



*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*

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INDAS 1 - PRESENTATION OF FINANCIAL STATEMENTS

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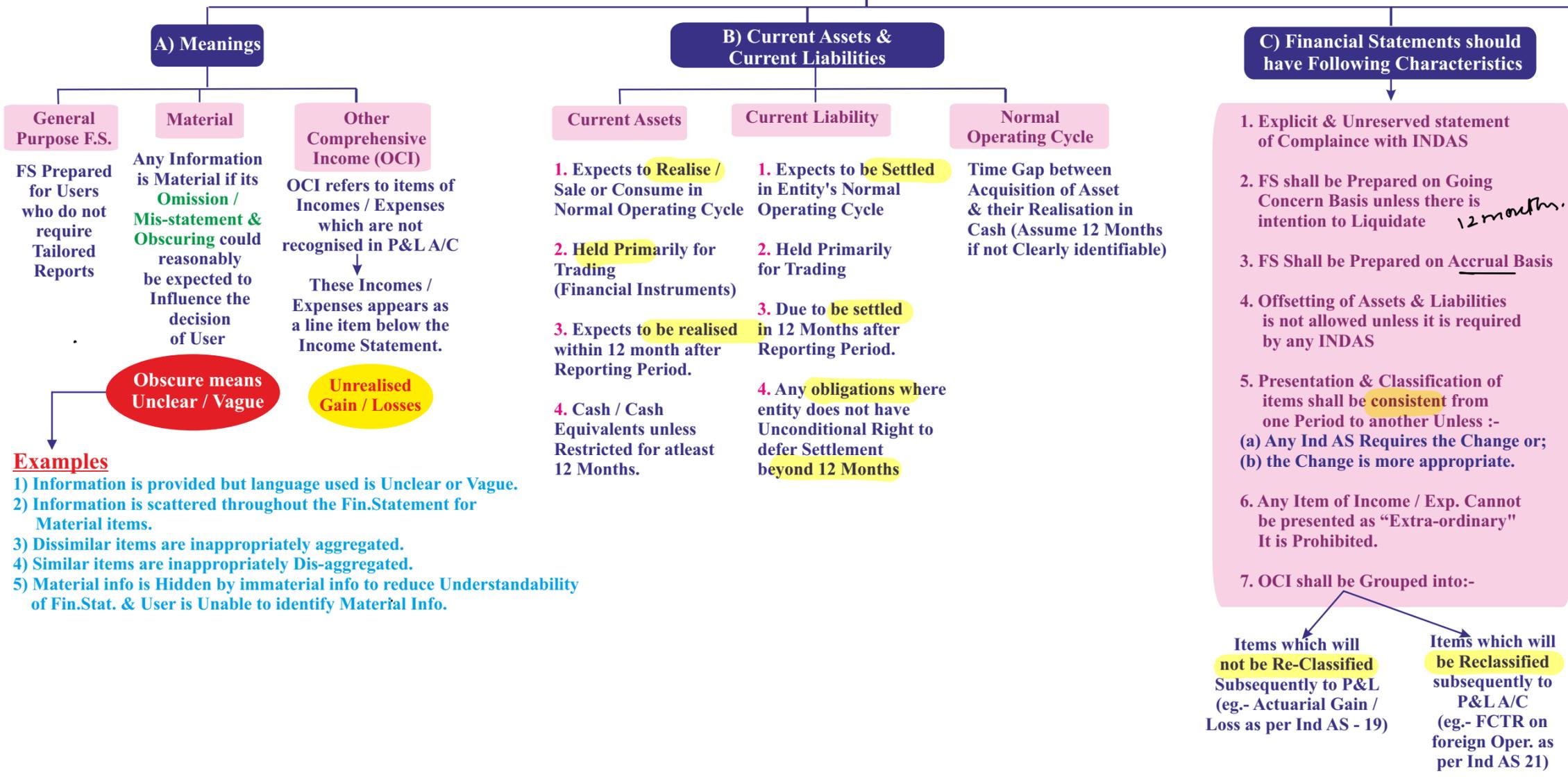
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INDAS 1 - PRESENTATION OF FINANCIAL STATEMENTS

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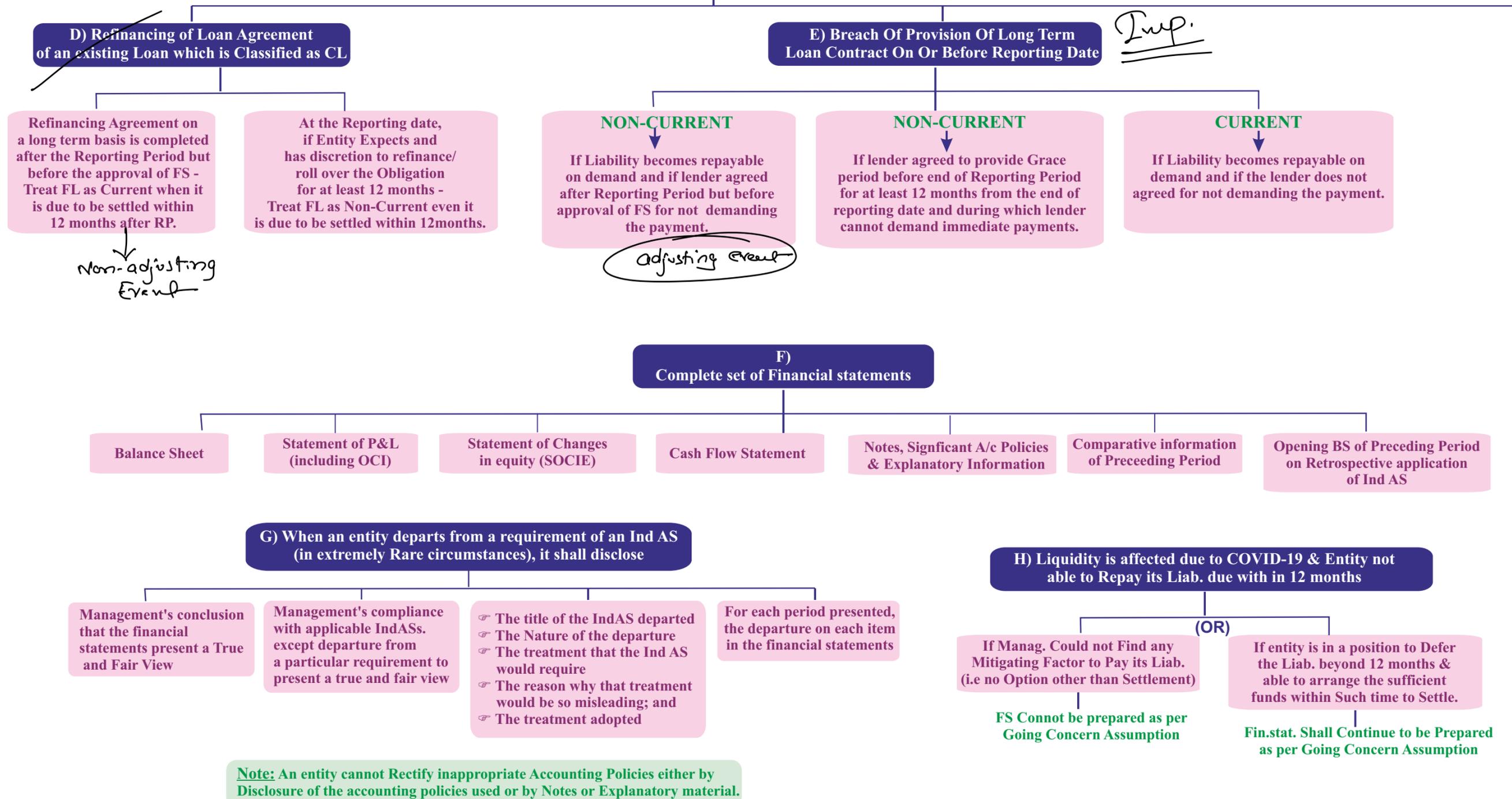
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INDAS 2 - INVENTORIES

