss of Control

3

### Government Loans

Apply IndAS 109 & IndAS 20 Requirements on Outstanding Amt. of Govt. Loans Prospectively from Transition date. Whatever we did before that, Ignore it.

Determine ERI as on Transition Date.

4

### Hedge Accounting

Apply Hedge A/c of IndAS only to those Transactions which occurred on or after Transition date.

5

### Classification & Measurement of FA/FL as per Ind AS 109

Categorization of FA or FL into:

- AMC
- FVTOCI
- FVTPL

Only from Transition date not earlier.

6

### De-Recognition of FA/FL

- Apply De-Recognition provisions of Ind AS only to those Transactions which occurred on or after Transition to Ind AS.
- It Means FA/FL De-recognised before Transition date as per Previous GAAP (although as per Ind AS, No De-Recognition is required), it shall not Recognise Such FA/FL again on Transition date which is already De-recognised.

# INDAS 101 - FIRST TIME ADOPTION OF INDAS

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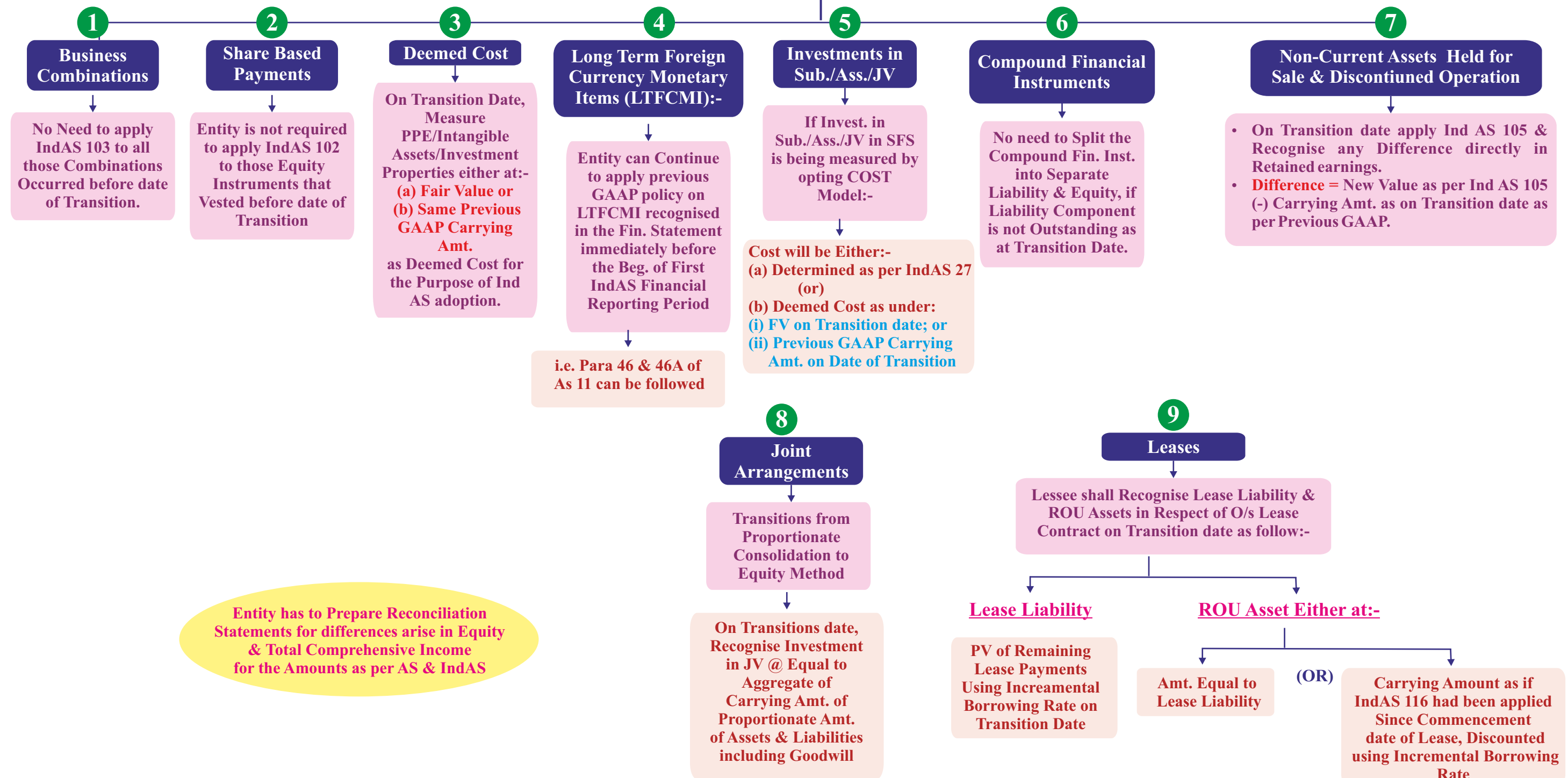
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## D Optional Exemptions

Exemptions from applying Retrospective requirements of Ind AS.



# INDAS 102 - SHARE BASED PAYMENTS (SBP)



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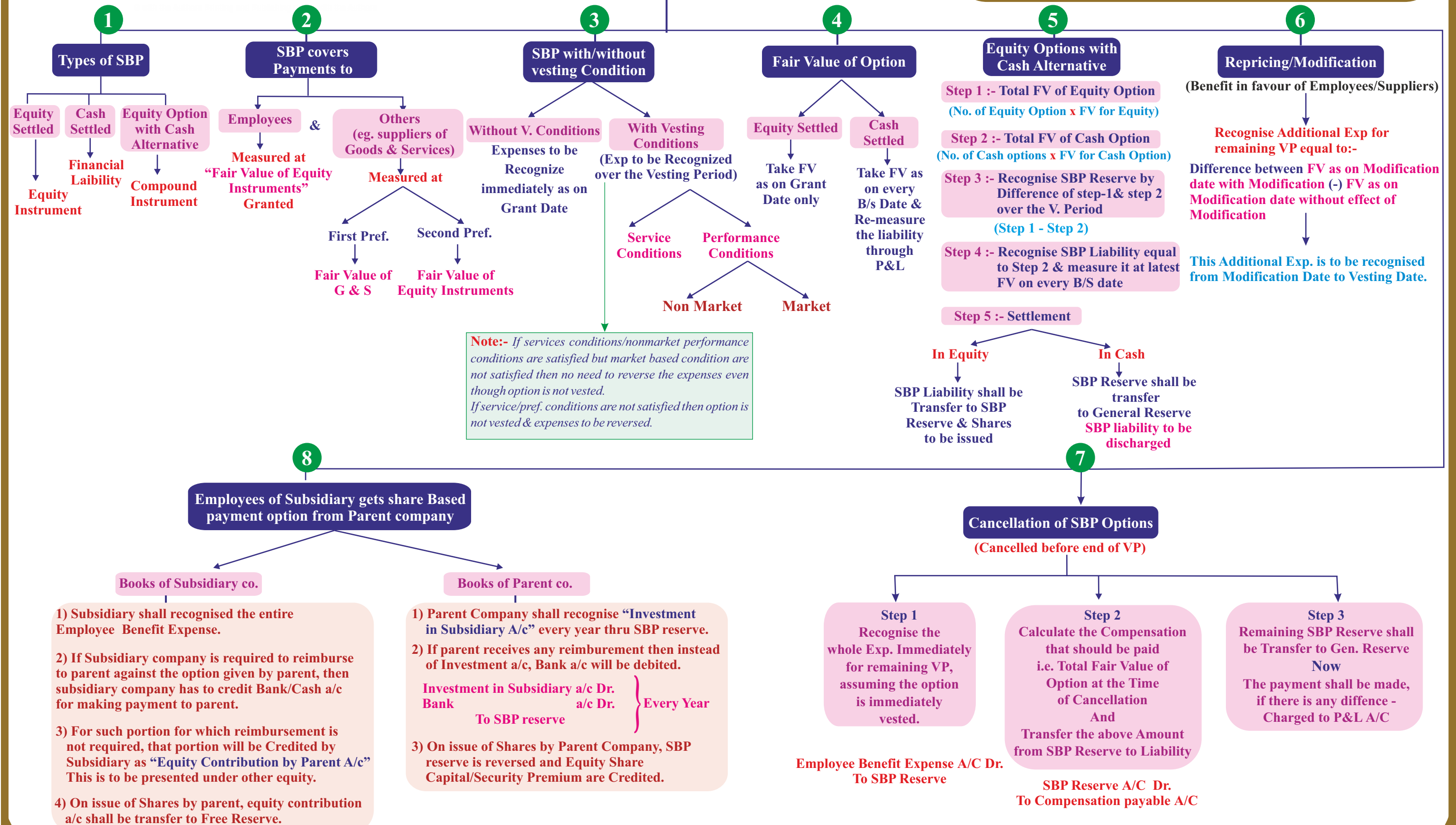
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# IND AS 27 - SEPARATE FINANCIAL STATEMENTS (SFS)

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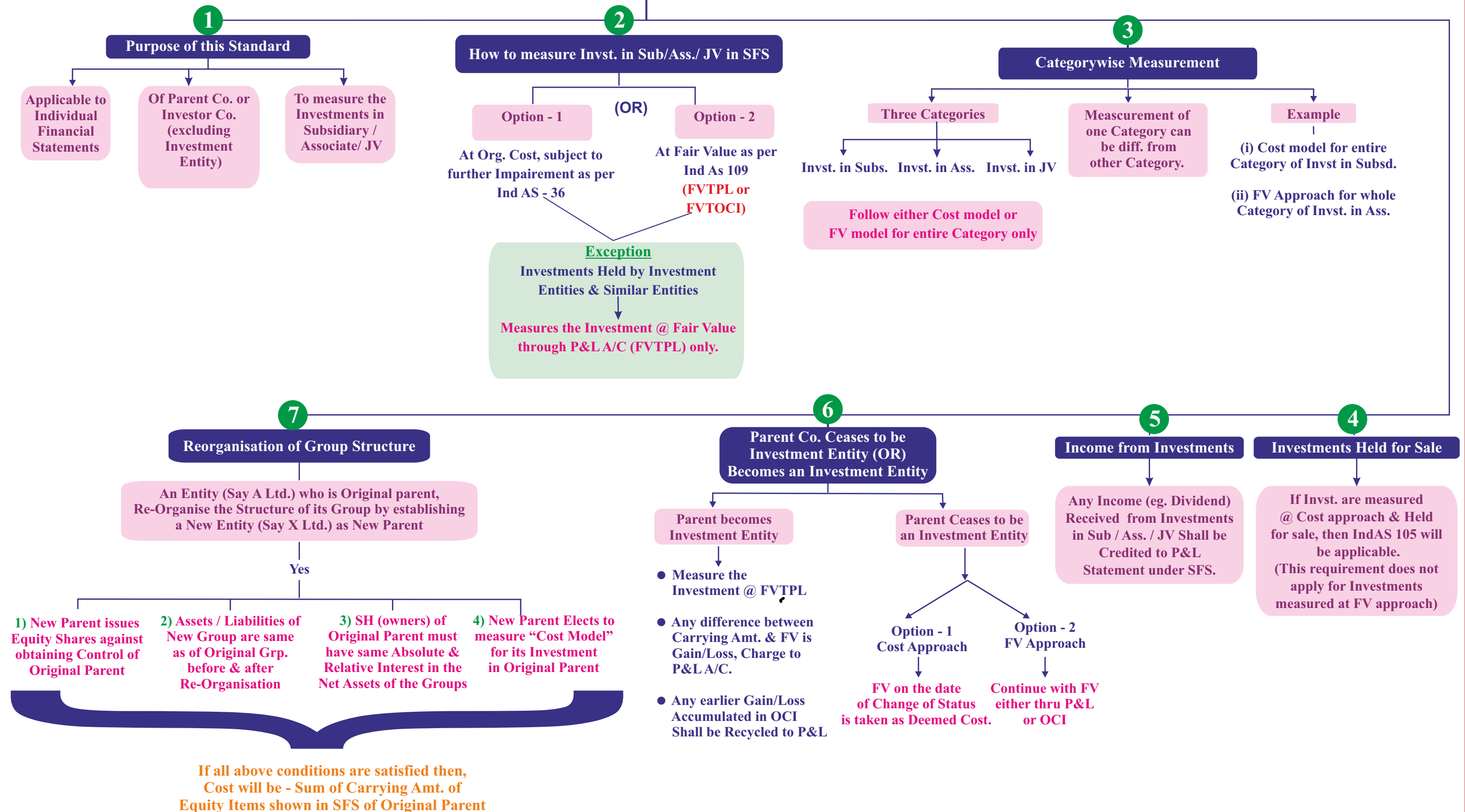
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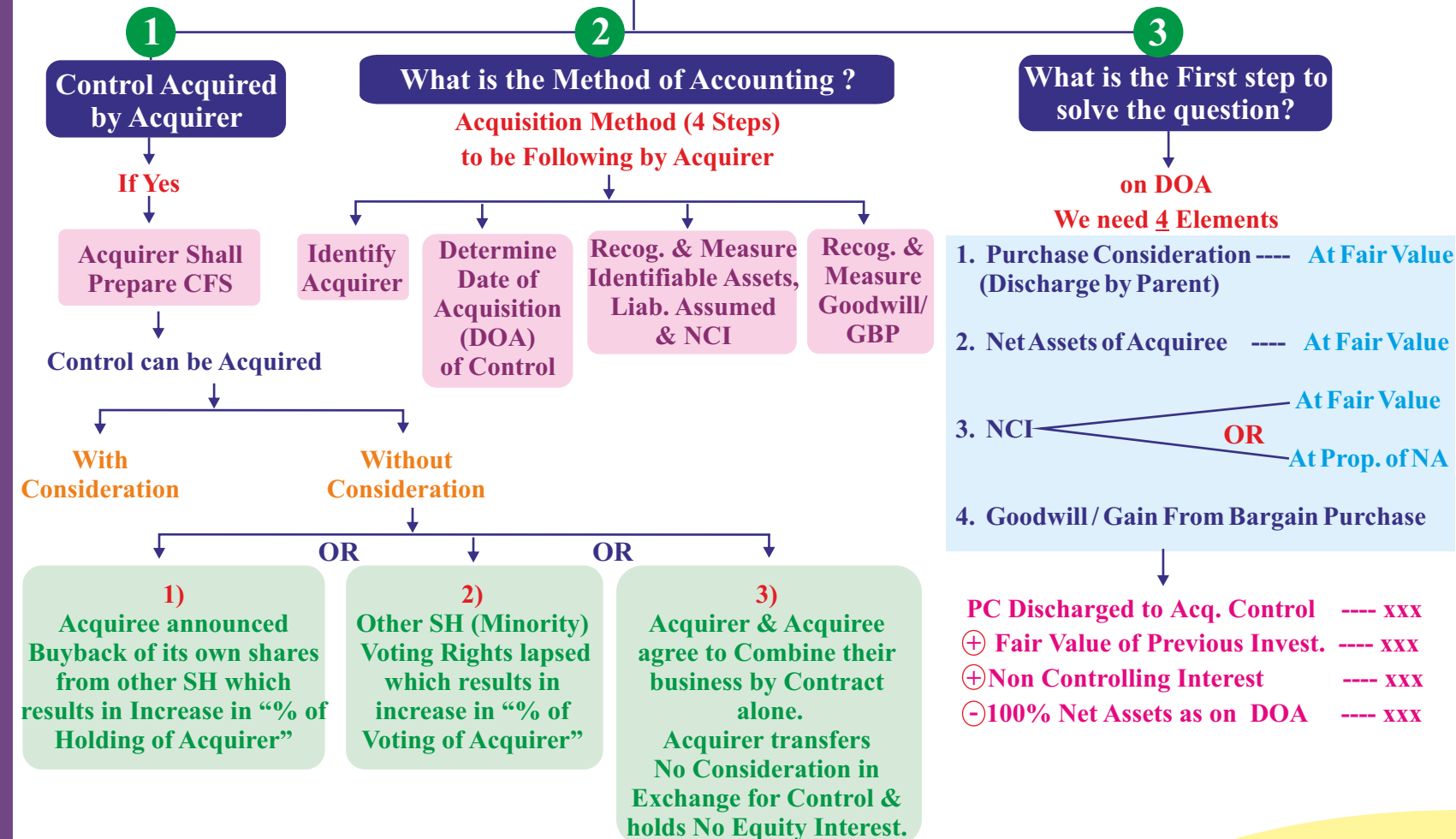


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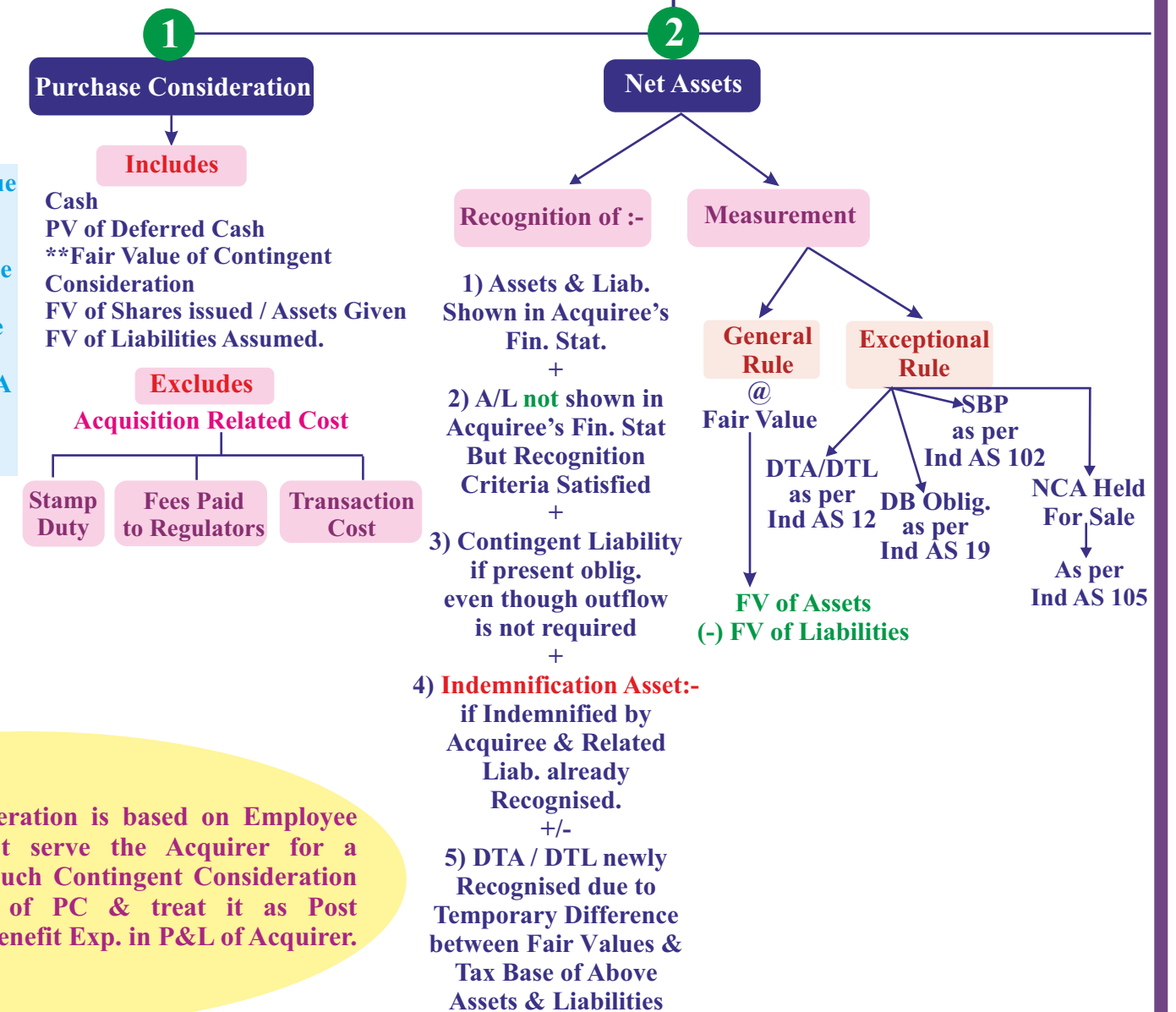
## IndAS 103 & 110

(Page 1)

### A Basics



### B Four Elements as on DOA



\*\* If Contingent Consideration is based on Employee services (eg. KMP must serve the Acquirer for a Particular period) then Such Contingent Consideration shall not become part of PC & treat it as Post Combination Employee Benefit Exp. in P&L of Acquirer.

# BUSINESS COMBINATION & CONSOLIDATION

## IndAS 103 & 110

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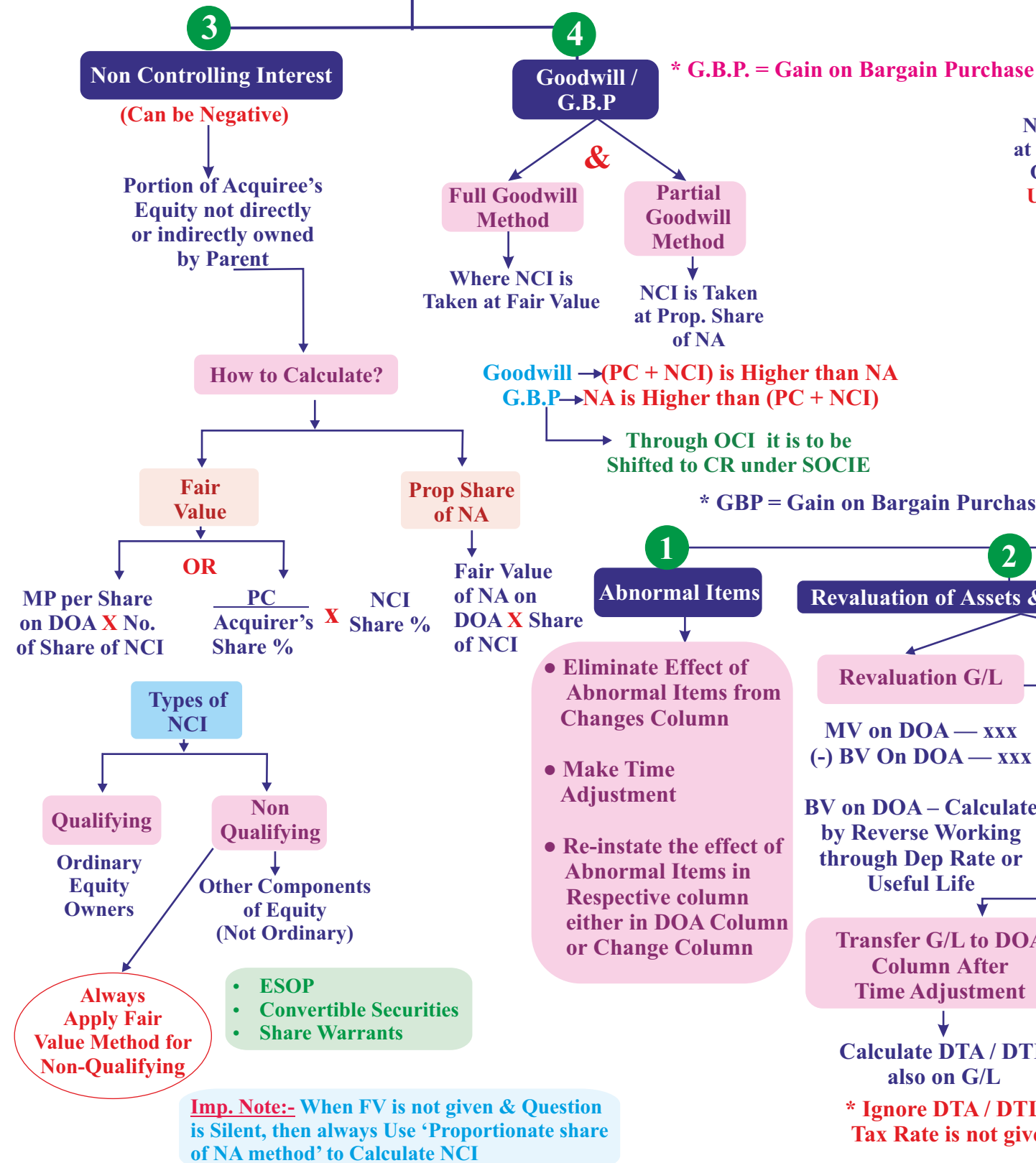
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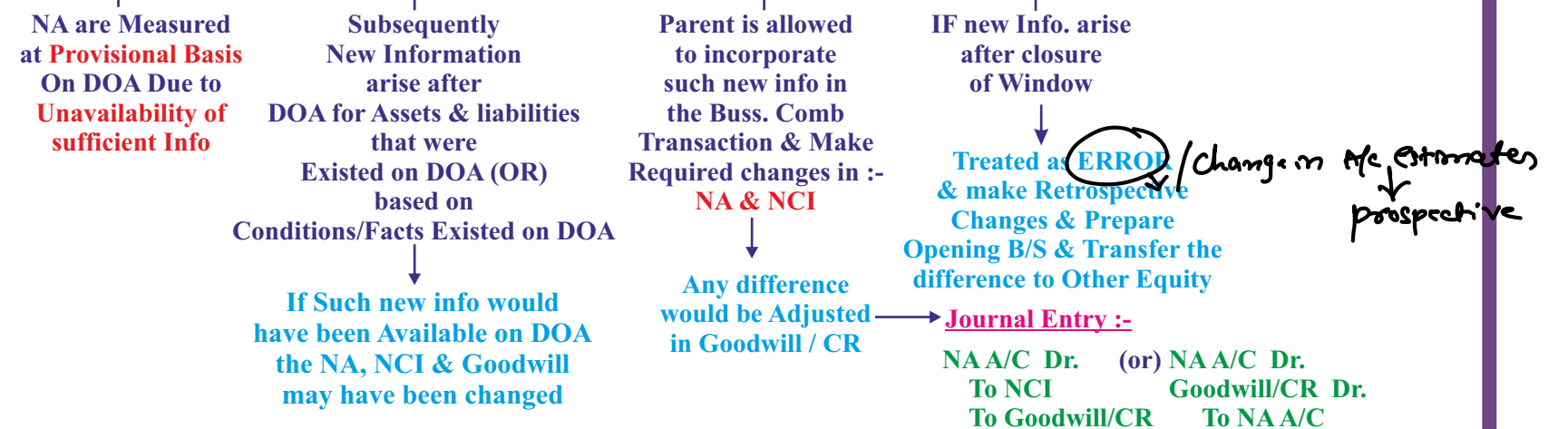
### Four Elements as on DOA

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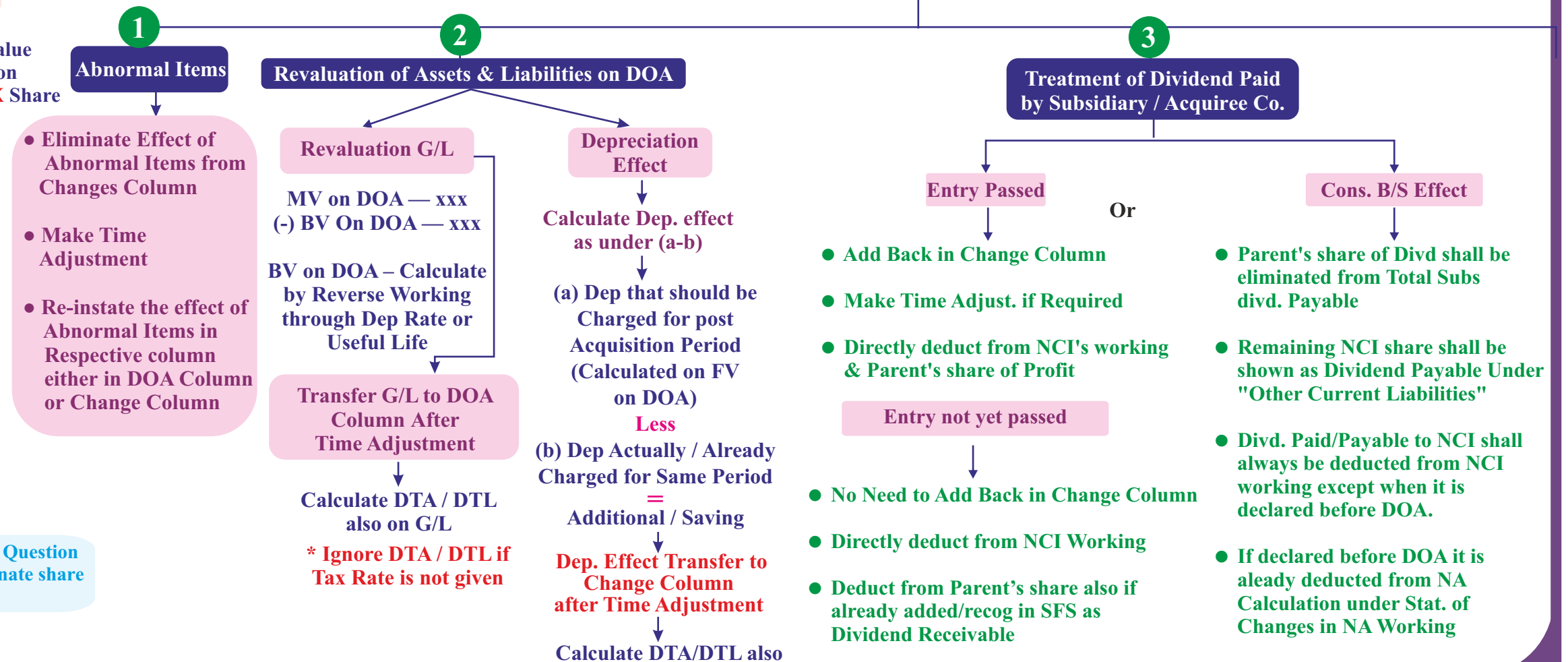


### C Measurement Period Window

(Max. Period 12m)