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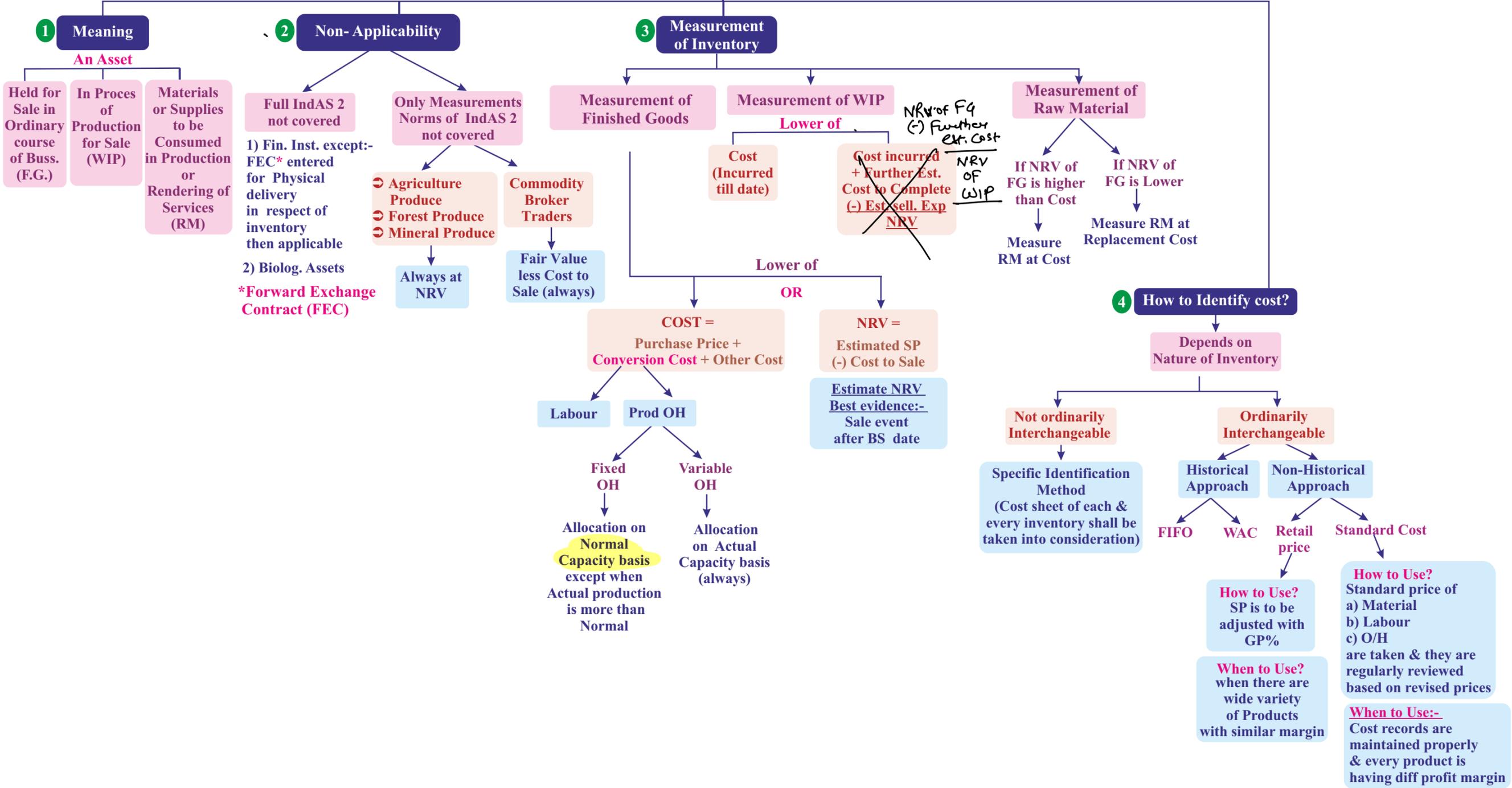
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INDAS 2 - INVENTORIES

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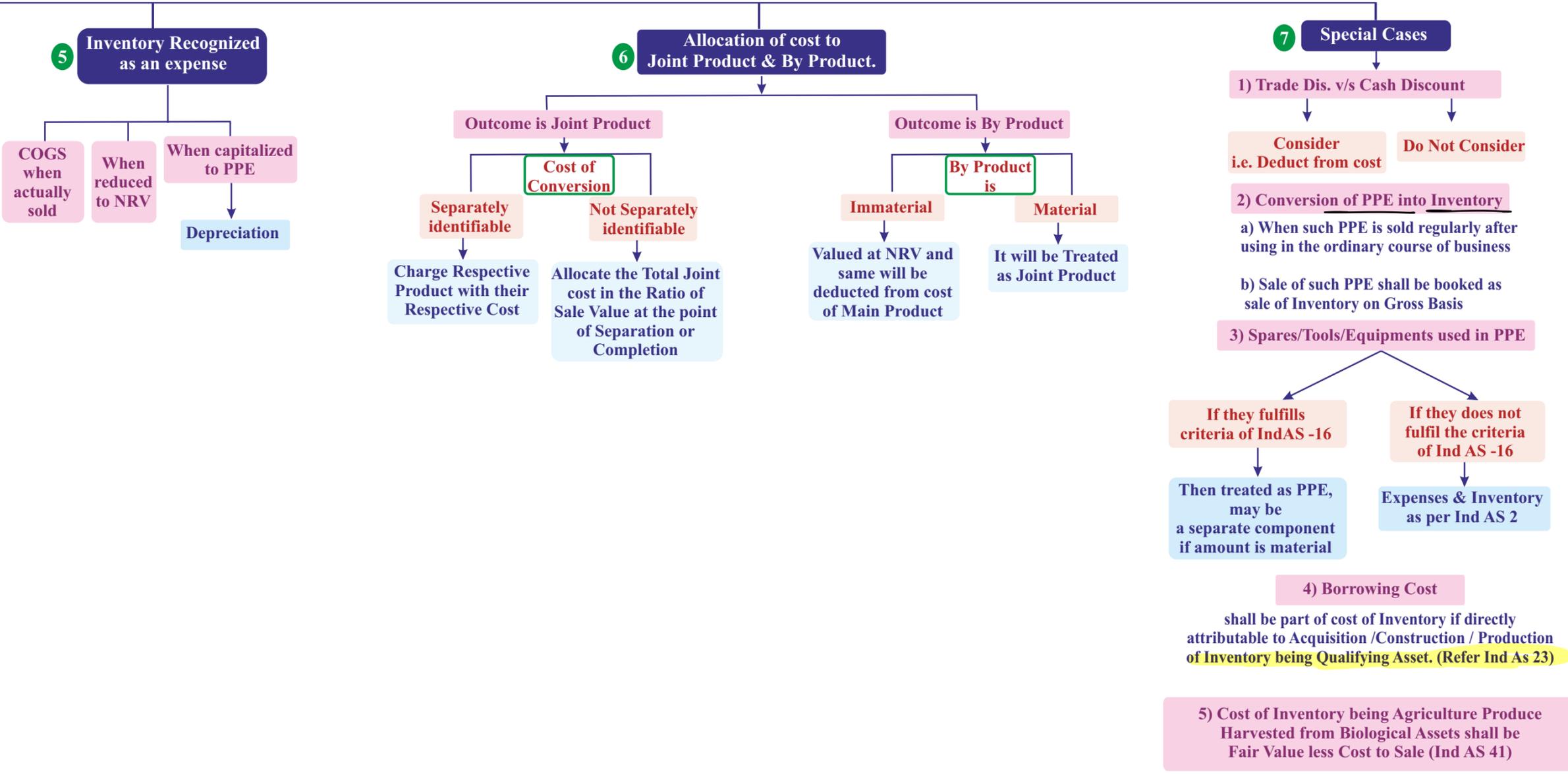
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INDAS 7 - STATEMENT OF CASH FLOWS

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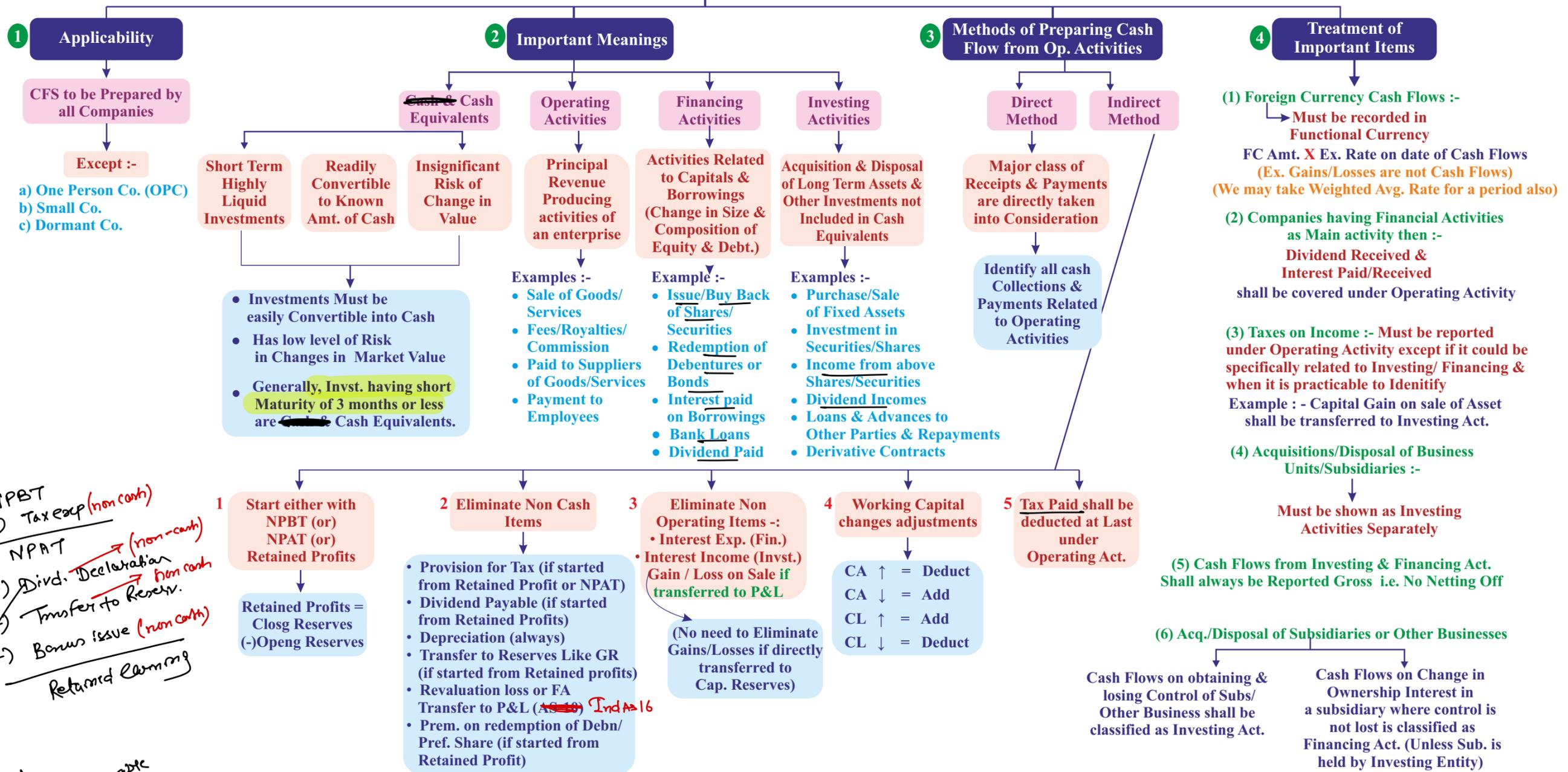


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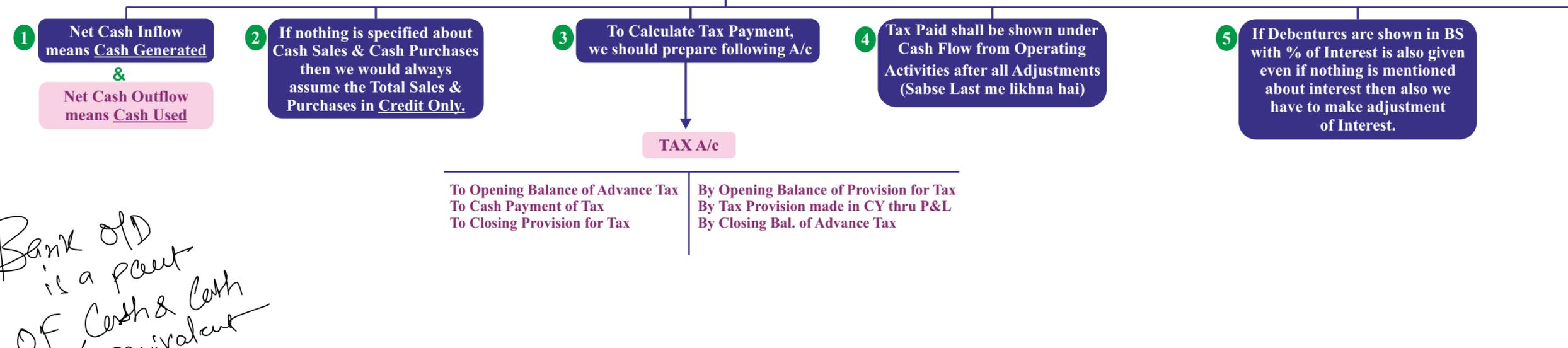
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SUMMARY OF CASH FLOW STATEMENT

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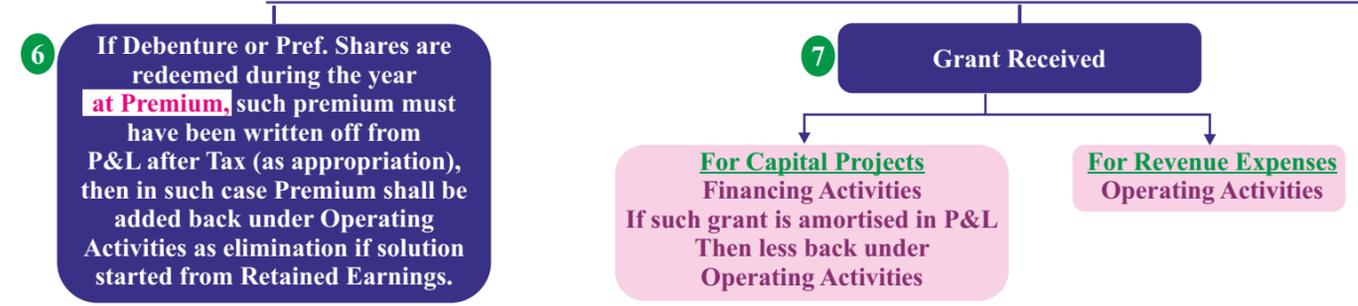


TAX A/c

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

Bank OD is a part of Cash & Cash Equivalent

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



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

Subsd. => 90% Invest. (OK) → Sale 10% Inv. Sale without Loss of Control (F)