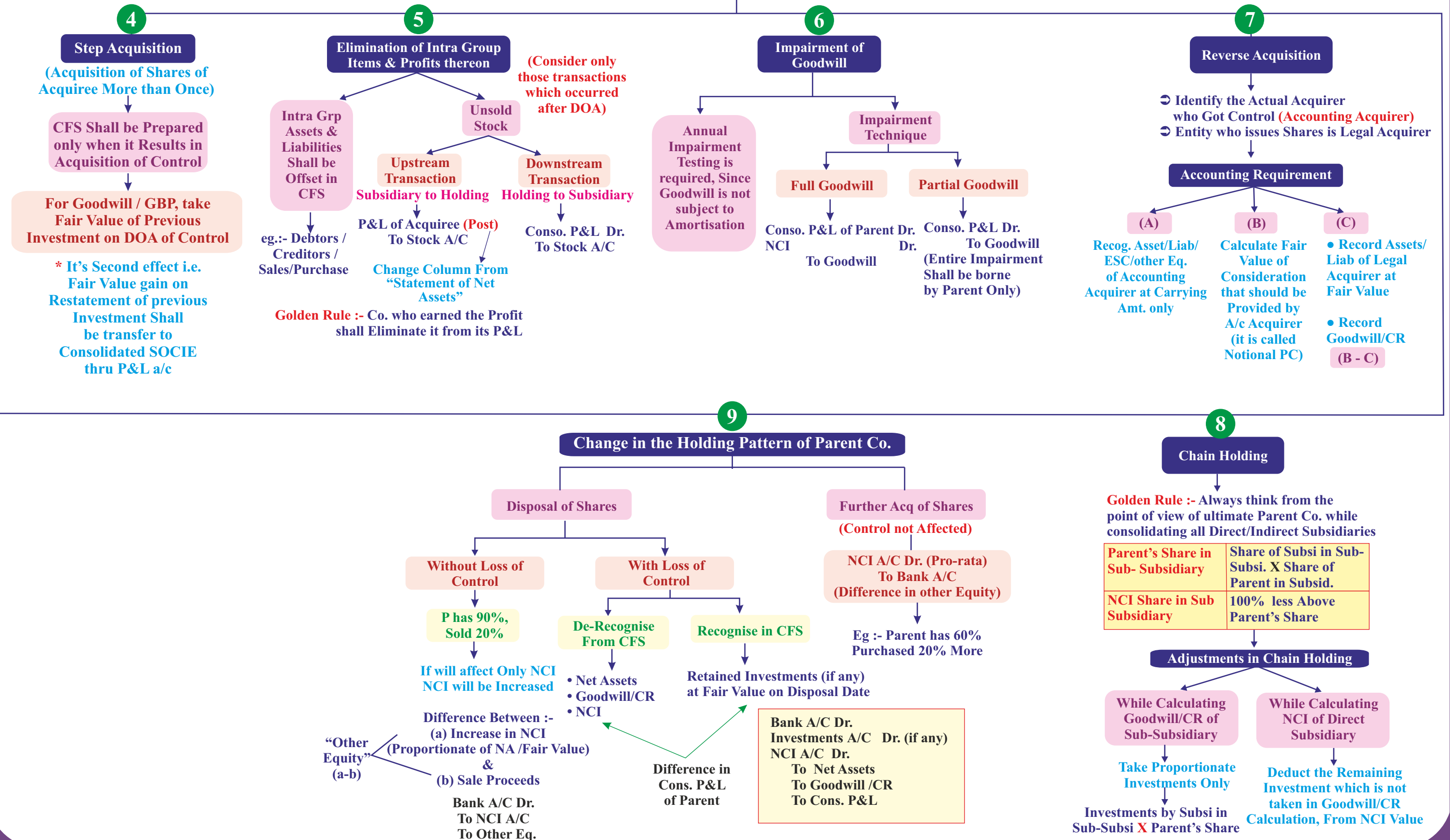
### D Special Adjustments



# BUSINESS COMBINATION & CONSOLIDATION

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## Special Adjustments



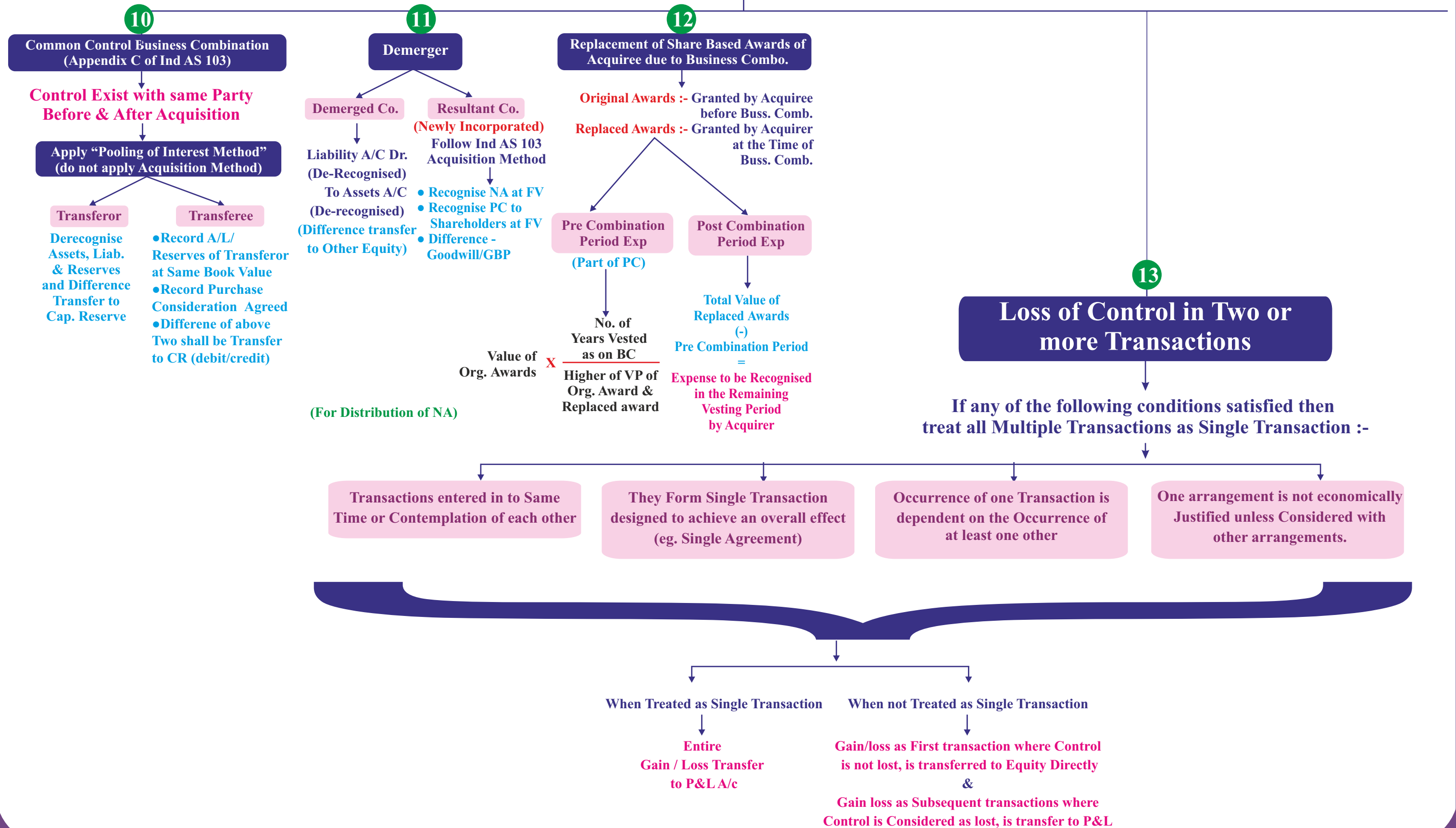


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## Special Adjustments





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## IndAS 103 & 110

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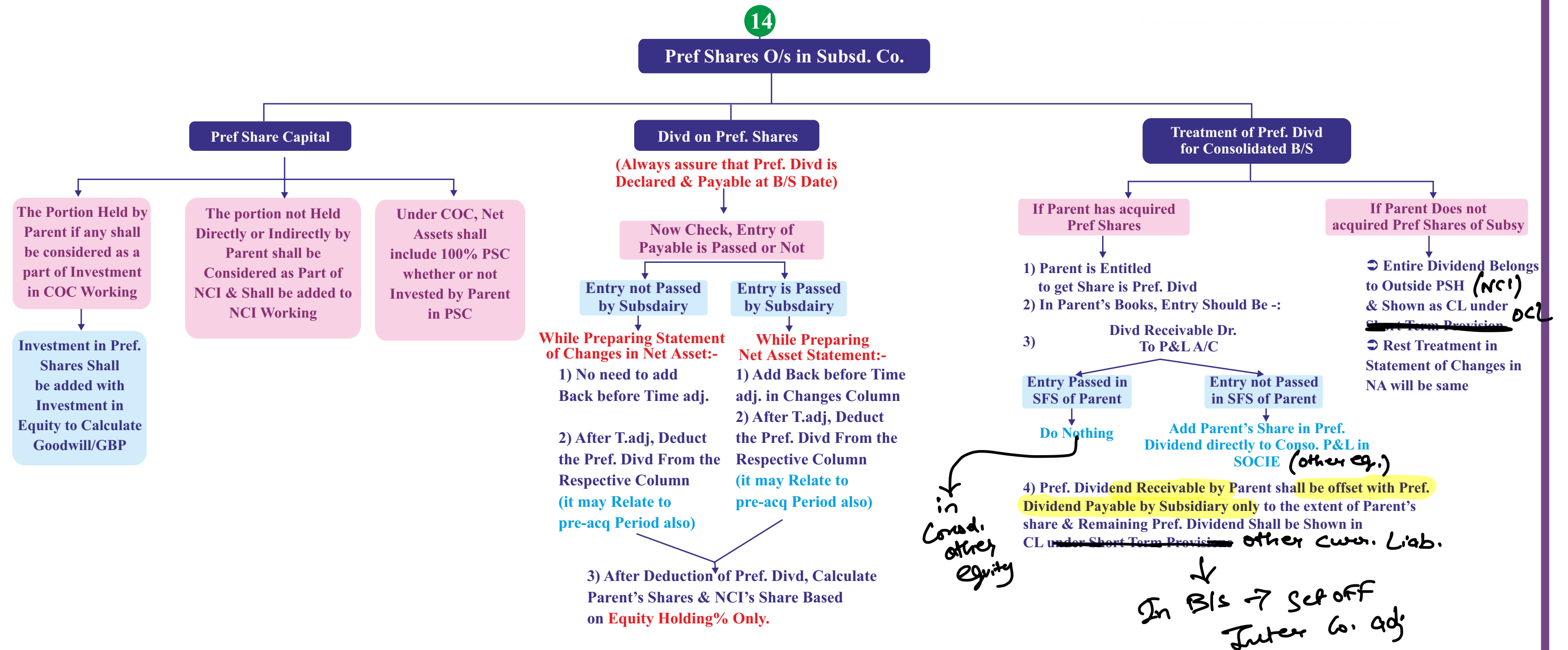


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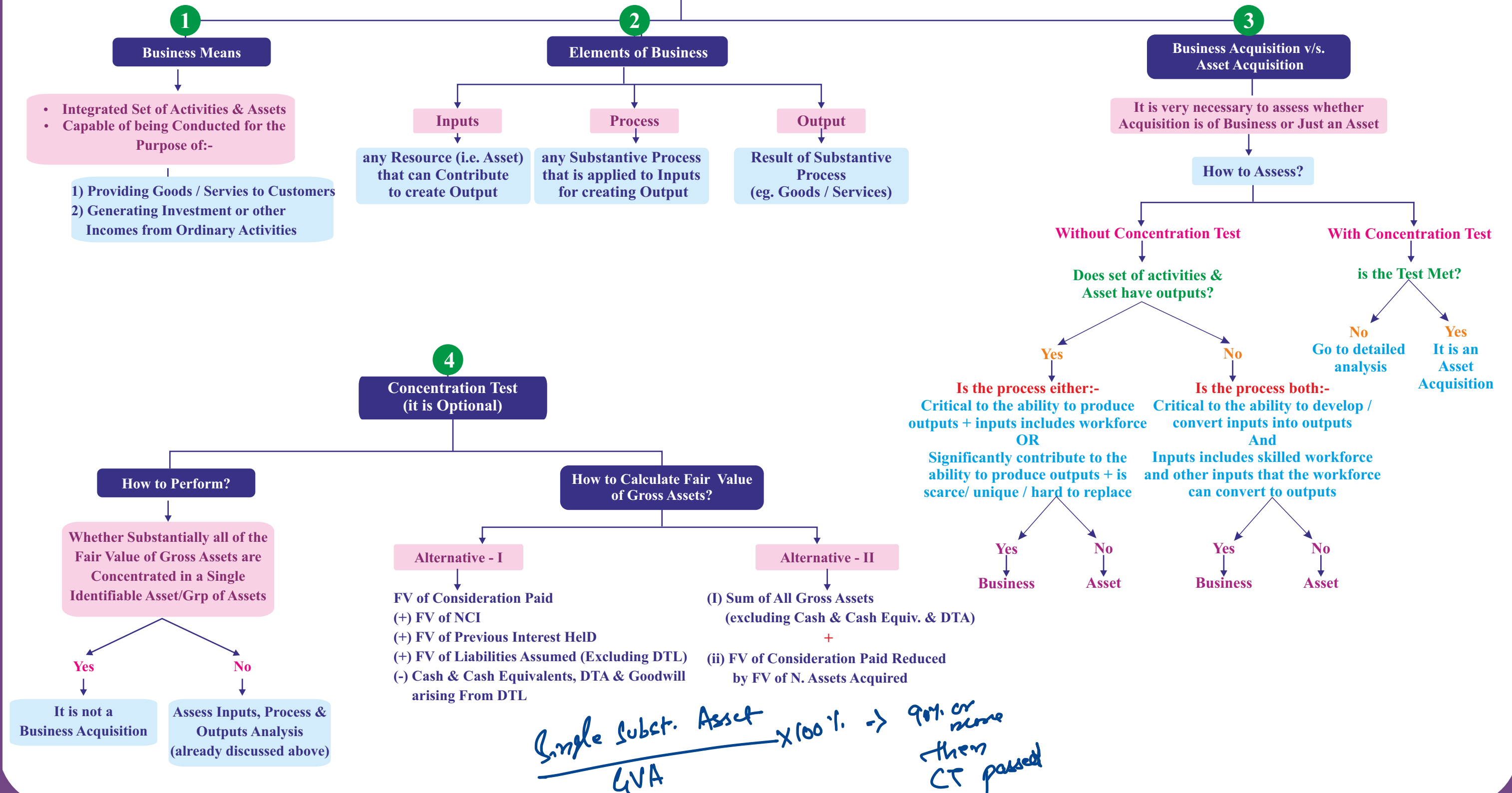
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### E Business & Business Combination



# BUSINESS COMBINATION & CONSOLIDATION

## IndAS 103 & 110

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### F Investing Entities (I.E.)



#### FOLLOWING ARE CHARACTERISTICS:

- Invests in more than one Investments
- Has more than one Investors as its Customers & that too Un-related
- Holds Ownership interest in the form of Equity or Similar Interests.
- Does not plan to hold its investments Indefinitely
- Has its Business Purpose to Invest Funds solely for returns from Capital Appreciations & Investment Incomes.
- Measures its Investments, Evaluates the Performance of its Invst. & Provides Informations related to its Invest in "Fair Value"

All other Subsd.  
1) No need to Consolidate  
2) Measures Investments at FV.

Subsidiary which is not itself an I.E. & whose main Buss. objective is to provide Services related to the Invest. Entity's Investment Activity (eg. KYC Check, BPO, Data Base Management)

Since this is a Permanent Subsidiary

"Parent Invest. Entity" must Consolidate this Subsidiary

### G Change in Classification



Investment Entity Becomes Non- Investment Entity

- DOA will be Date of Change in Status
- PC = Fair Value of Investment in Subsidiary as on DOA
- Recognise Net Assets, NCI, Goodwill/GBP
- De-recognise Investments

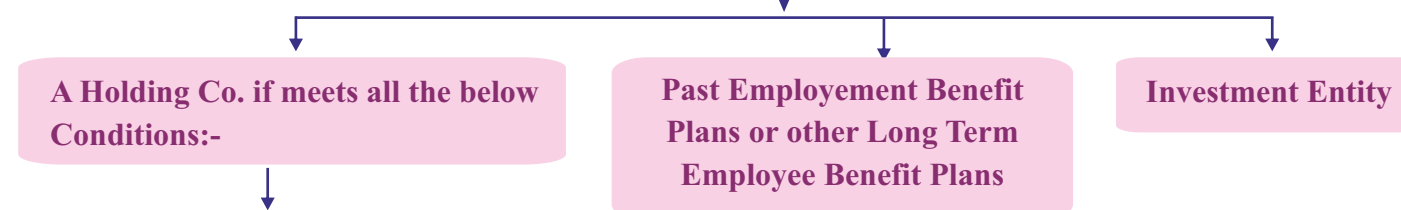
Non-Investment Entity Becomes Investment Entity

Treat loss of Control

- De-recognise Net Assets, NCI, Goodwill/GBP
- Recognise Investments @ Fair Value
- Difference if any transfer to P&L A/c