→ Sale 60% Invest. Sale with Loss of Control

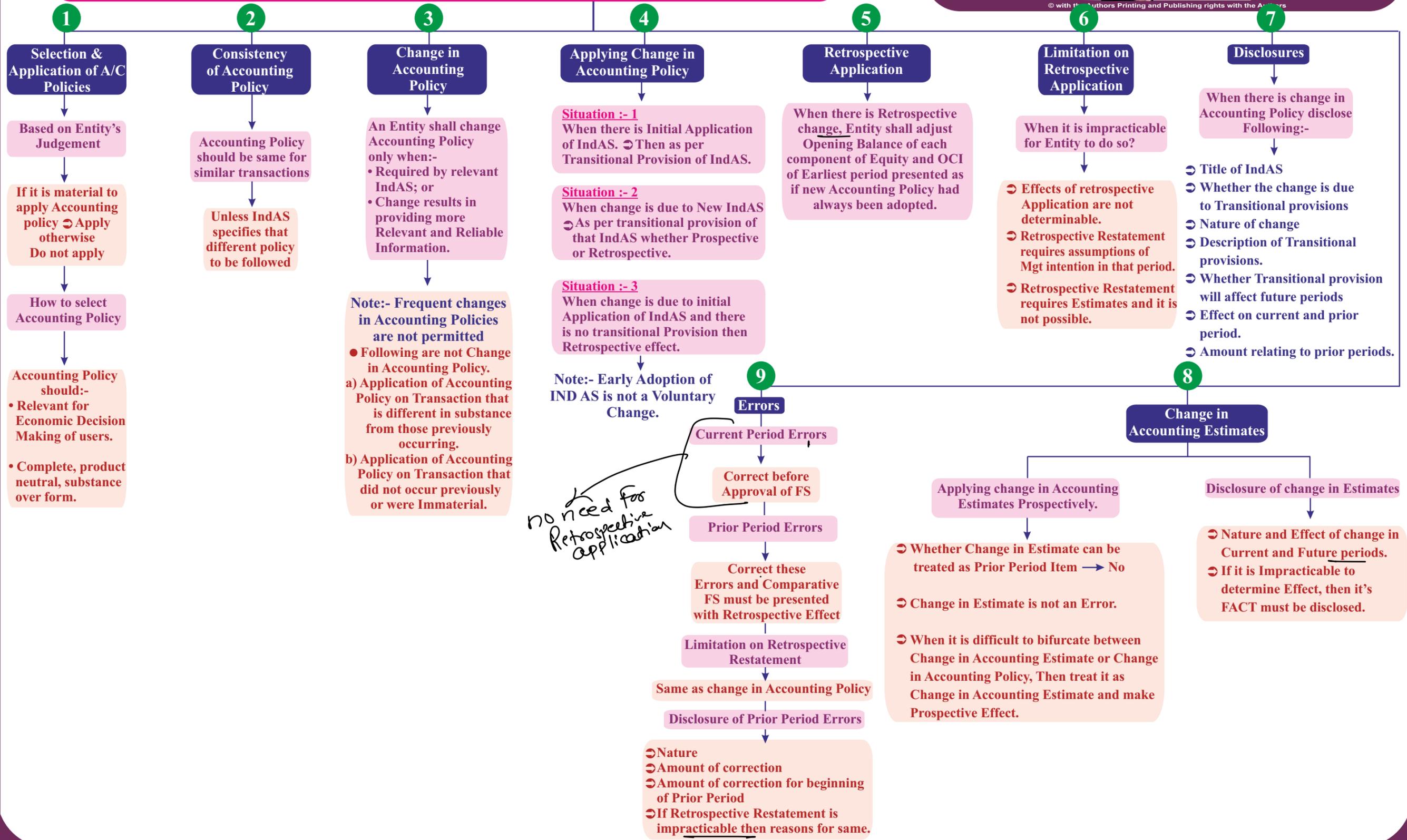
Investing Activity.

Investing Entity Suchⁿ 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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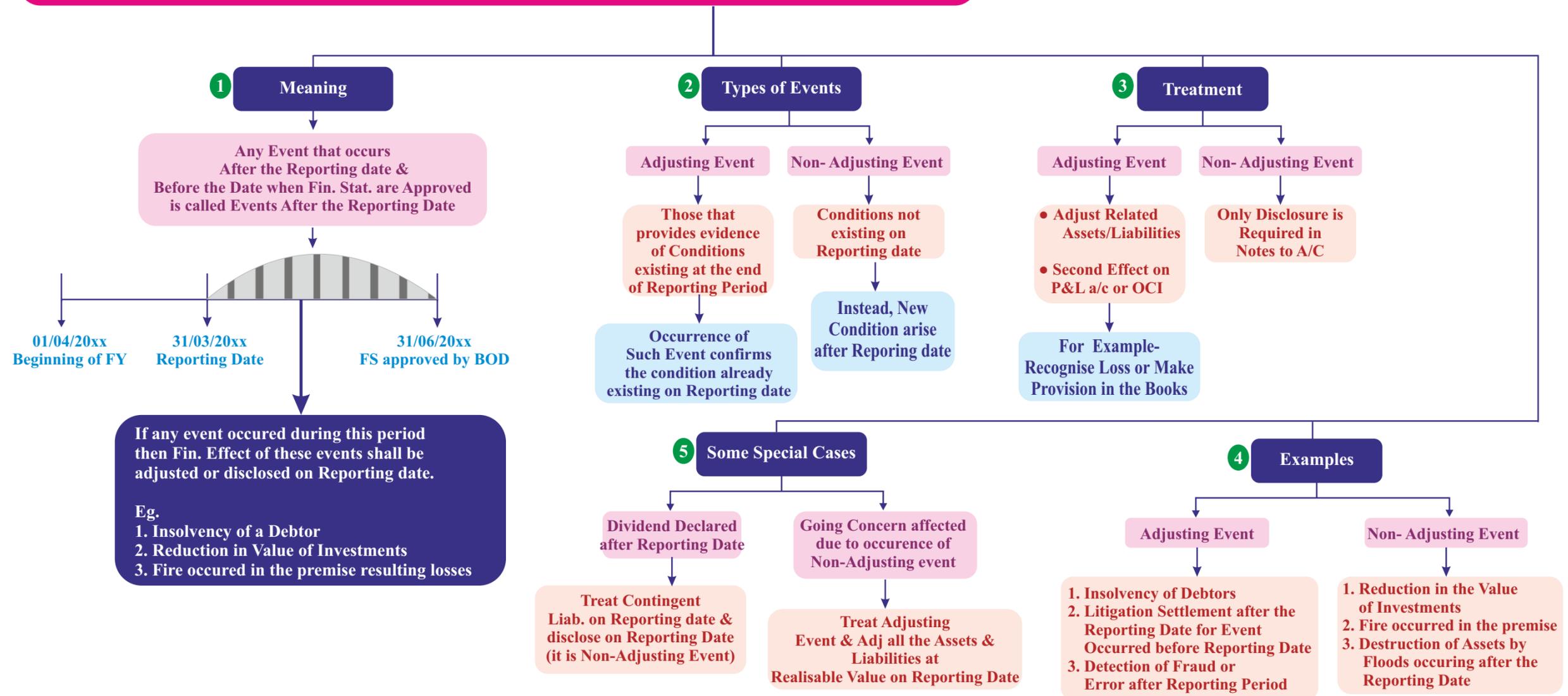
- 2nd AS
8
- 1) Change in purpose \Rightarrow Not a Change in A/c Policy
 - 2) Functional Currency is not a matter of A/c Policy
 - 3) But Change in presentation Currency will be change in A/c Policy \Rightarrow Retrospective
 - 4) Change in Inventory Cost Formula is Change in A/c Policy
 - 5) Applying wrong Classification of A/c (Account/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

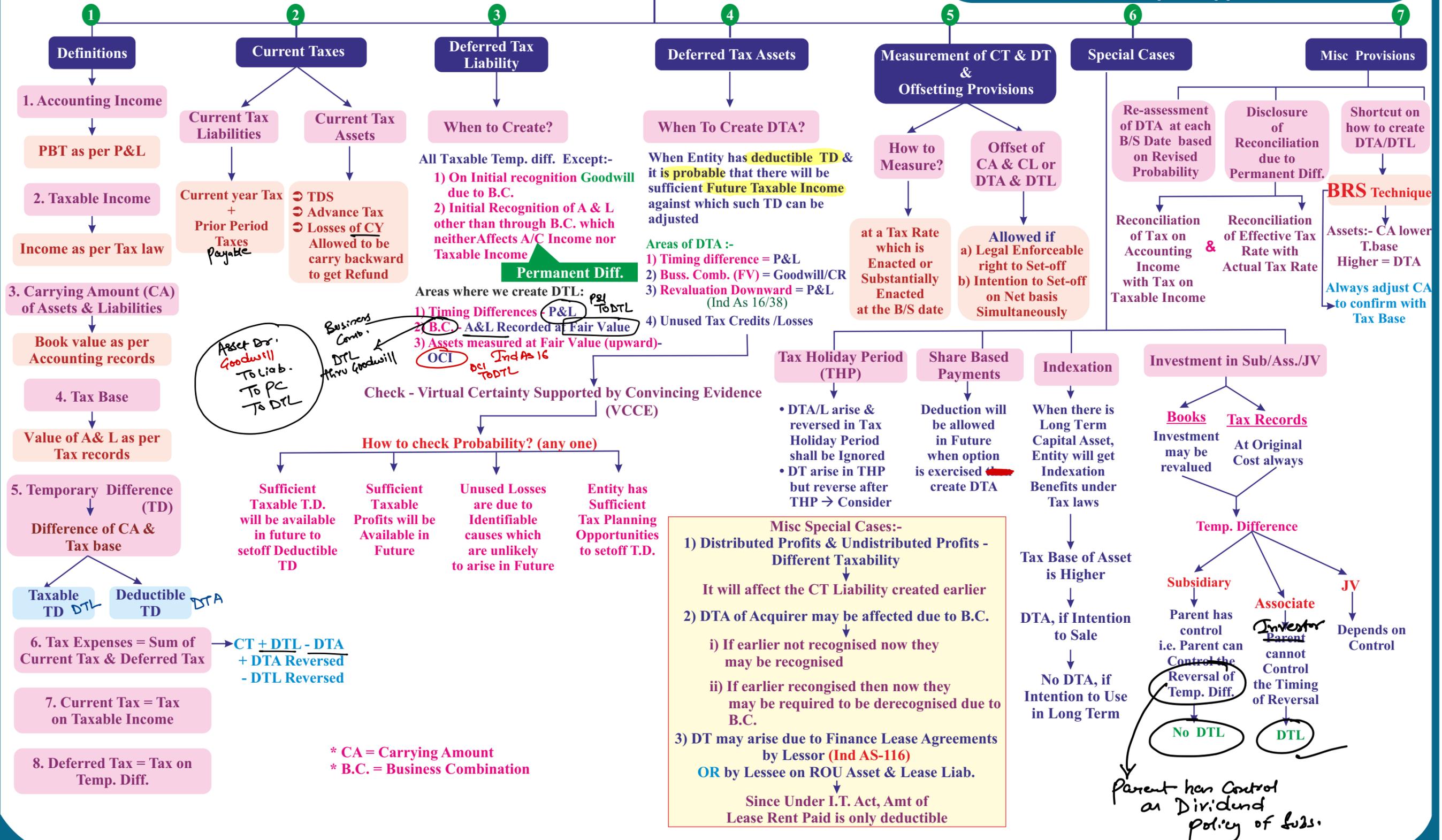
INDAS 10 - EVENTS AFTER THE REPORTING DATE



IND AS 12 - INCOME TAXES

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INDAS 16 - PPE

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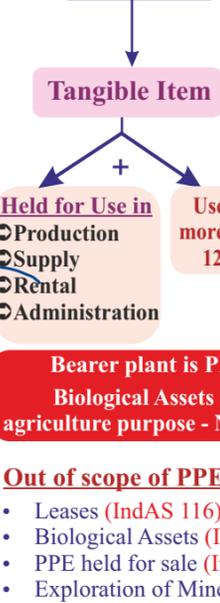
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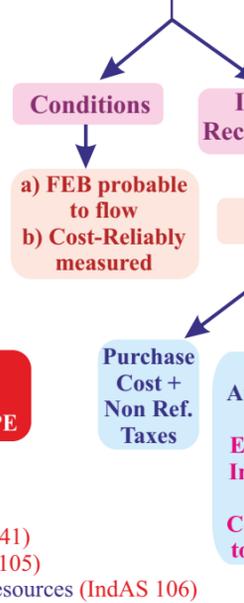
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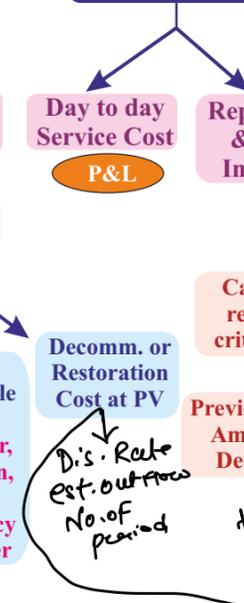
1 What is PPE