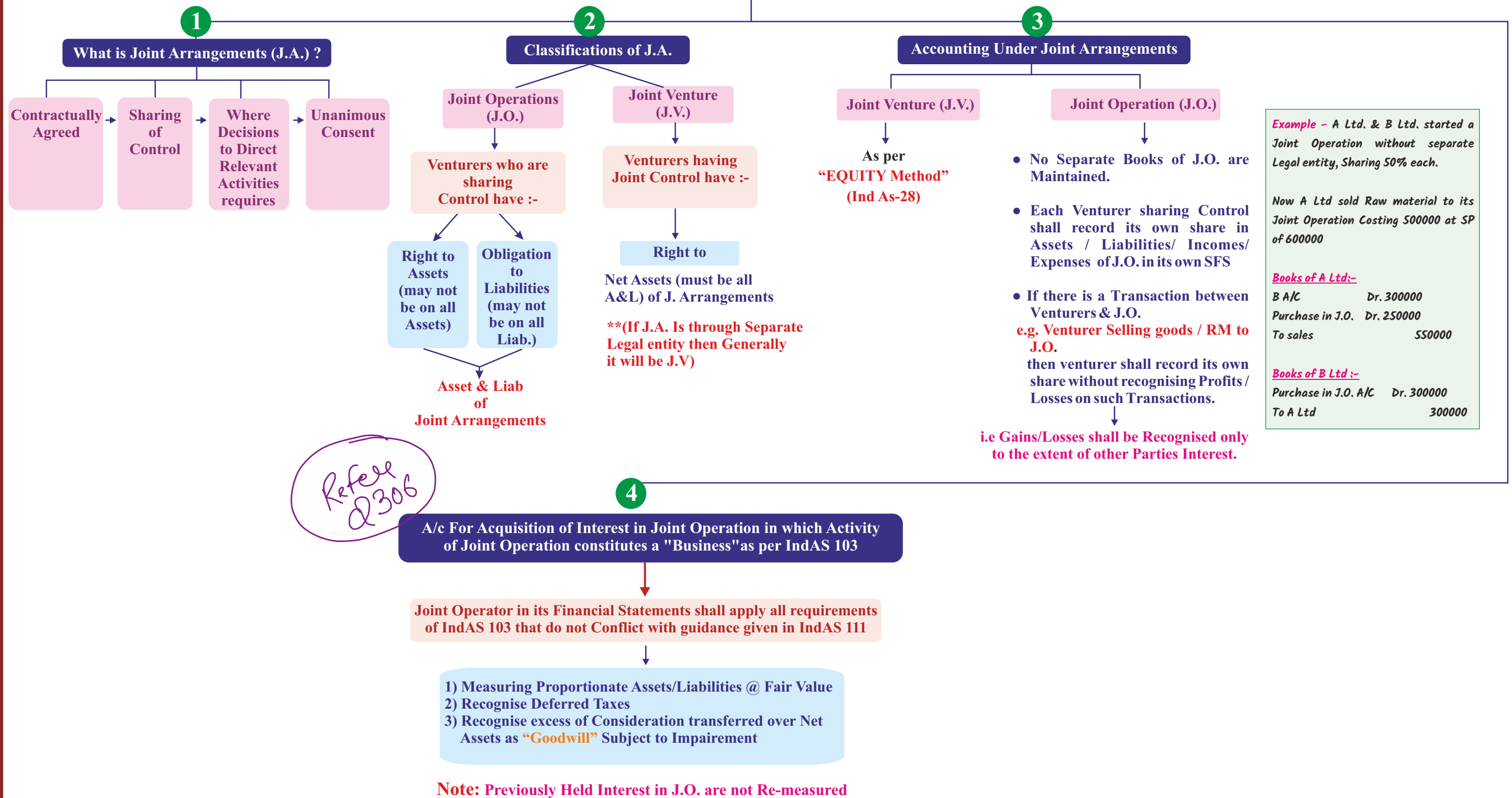
### H Exemptions to Prepare CFS

Following Companies are not required to prepare CFS



- It is a Subsidiary Co. of Another entity & its Owners Agrees for not preparing CFS
- It must be Unlisted Co.
- It's Ultimate or Intermediate Parent Produces CFS available for Public Use that comply with IndAS.

# IND AS 111 - Joint Arrangements



**Example - A Ltd. & B Ltd. started a Joint Operation without separate Legal entity, Sharing 50% each.**

Now A Ltd sold Raw material to its Joint Operation Costing 500000 at SP of 600000

**Books of A Ltd:-**

B A/C	Dr. 300000
Purchase in J.O.	Dr. 250000
To sales	550000

**Books of B Ltd :-**

Purchase in J.O. A/C	Dr. 300000
To A Ltd	300000



# IND AS 28 - INVESTMENT IN ASSOCIATES AND JV



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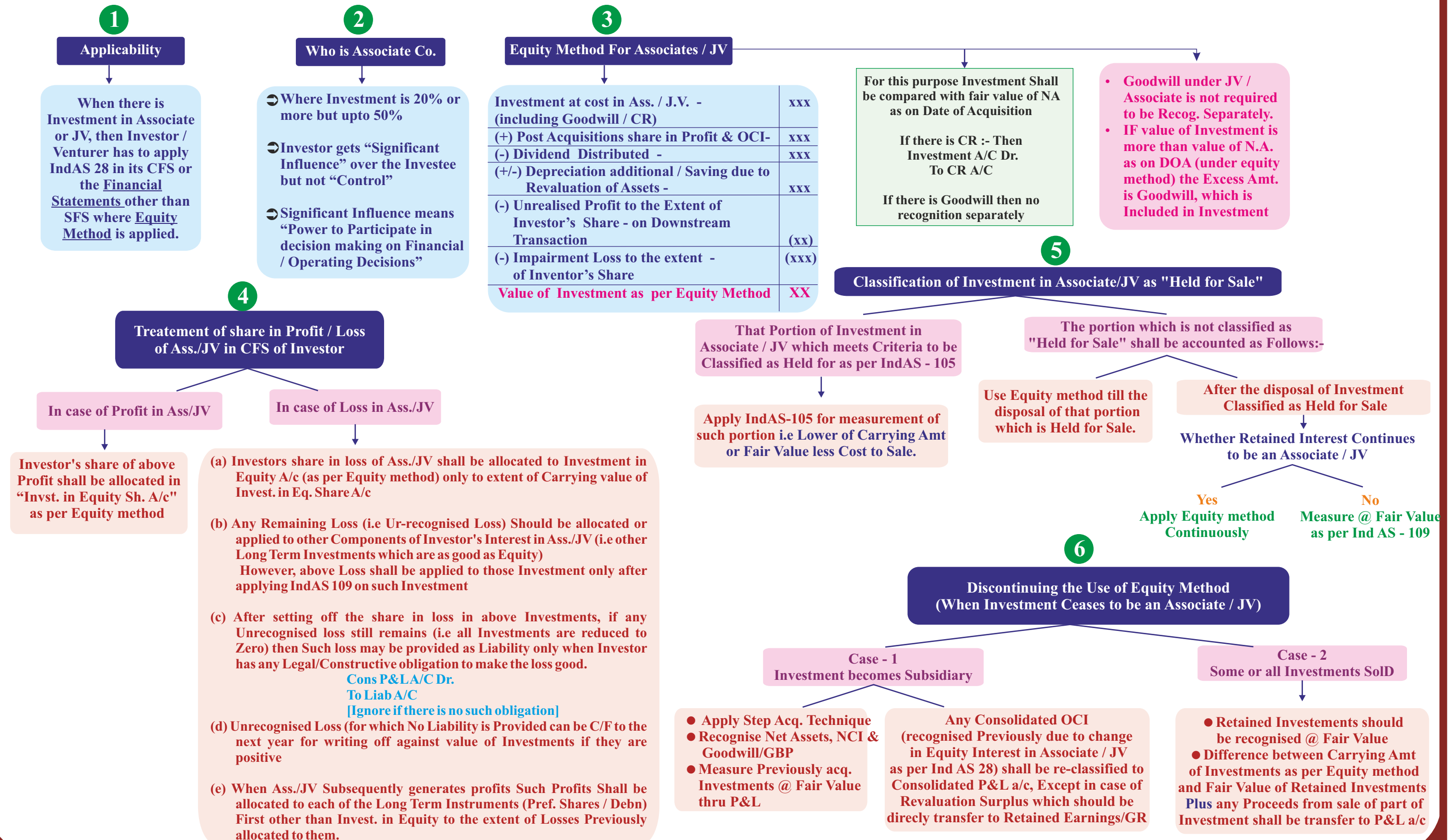
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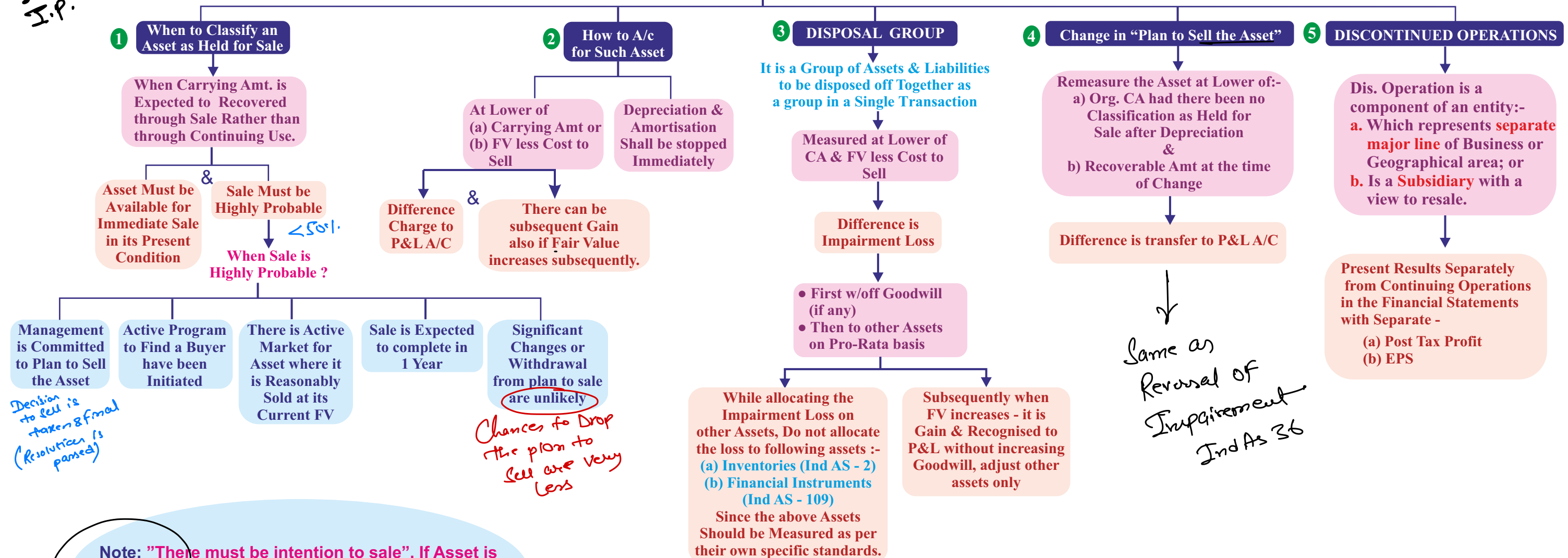
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# IND AS 105 - NON CURRENT ASSETS HELD FOR Sale & DISCONTINUED OPERATIONS

PPE  
I.t. As.  
I.P.



Note: "There must be intention to sale". If Asset is being abandoned from use but no intention to sale then we cannot classify an Asset as Held for Sale.

Temporary Unavailable for Use

\* When we Classify Asset on HFS, then before such Classification we shall apply all relevant Ind AS to that Asset First.

Eg. First we apply Depreciation & Impairment before HFS Classification

# INDAS 108 - OPERATING SEGMENTS

## 1 Segment Report

Preparing Segment wise report of entire Business to Understand & Evaluate the Performances

Segment Report is not a part of Financial Statements

Segment Information is Required only in CFS, if Financial Report contains both Financial Statements CFS & SFS.

There are 4 Steps, we should follow to prepare Segment Report

## 2 Who is CODM

Chief Operating Decision Maker can be a Function (not necessarily an Individual Person or a Manager)

Who is responsible to Allocate Resources to & Assess the Performance of Operating Segments (CODM can be CEO)

## 3 Step - 1 Identify Operating Segments

Following 3 Conditions are required to be satisfied for Operating Segment:

- Earns Revenue & Incurs Expenditure
- Operating Results (P/L) are Regularly reviewed by Chief Operating Decision Maker (CODM)
- Discrete Financial Info. is available (Like Incomes, Expenses, Assets, Liab.)

A) Not Every Part/Activity is an Operating Segment. Following can-not be Operating Segment:-

- Corporate Headquarters
- Post Employee Benefit Plans

B) Following can be Operating Segments :-  
1) Research & Development Function of a Company if it is an Integral part of Business

2) Dis-continued Operation if :-  
- Continues to Engage in Business  
- Whose Results are reviewed by CODM  
- & Discrete Fin. Info is available

## 4 Step - 2 Aggregation of Similar Operating Segments

Two or More Operating Segments may be aggregated if following conditions are satisfied

- Similar Products & Services
- Similar Production Process
- Similar Type or Category of Customers
- Similar Methods Needed to Distribute Products/Services
- Similar Regulators Requirements

## 6 Step 4 - Prepare Segment Report (Disclosures)

Following Disclosures are required in a Segment Report:-

- General Information:**
  - Factors used to Identify Segment
  - Mgmt. Judgements for Aggregation
  - Types of Products & Services
- Information about P/L, Assets & Liab. & basis of Measurement.
- Reconciliations of Seg. Info

With Annual Fin. Records.

## 5 Step 3 - Which Operating Segment Should be Presented?

Any Operating Segments which meets following Quantitative Thresholds shall be presented separately:

- Revenue of Segment (Internal + External) Should be Equal to or More than Combined Revenue of the Entity (Internal + External)
- Absolute Amount of Profit or Loss should be 10% or more of the Greater of:
  - Combined Profits of All Profitable Segments; &
  - Combined Losses of All Loss Making Segments (in absolute terms)
- Segment Assets is 10% or more of Total Assets of All Operating Segments.

### Notes

- Those Segments which are not Fulfilling the above criteria can also be Reported if Management Intends to do so.
- If Total External Revenue of Reported Operating Segments as per the above threshold limit is less than 75% of Entity's Revenue, Then Additional Segments are required to be Reported until at least 75% of Entity's Revenue is Included.

Formats:- 1) General info  
2) Financial Info :-

- Revenue segmentwise with Reconciliation
- Results segmentwise with Reconciliation
- Other Info :-
  - Asset with Reconciliation
  - Liab. with Reconciliation
  - Cap. exp. & Dep
  - Geographical wise reporting.



# INDAS 113- FAIR VALUE MEASUREMENT

## 1 Applicability

Applies only in situation where FV measurement is required by other INDAS eg. 109, 16, 41, 105 etc.

## 2 Objective

To Determine how FV to be calculated for a specific Asset or Liability

## 3 Meaning of FV (Exit Price)

- Price Received to Sell an Asset or Price Paid to Settle a Liability
- In an orderly Transaction
- Between Market Participants
- At Measurement Date

## 4 Meaning of Important terms

### Orderly Transaction

A Transaction is orderly only when 2 conditions are satisfied:  
(1) Adequate Market Exposure for a Market Based Exchange &  
(2) Not a Forced Sale

### Market

**1st Priority**  
Principal Market - Where Greatest volume and Level of Activity in Present

**2nd Priority**  
Most Advantageous Market - Where Maximum Amt is Received for Sale of Amt and Minimum Amt is to be Paid for Settlement of Liability

Note - In case of more than 1 Principal Market, take the Most Advantageous Market

### Market Participants

Buyer & Seller should have the following characteristics :-

- Independent
- Knowledgeable
- Able to Enter into Transaction
- Willing to Enter into Transactions (not forced sale)

**Note: IND AS 113 applies only to Exit price and not to entry price**

**Note: IND AS 113 Consider only market based situations and not entity based situation**

## 5 Fair Valuation

### Assets

#### Financial Assets

Use Valuation Techniques i.e.

- Market Approach
- Cost Approach
- Income Approach

#### Non-Financial Assets

Based on Highest & best use

- Physically Possible
- Legally Permissible
- Financially Feasible

### Liabilities

Is there a Quoted Price

Yes → Use Quoted Price

No

Is there Identical Item held as Asset by Another Party?

Yes

Use FV of Identical Asset

No

Use Valuation Technique  
Present Value Technique

Transaction Cost: Do not consider it to determine Fair Value

Transportation Cost: If Location is Characteristics of Asset, then consider it to determine Fair Value

## 6 Fair Value Hierarchy

Categorizes Inputs to Valuation Techniques into Three Levels

### Level 1 Input

Quoted Price in Active Market  
Eg. Quoted Price of Shares in Stock Market

### Level 2 Inputs

Other than Quoted Price of Level 1 which are Observable Either Directly or Indirectly  
Eg. Quoted Price of Similar Asset in Active Markets  
Other Observable Inputs  
Market Corroborated Inputs

### Level 3 Inputs

- Unobservable Inputs
- Financial Forecasts



# IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMER

(Page 1)



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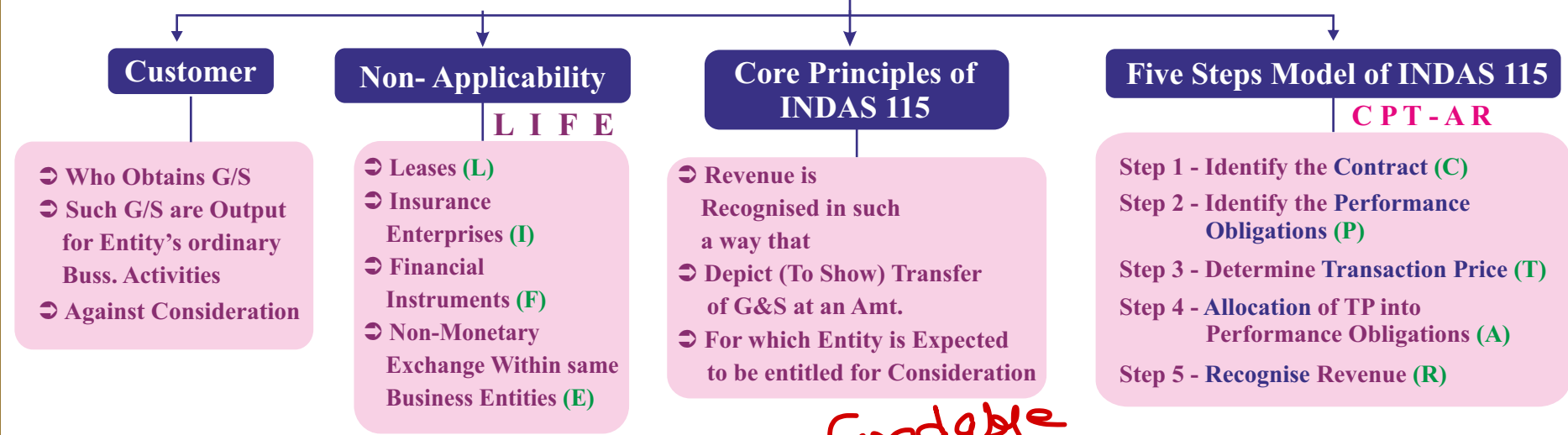
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**A**

## BASICS



**B**

## FIVE STEP MODEL IN DETAIL

**1**

### CONTRACT (STEP-1)

**ARCTC**

Contract Must be Enforceable by Law

- Contract must be Approved by Both Parties (A)
- Each Party's Rights must be Identified (R)
- Contract must have Commercial Substance (C) (i.e Profit Motive)
- Payment Terms are Identified (T)
- Probability of Collecting the Consideration (C) (To Check Ability & Intention to Pay of Customer)

**Step-1 if Failed -**  
No Recognition of Revenue Until & Unless the Received Consideration is Non-Refundable (Substantial) & All P.O. are Fulfilled or Contract is Terminated.

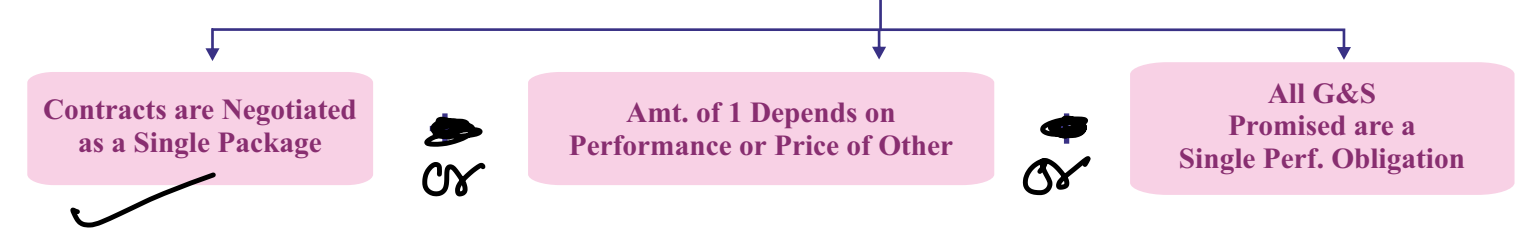
### Contract Modification

*V. Imp.*



### Contract Combination

Two or More Contracts with same Customer may be combined when all following conditions are fulfilled



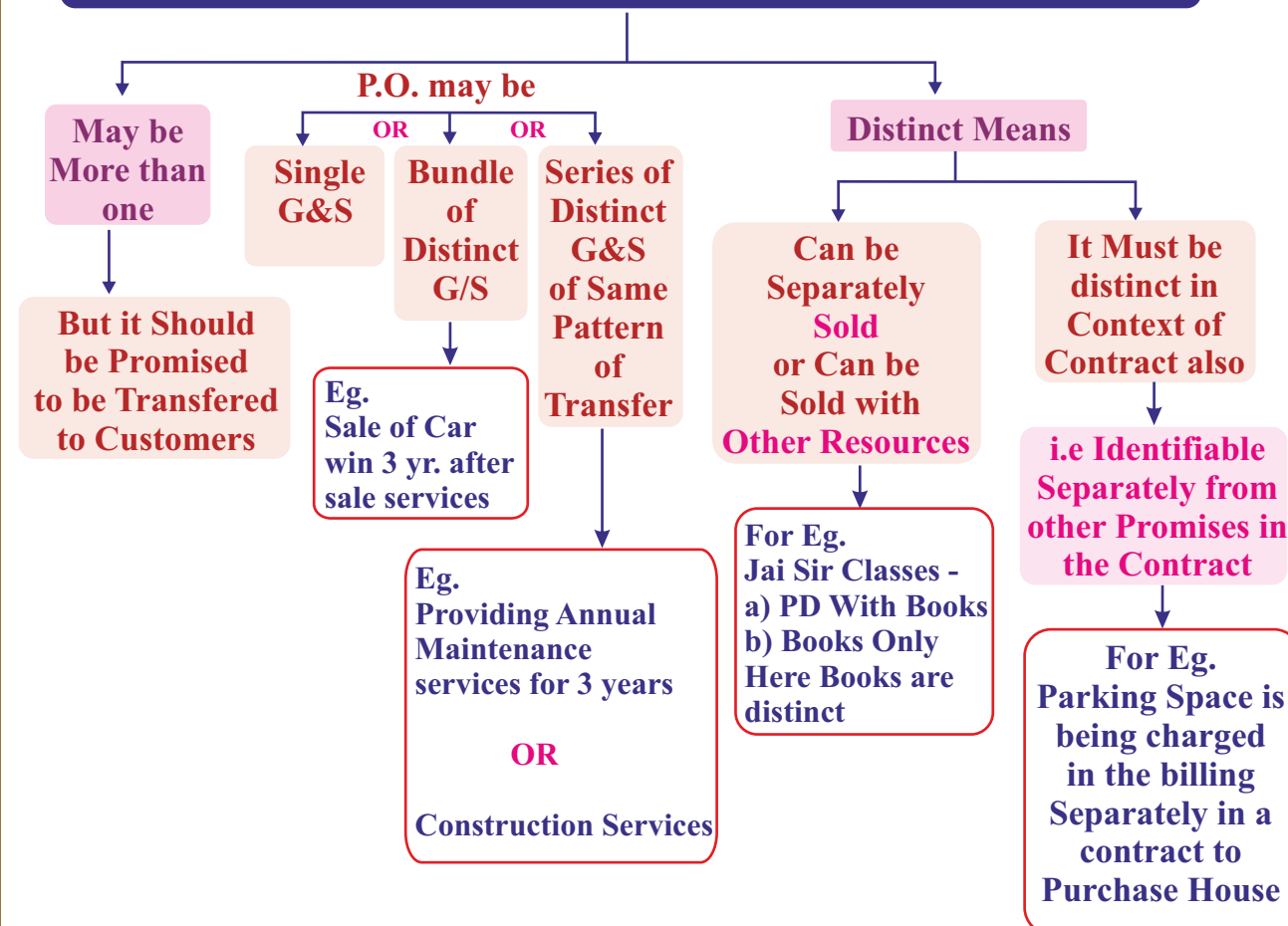
*Amt received is non-refundable + Substantial amt is received + Substantial = P.O. are fulfilled = Revenue can be recognised*

# IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMER

(Page 2)

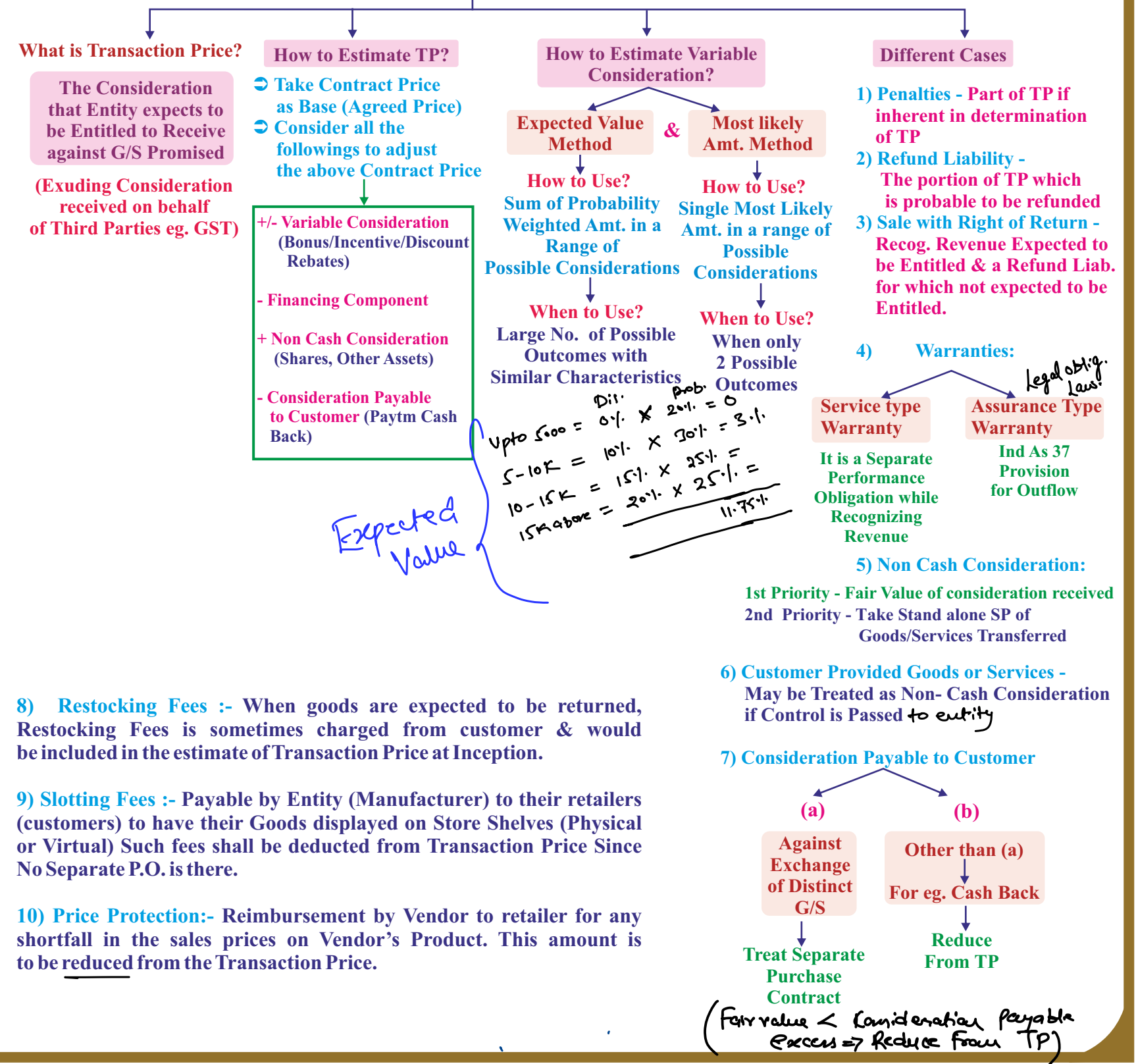
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## PERFORMANCE OBLIGATIONS (P.O.) (STEP - 2)



3

## TRANSACTION PRICE (TP) (STEP -3)



# IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMER

(Page 3)

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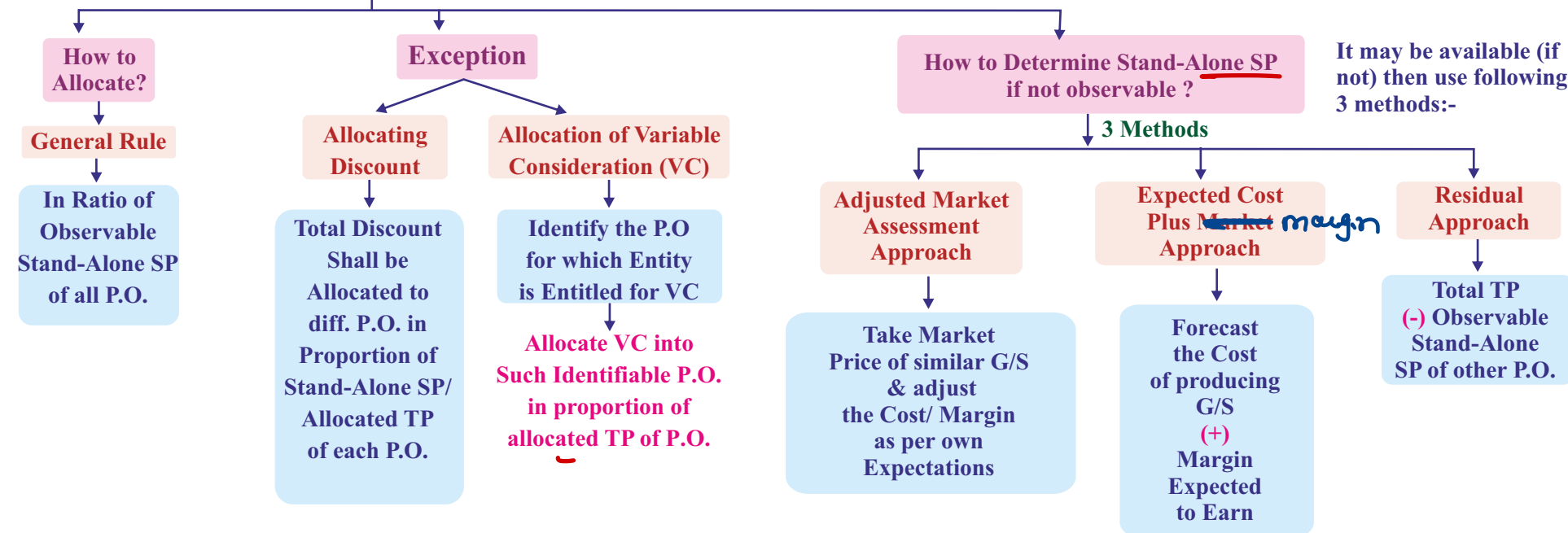
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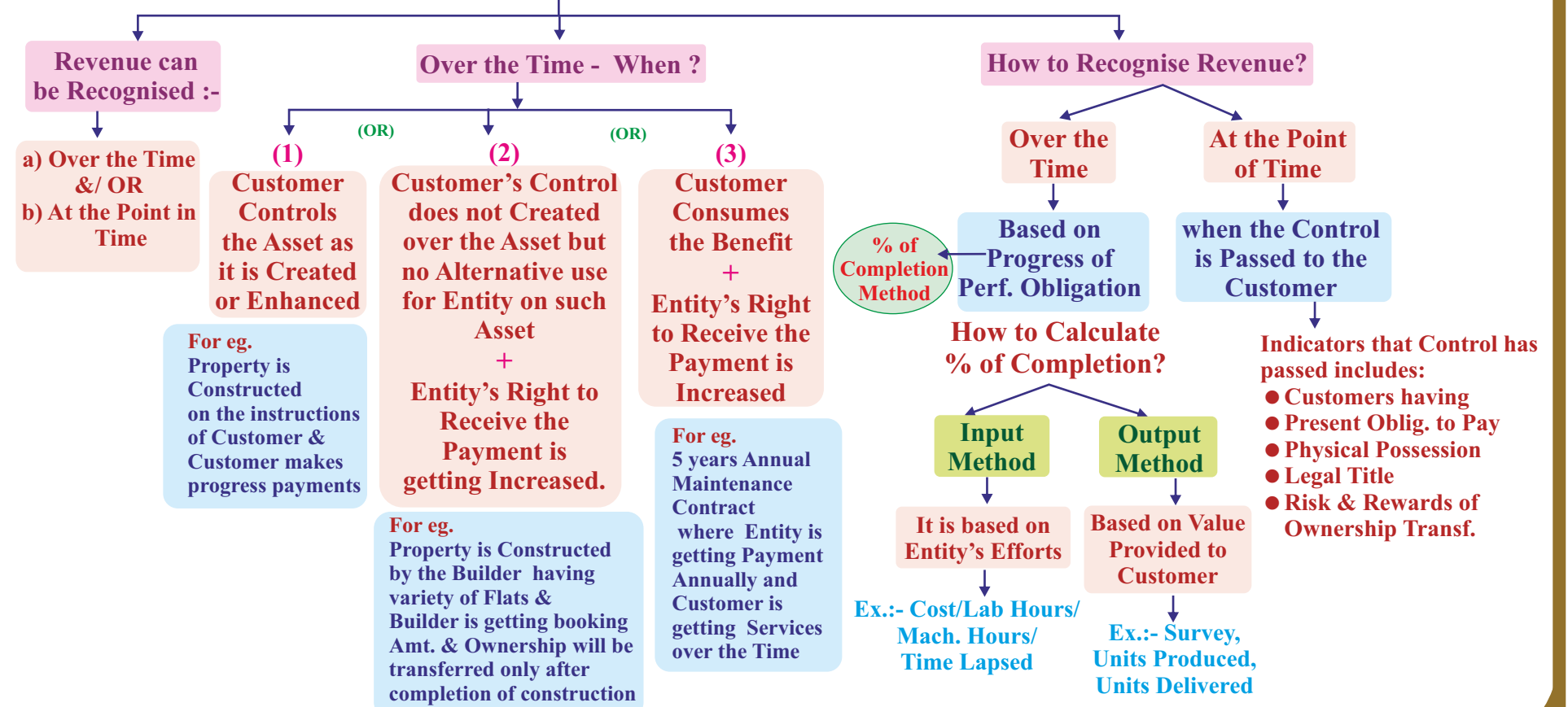
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## ALLOCATION OF TP to P.O. (STEP-4)