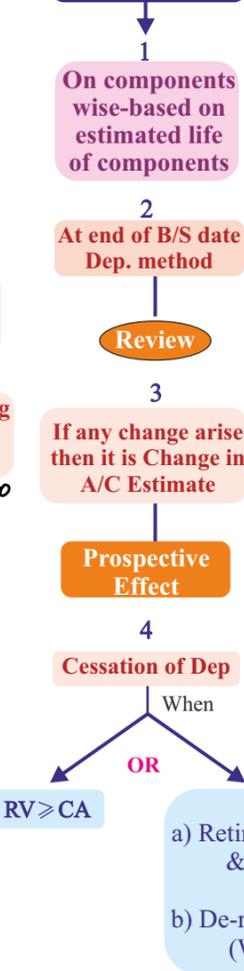
2 Recognition of PPE



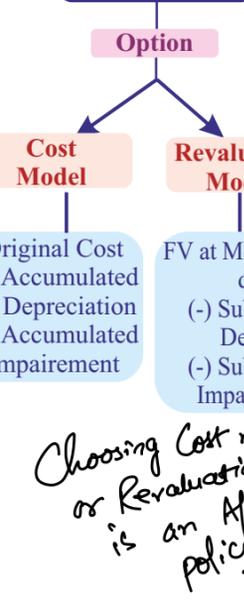
4 Subsequent Expenditures



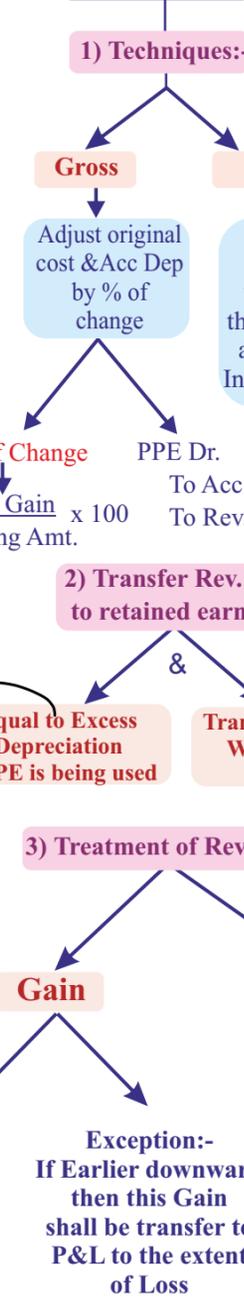
5 Depreciation



6 Measurement at B/S date



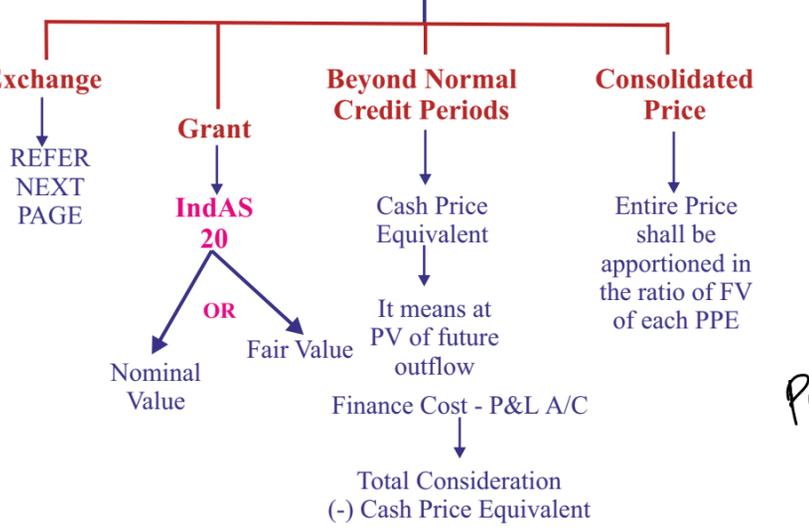
7 Revaluation



8 De-Recognition of PPE



3 Initial Recog. at Cost - Different Cases



PPE a/c Dr - To Cash To Liab/P&L

* RV = Recoverable Value
CA = Carrying Amount

INDAS 16 - PPE

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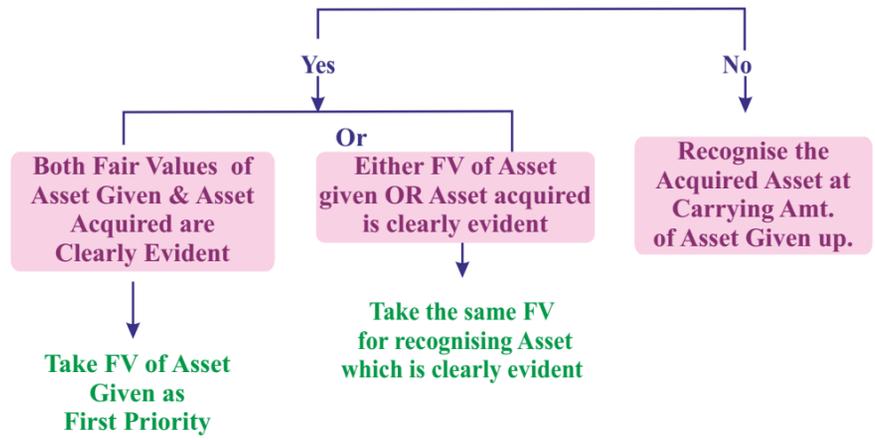
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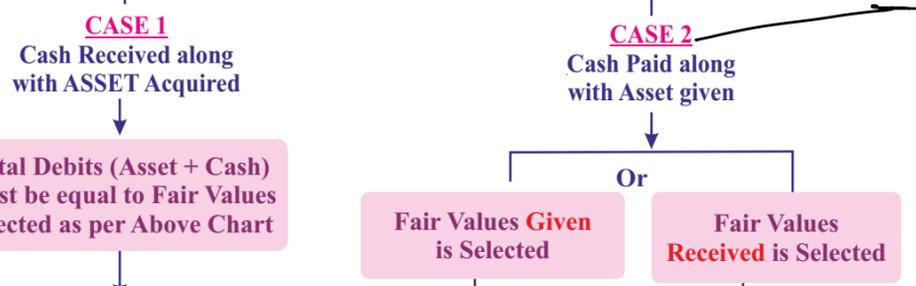
Exchange Transaction

Whether Exchange Trans. has Commercial Substance & Fair Value Can be Measured Reliably?



If Cash Received / Paid is involved in Exchange Transaction?

if multiple Assets are given including Cash then Cost = FV of all Assets + cash given



FV { Cash A/C Dr. (Amt. Received) } Total must equal to FV
 Assets A/C Dr. (b/f)
 To Asset A/C (Carrying Amt.)
 (Diff. is exchange Gain / Loss = P&L)

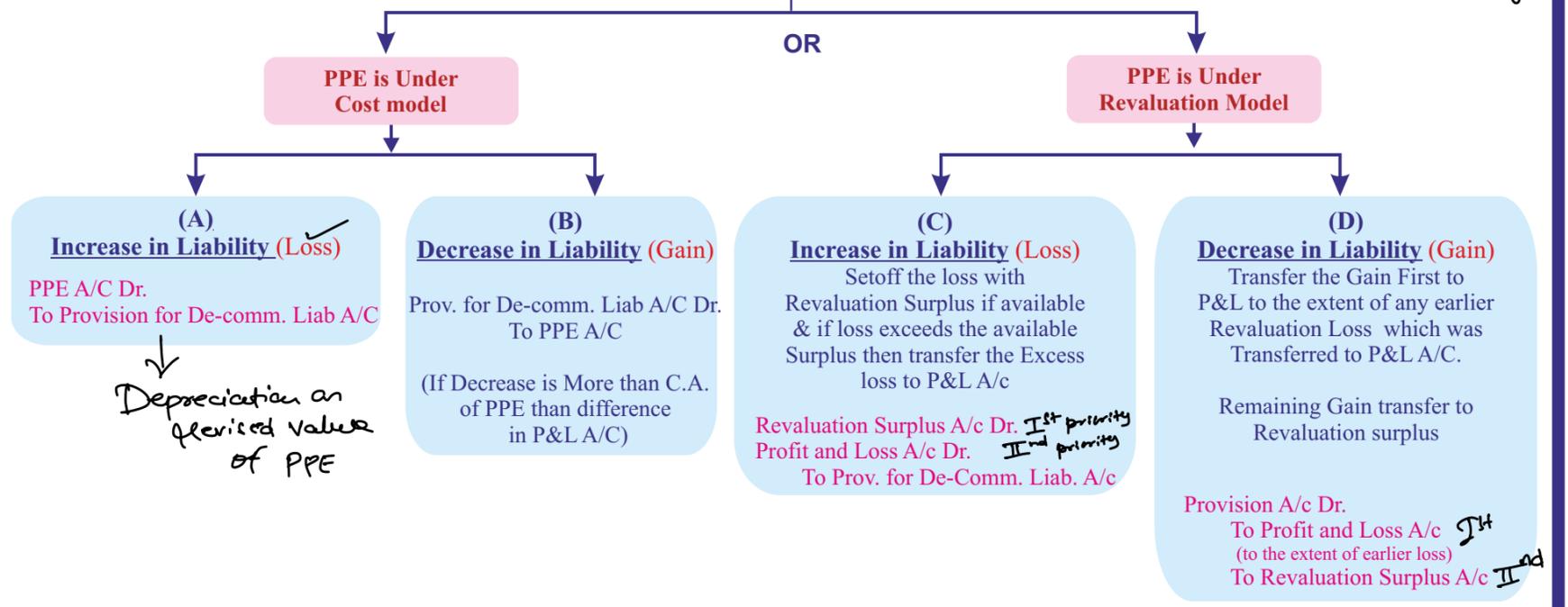
*eg:- LAB acquired against P&M
 CA of P&M 10 lacs
 Cash also received = 2 lacs
 FV of LAB = 8.5 lacs
 FV of P&M = 9 lacs*

*LAB Dr. 8.5
 Cash Dr. 2
 To P&M 10
 To P&M 0.5*

*LAB 7 (B/F)
 Cash 2
 To P&M 10
 (Loss = 1 P&L)*

Change in Existing De-Comm. Liability

⇒ Calculate Revised Liability on per Revised Estimates on date of Change



*Ex:- LAB acquired P&M given
 CA of P&M = 10 lacs
 FV of P&M = 12 lacs
 Cash paid = 2 lacs*