5

## RECOGNISE REVENUE AS OR WHEN ENTITY SATISFIES P.O. (STEP-5)





# IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMER

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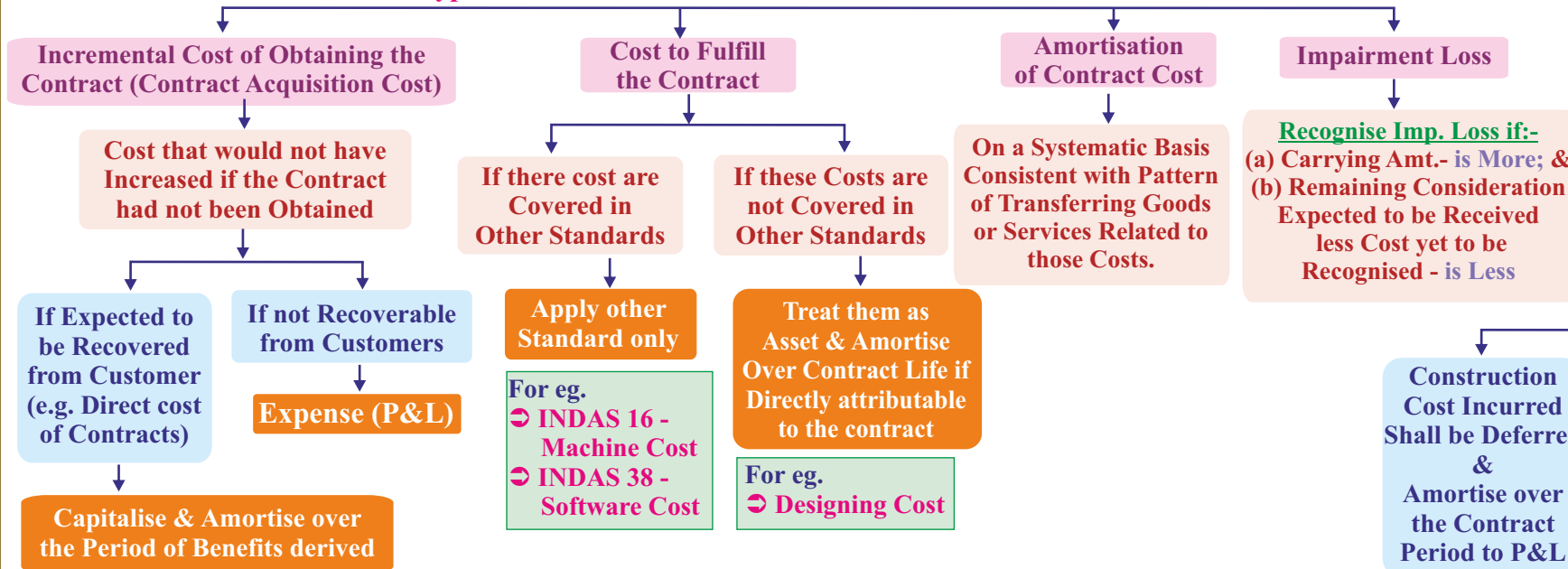
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**C**

## MISC. PROVISIONS

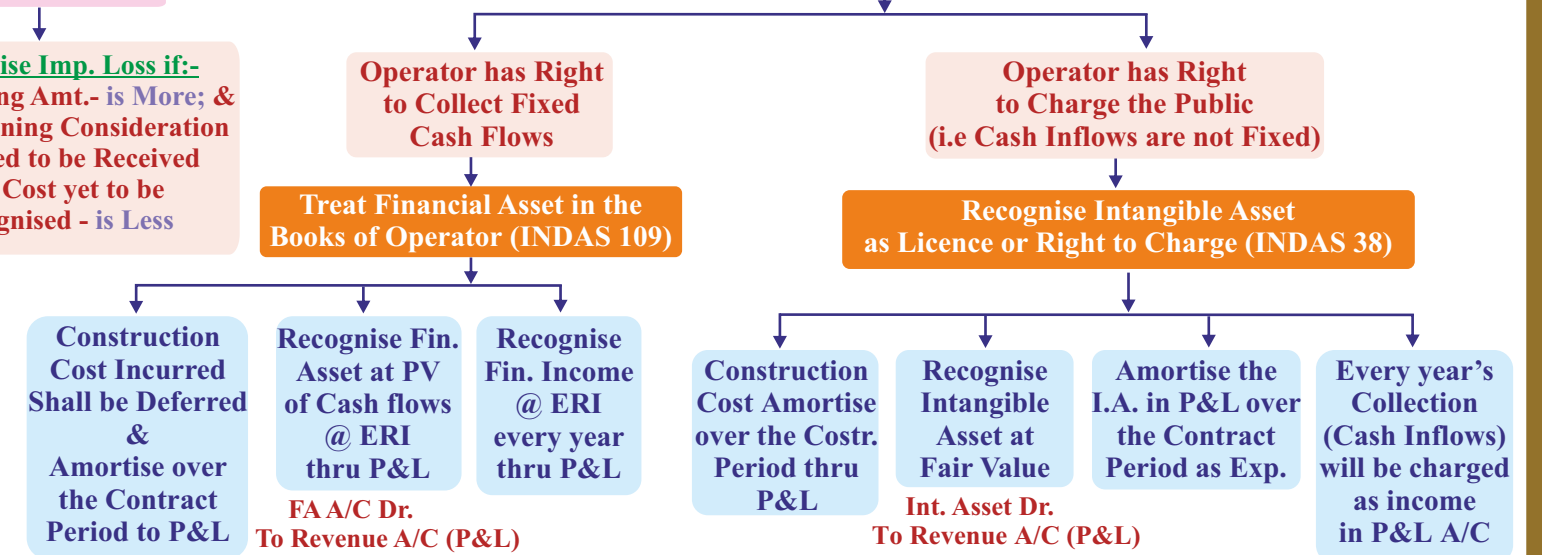
### 1 CONTRACT COST

2 Types of Cost



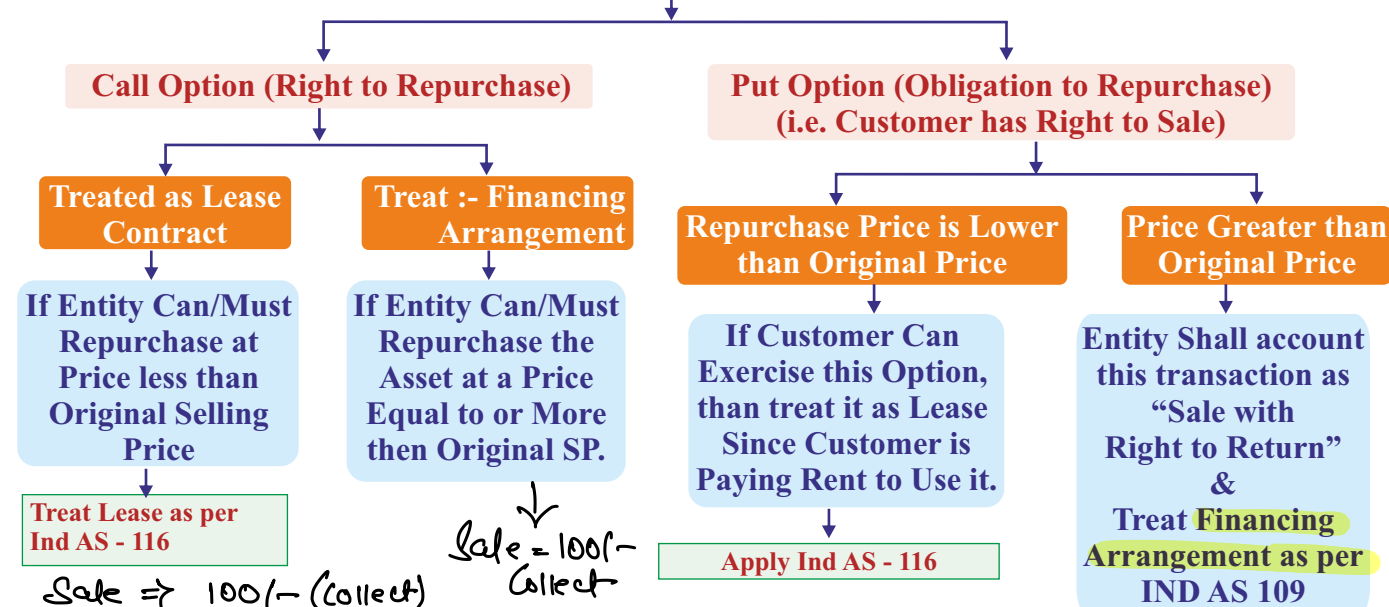
### 2 SERVICE CONCESSION ARRANGEMENTS

Accounting in the Books of Operator as per IndAS-115



### 3 REPURCHASE AGREEMENT

Entity Sells the Asset first then has Right or Obligation to Repurchase



Entity

Sale ⇒ 100/- (Collect)

Repurchase ⇒ 80/- (Pay)

Lease Rent ⇒ 20/- Benefit

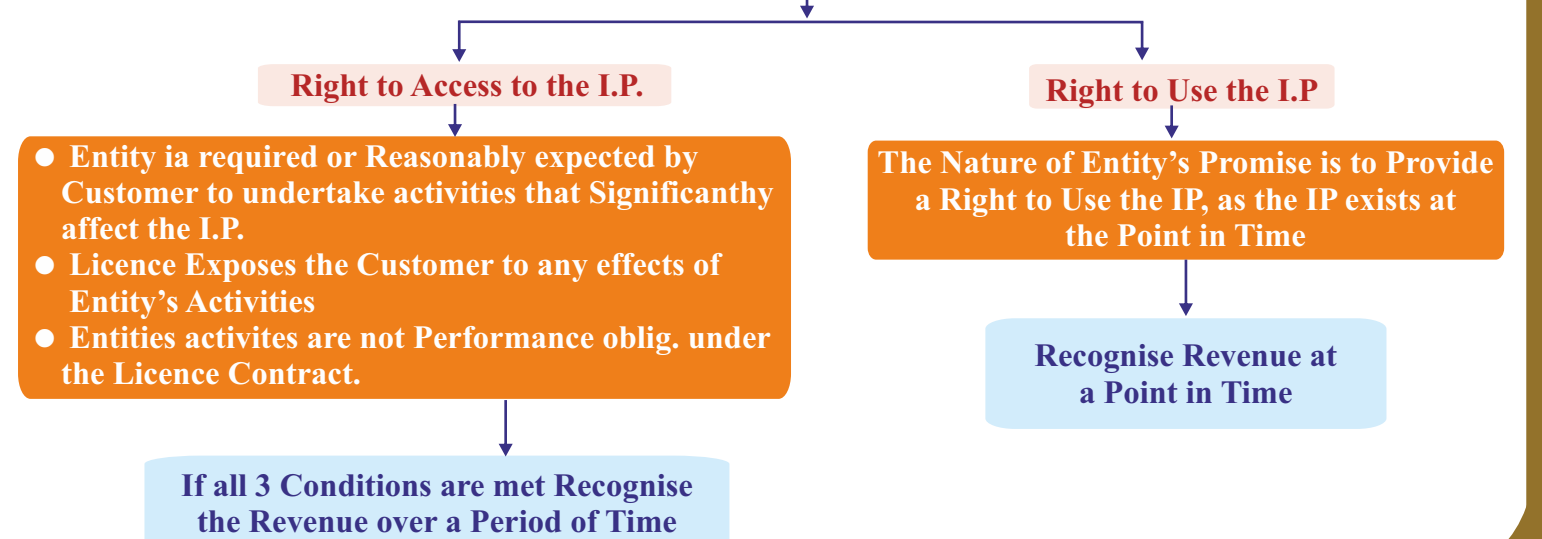
Sale = 100/- Collect

Repurchase ⇒ 120/- (Pay)

20/-

### 4 Licences of Intellectual Property

Evaluate the Nature of its Promise to Grant Licence



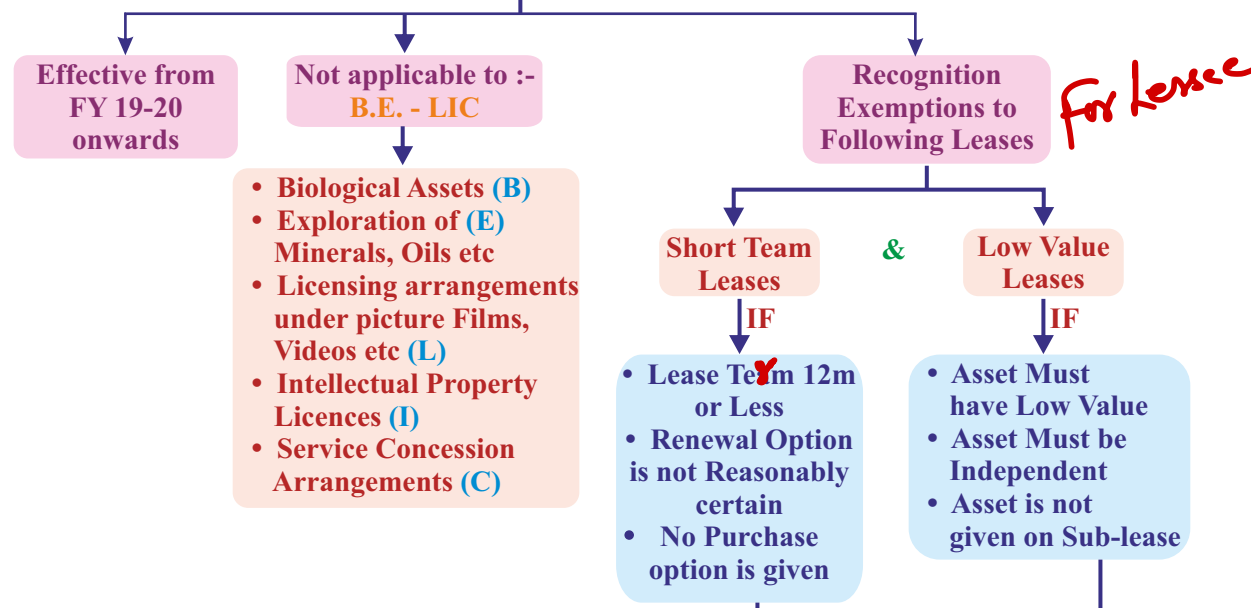


# IND AS 116 - LEASES

(Page 1)



## Part - 1 APPLICABILITY & SCOPE



## Accounting Treatment

Lease Payment directly charged to P&L A/c  
*on SLM / any other Systematic Basis*

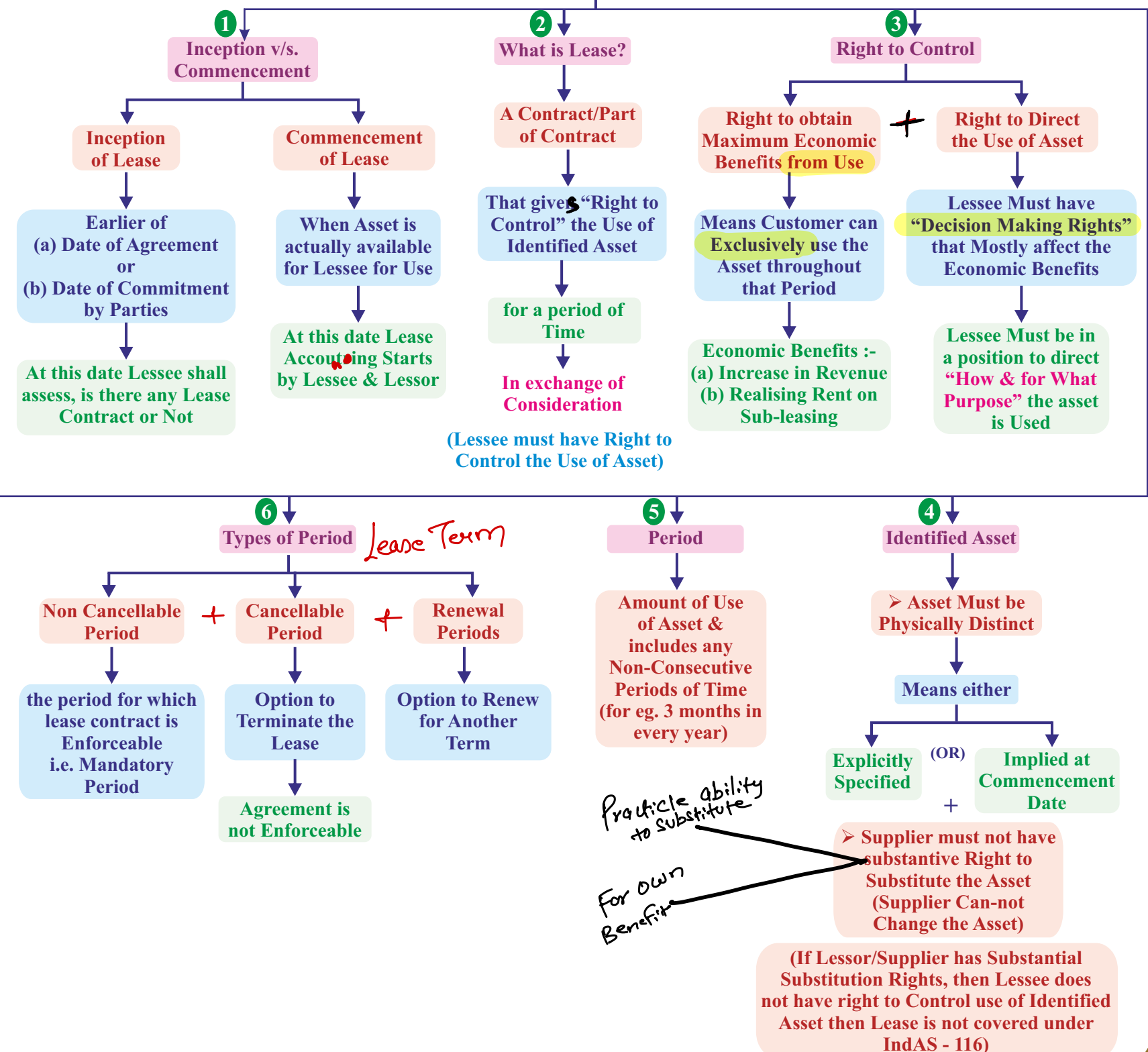
## Lease Term

Sum of

- (1) Non-Cancellable Period (+)
- (2) Renewal Period (If certain to exercise) (+)
- (3) Cancellable Period (if certain not to be terminated) (+)

*will be terminated if that option is exercised*

## Part - 2 IMPORTANT DEFINITIONS



# IND AS 116 - LEASES

(Page 2)

## Part - 3 BOOKS OF LESSEE

Recognise (a) Right of use Asset ( ROU Asset)  
&  
(b) Lease Liability

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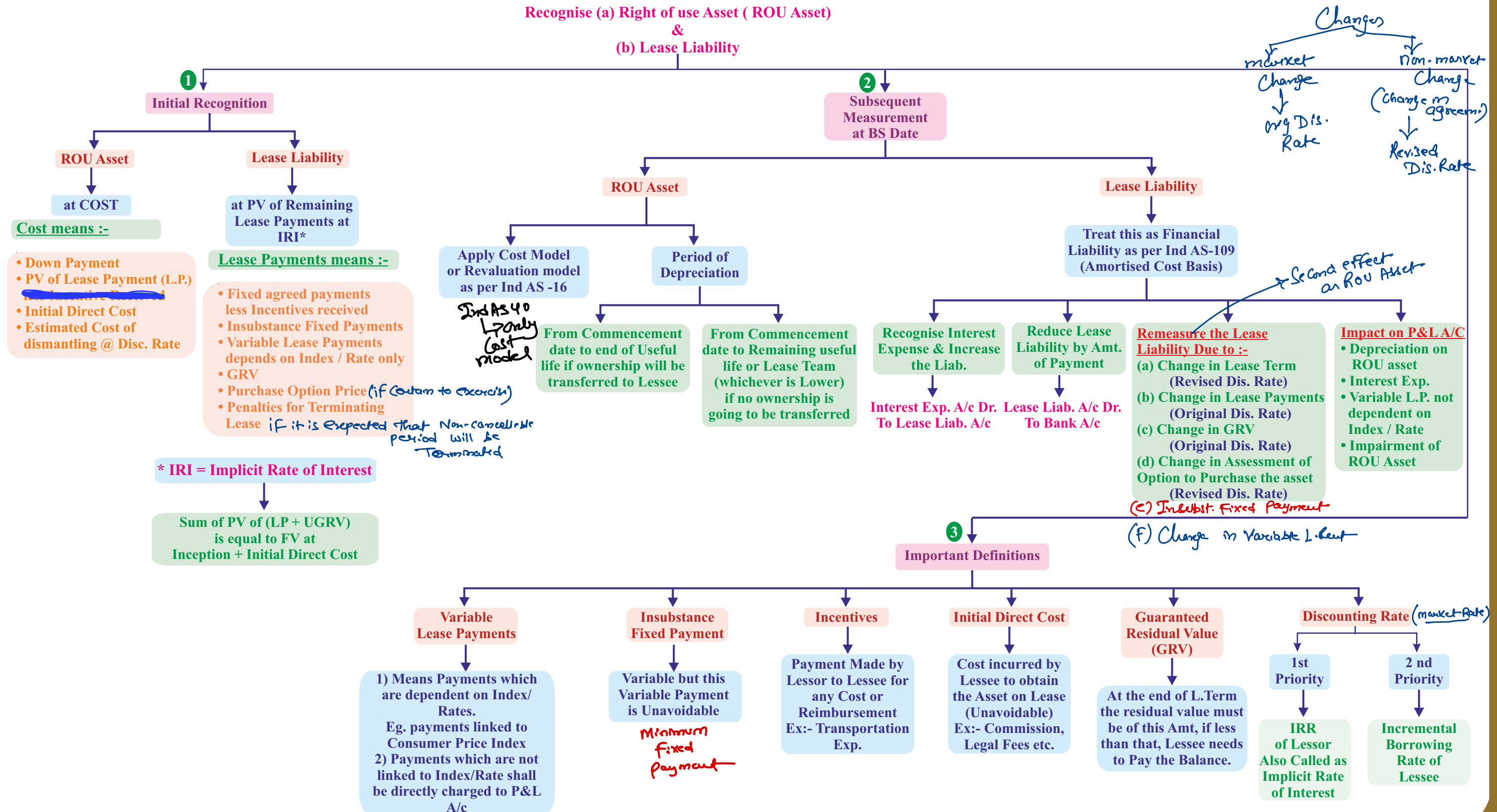


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# IND AS 116 - LEASES

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## Part - 4 IMPORTANT POINTS FOR LESSEE

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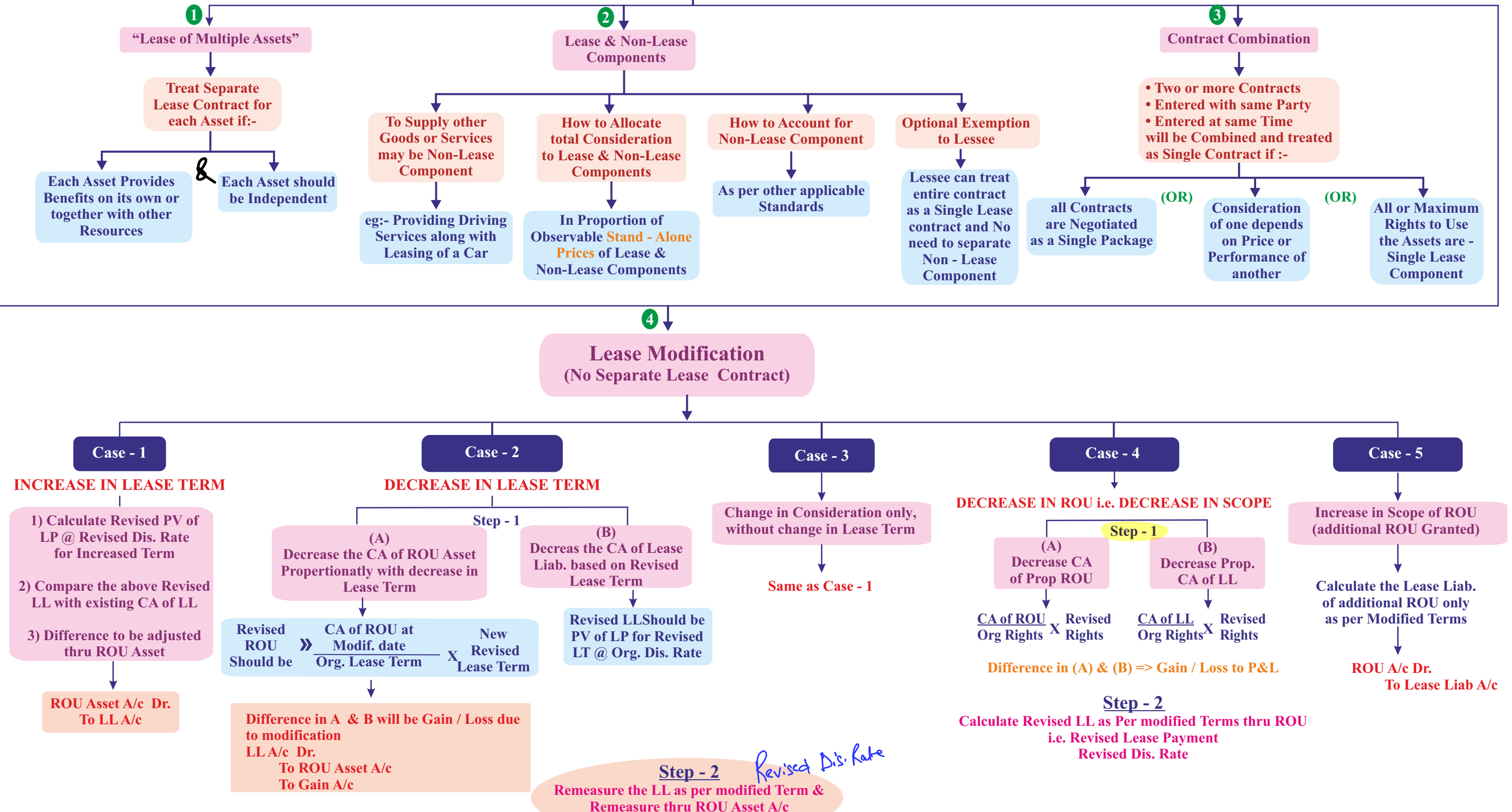
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# AMENDMENTS IN IND AS 116 - LEASES

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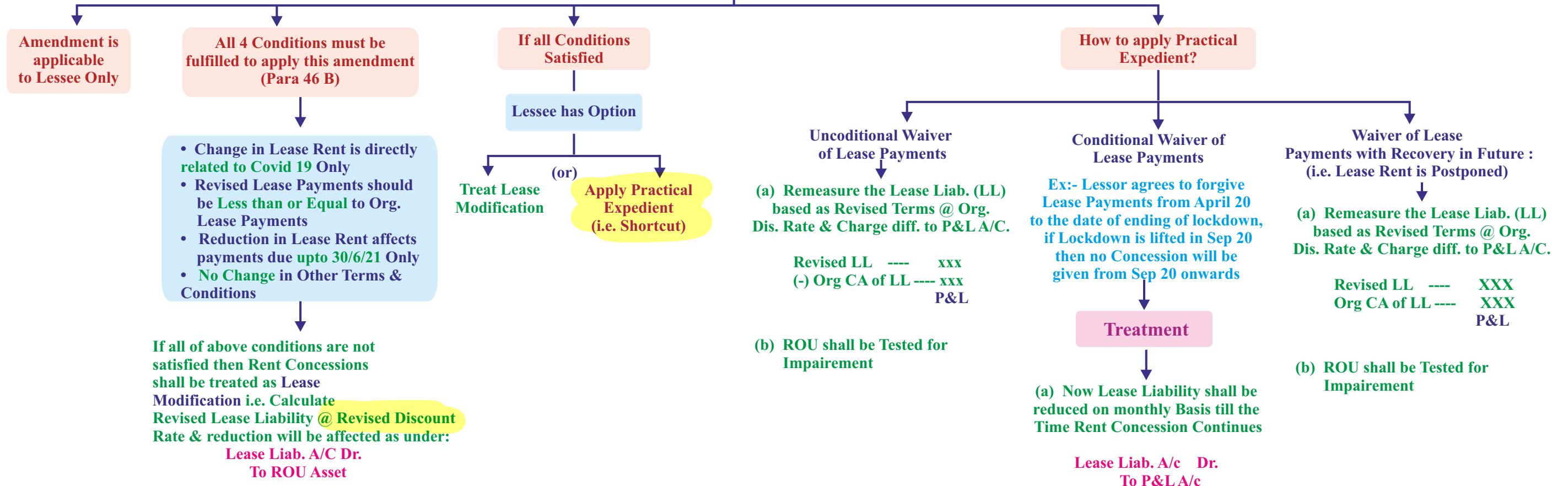
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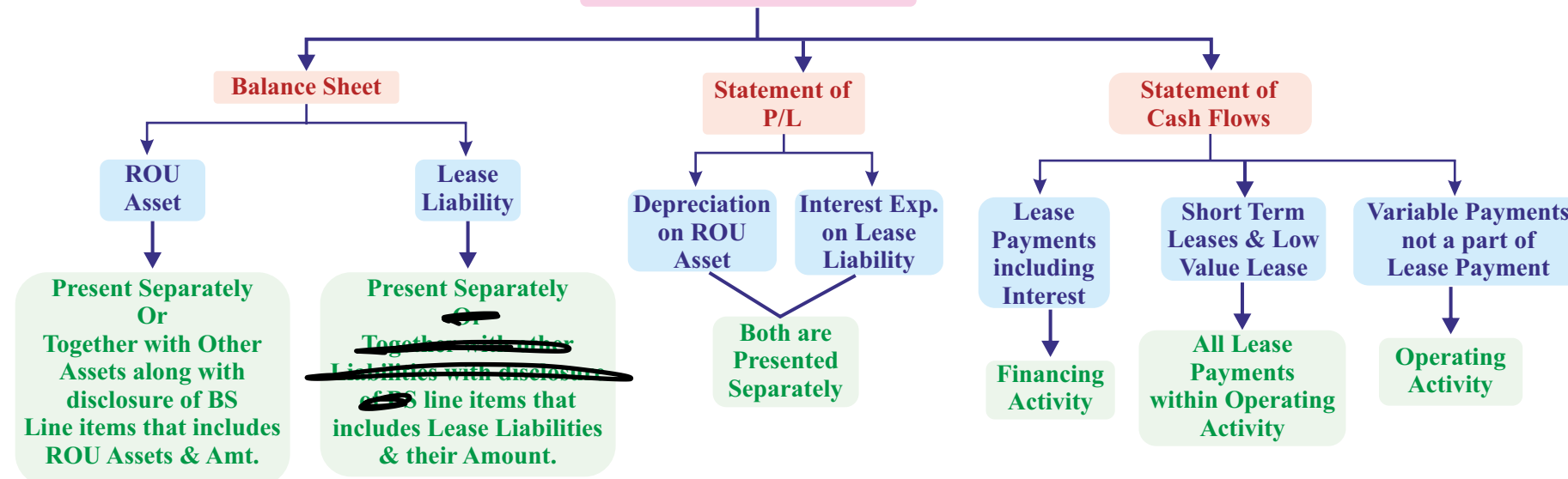
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## New Para Introduced - 46 A & 46 B Covid 19 Related Rent Concession