LAB FV = 13 lacs

*LAB 14
 To P&M 10
 To Cash 2
 To P&M 2*

*LAB a/c Dr. 13
 To Cash 2
 To P&M 10
 To Profit 1*

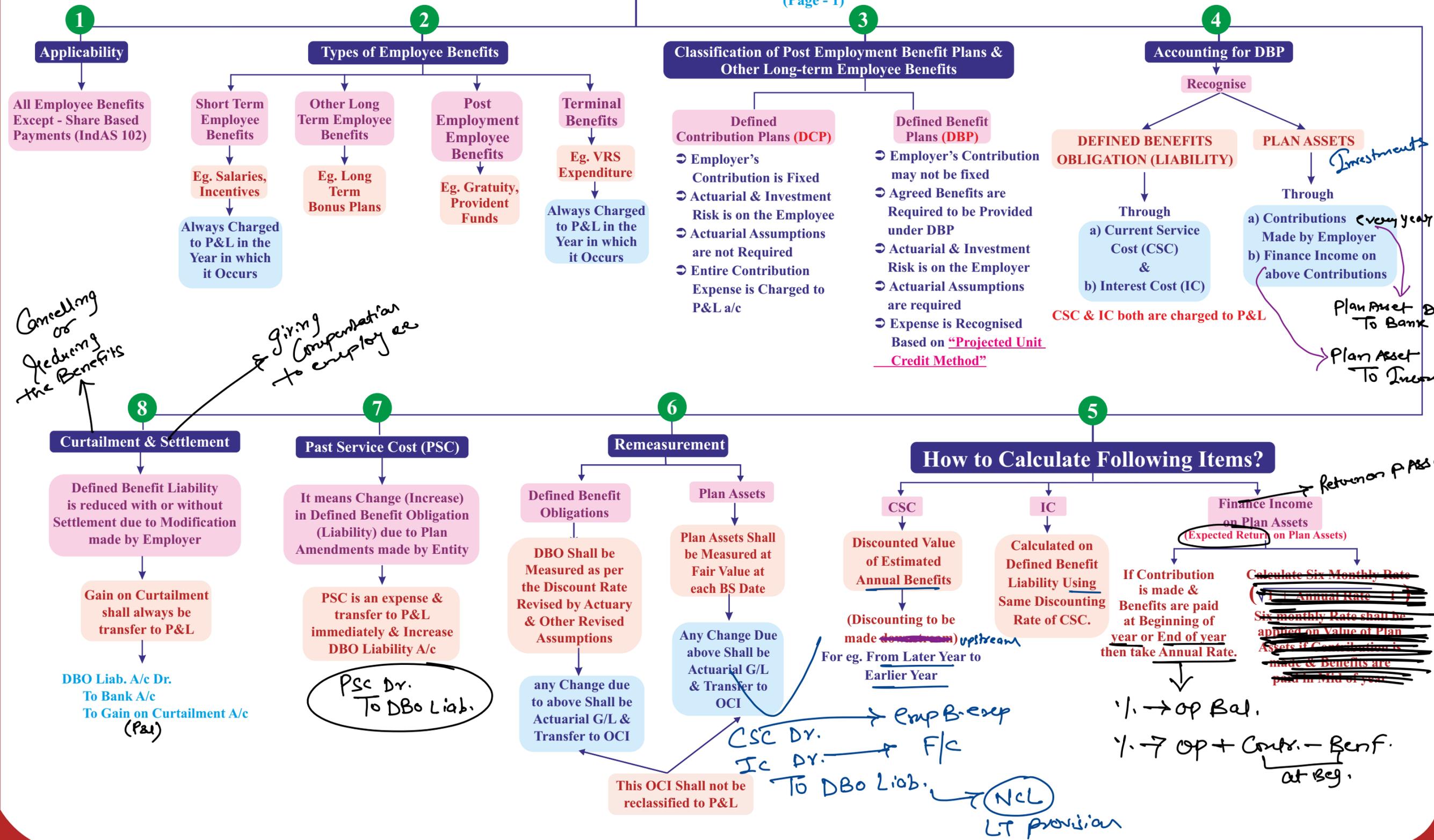
IND AS 19 - EMPLOYEE BENEFITS

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IND AS 19 - EMPLOYEE BENEFITS

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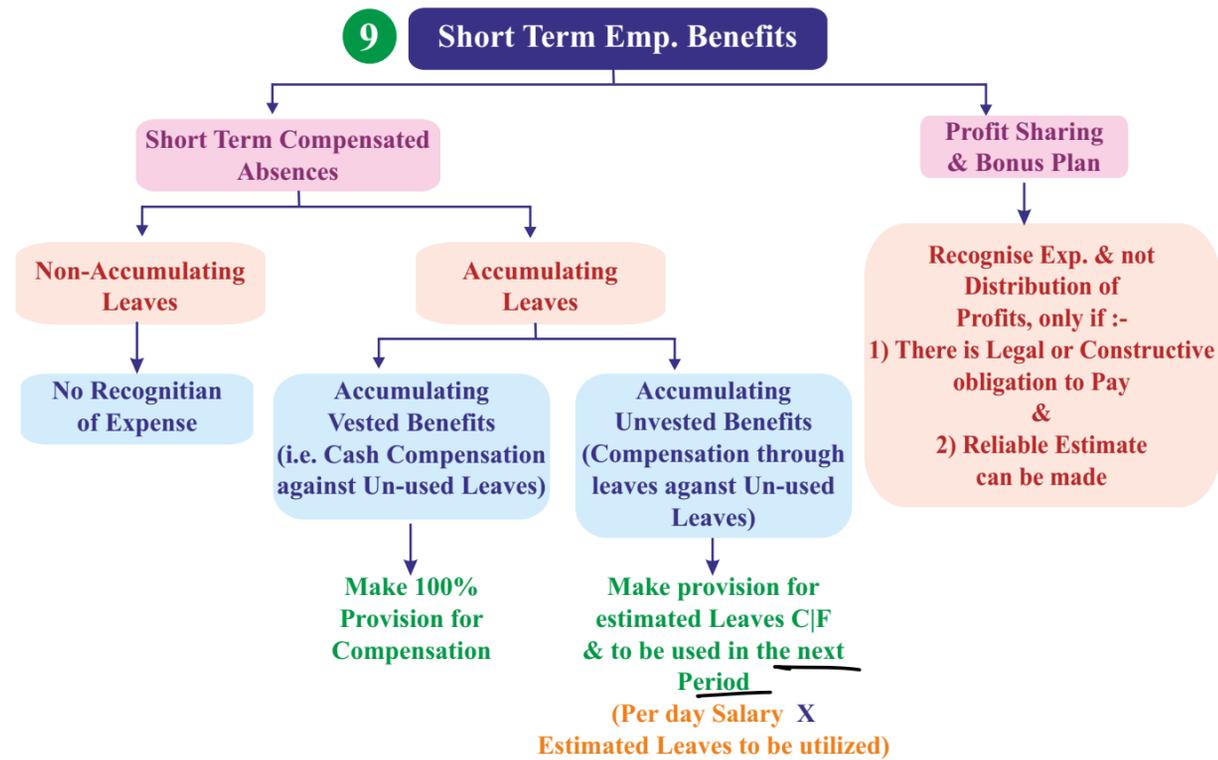
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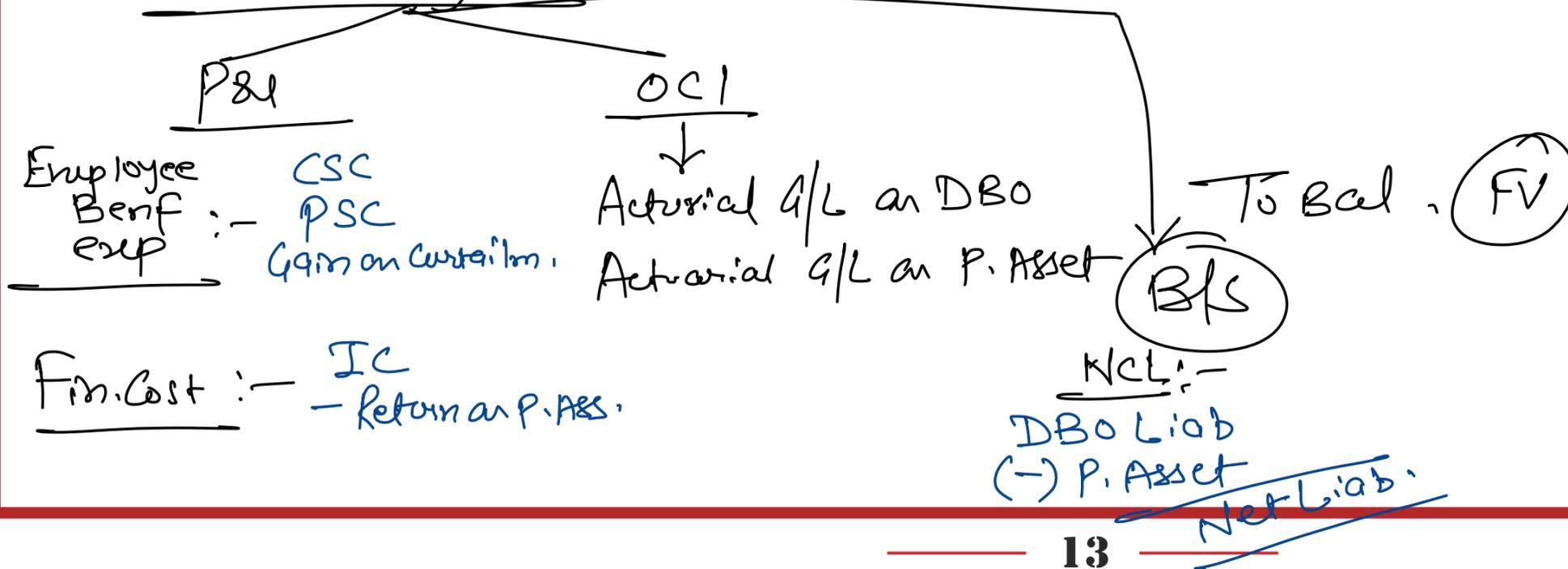
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Summary