→ Not applicable now



## 6 Presentation in F.S. of Lessee





# IND AS 116 - LEASES

(Page 5)

## Part - 5 BOOKS OF LESSOR

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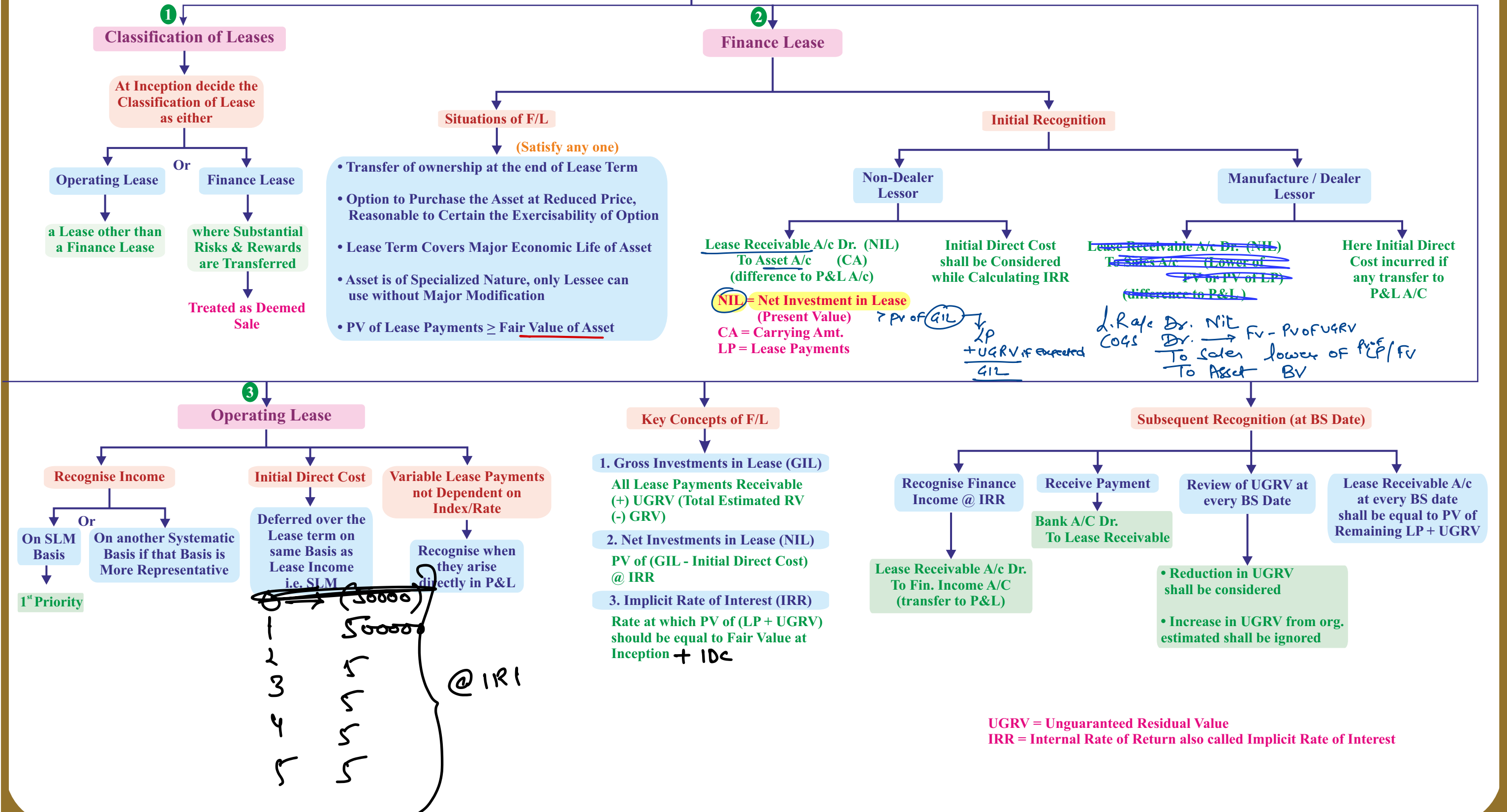
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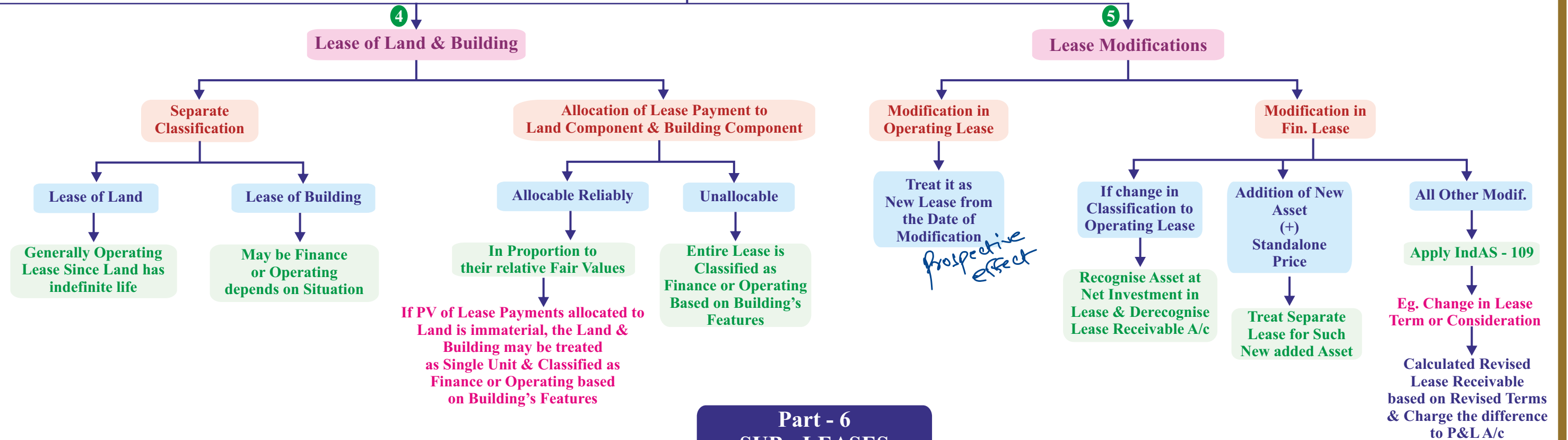
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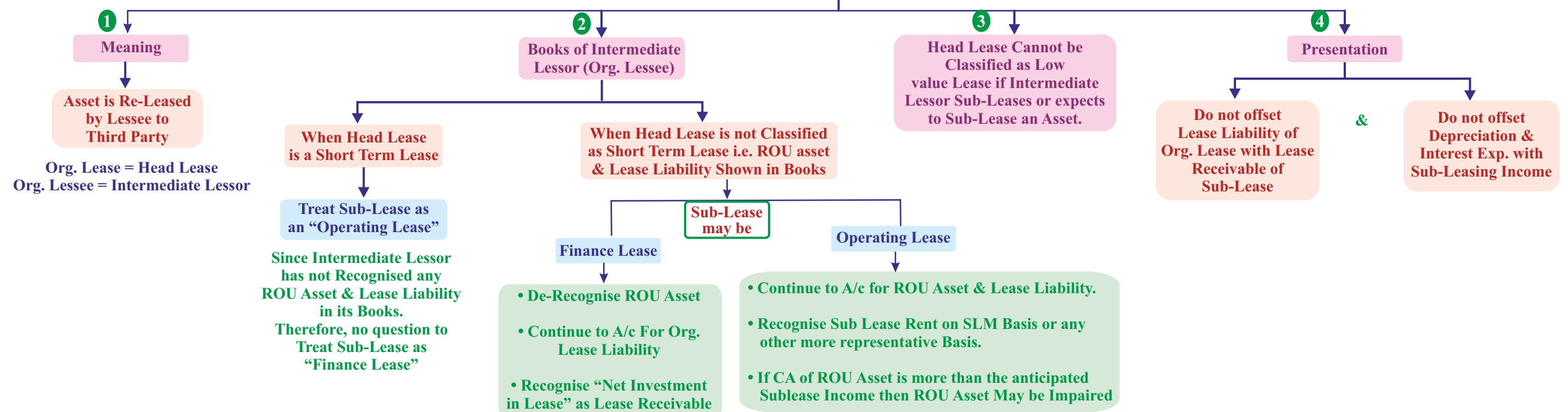
# IND AS 116 - LEASES

(Page 6)

## Part - 5 BOOKS OF LESSOR



## Part - 6 SUB - LEASES



Diff.  $\Rightarrow$  P&L

# IND AS 116 - LEASES

(Page 7)

## Part - 7 SALE & LEASE BACK

### Treatment of Sale Transaction

Control is Passed i.e.  
Sale / Purchase Transaction

Seller Lessee

- Recognise ROU Asset at this value -  
 $CA \times \frac{PV \text{ of LP}}{FV \text{ of Asset}}$

- De-Recognise the Main Asset at CA
- Recognise Lease Liab. at PV of LP

- Recognise the Gain/Loss on Sale as Under-

$$\text{Total} - \frac{\text{Total G/L} \times \text{PV of LP}}{\text{FV of Asset}}$$

$$\text{Total G/L} = \text{FV} - \text{CA}$$

- Journal Entry :-  
Bank A/C Dr. (Proceeds)  
ROU Asset Dr.  
To PPE A/C (CA)  
To Lease Liability  
To Gain on Sale

Buyer Lessor

- Recognise Purchase of Asset
- Classify the Lease as Finance or Operating depends on situations

Control is not Passed i.e. Transfer of Asset is not a Sale

Do not apply Ind AS 116

Treat the entire Transaction as Finance Arrangement as per Ind AS - 109

Seller - Lessee

- Treat the Proceeds Received as Financial Liability as per Ind AS - 109.
- Recognise Interest Exp. @ ERI (%)
- Continue to Recognise the Underlying Asset at same Carrying Amount & Charge Depreciation accordingly

Buyer - Lessor

- Treat the Proceeds Paid as Financial Asset (Ind AS 109)
- Recognise Interest Income @ ERI (%)
- Do not Recognise any Tangible Asset

SP  $\Rightarrow$  20 lac  
FV  $\Rightarrow$  22 lac  
Gain  $\Rightarrow$  7 lac  
CA  $\Rightarrow$  13 lac  
Total life  $\Rightarrow$  15 yr.  
Lease Back  $\Rightarrow$  5 yr.  
PV of LP  $\Rightarrow$  6.5 lac

$$700000 \times \frac{650000}{2200000}$$

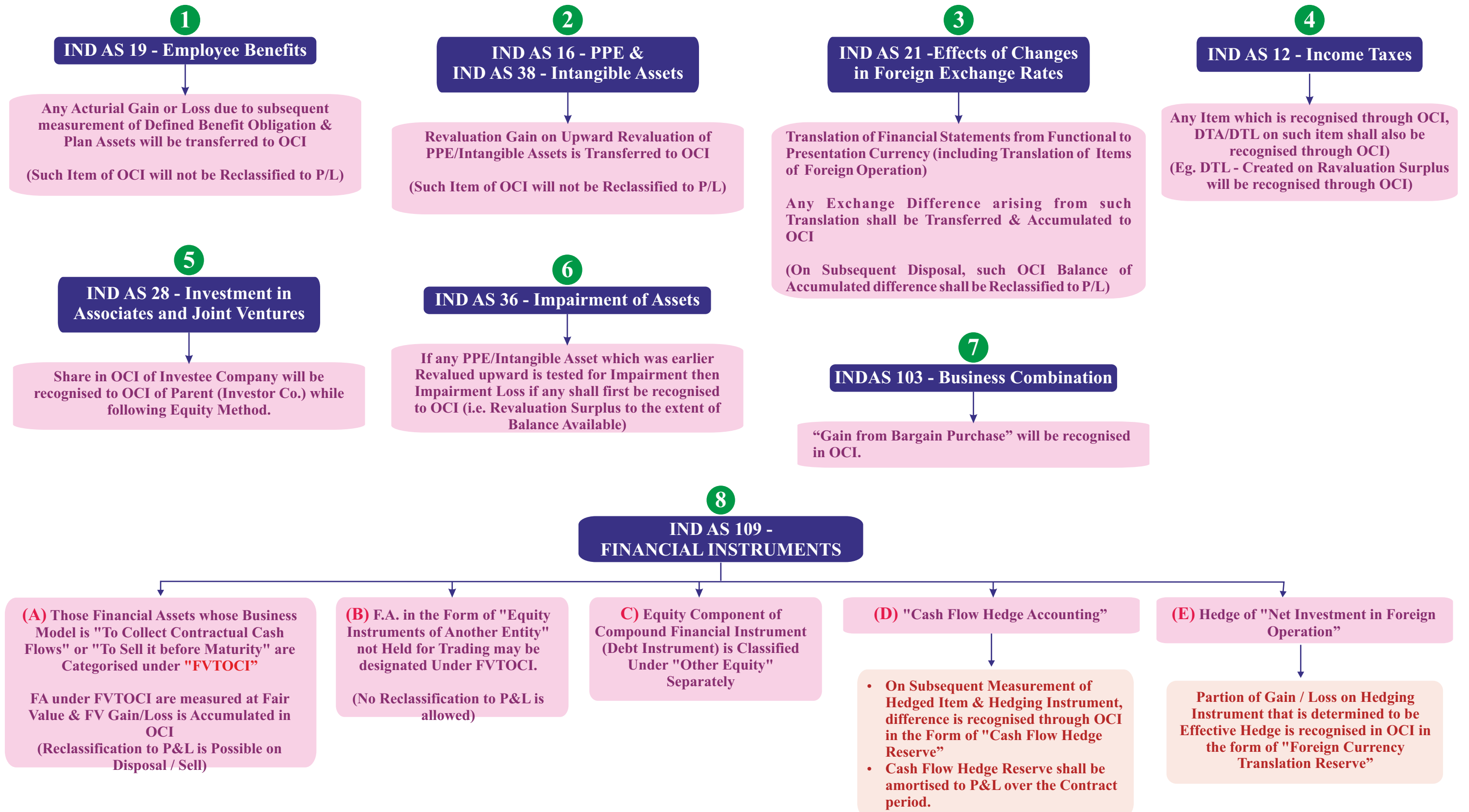
Gain = 206819

2000000  
384091  
1300000  
650000  
493181

2 loan  
4.5 %

Payment of L. Rent is treated as repayment of loan

# IMPORTANT ITEMS OF OCI





# IMPORTANT CARVE OUTS (INDAS vs IFRS)