IND AS 20 - GOVERNMENT GRANTS

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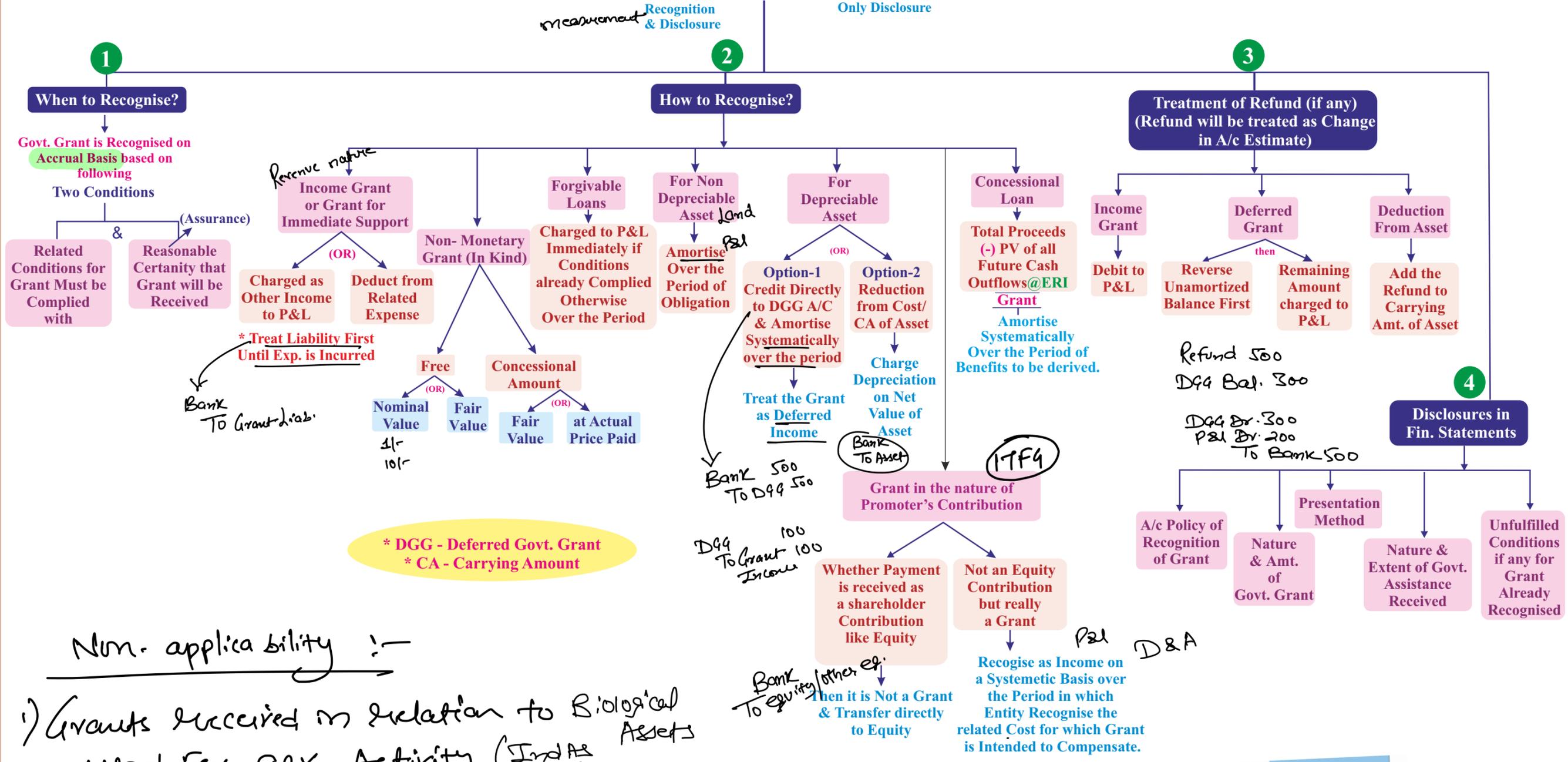
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Govt Grants & Govt Assisstances



Non-applicability :-

1) Grants received in relation to Biological Assets used for agri. 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"> • Shall be recognised in profit or loss of the period in which it becomes receivable • Provide disclosure to ensure that its effect is clearly understood.
---	--	---

INDAS 21 - EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

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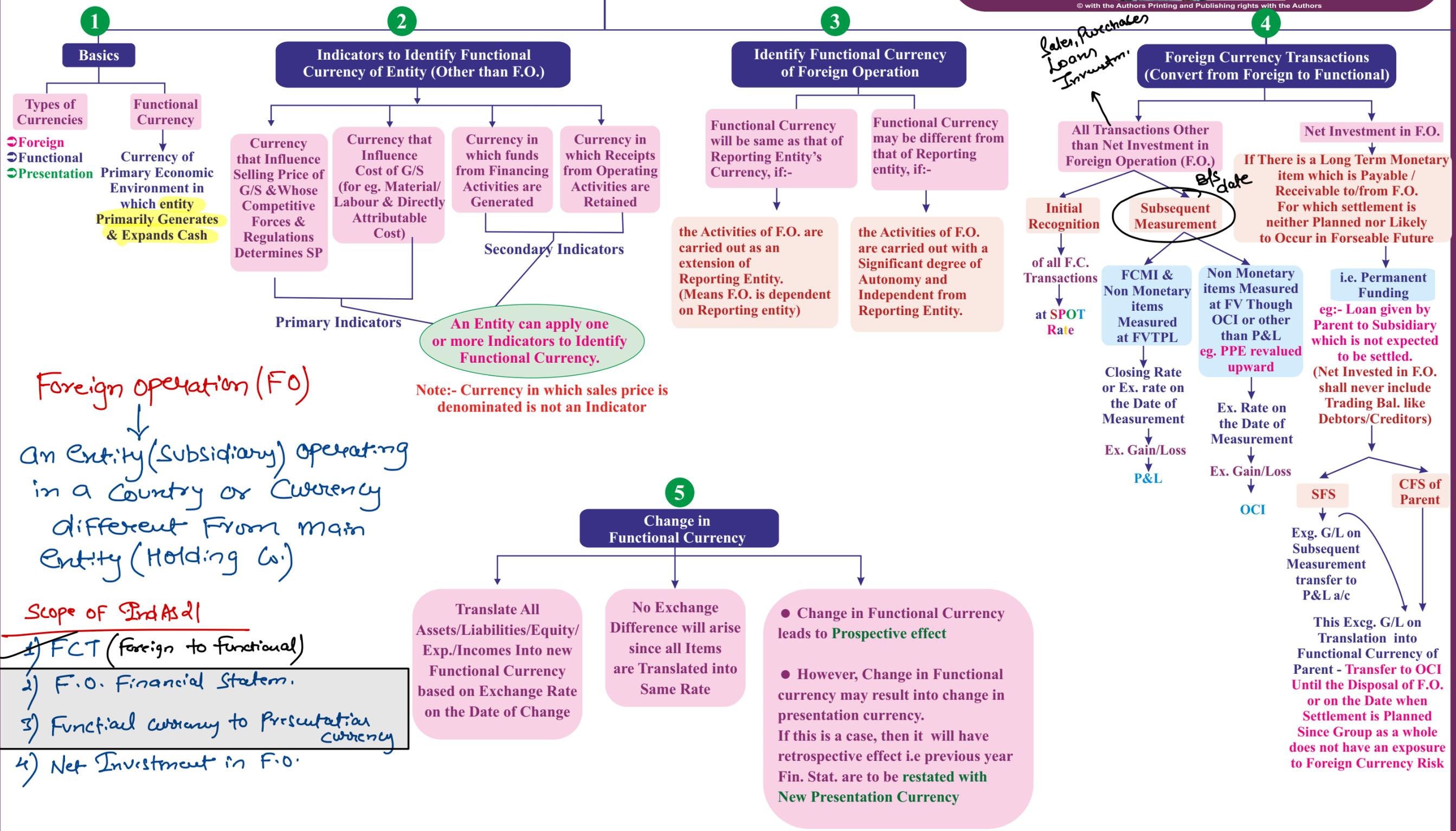


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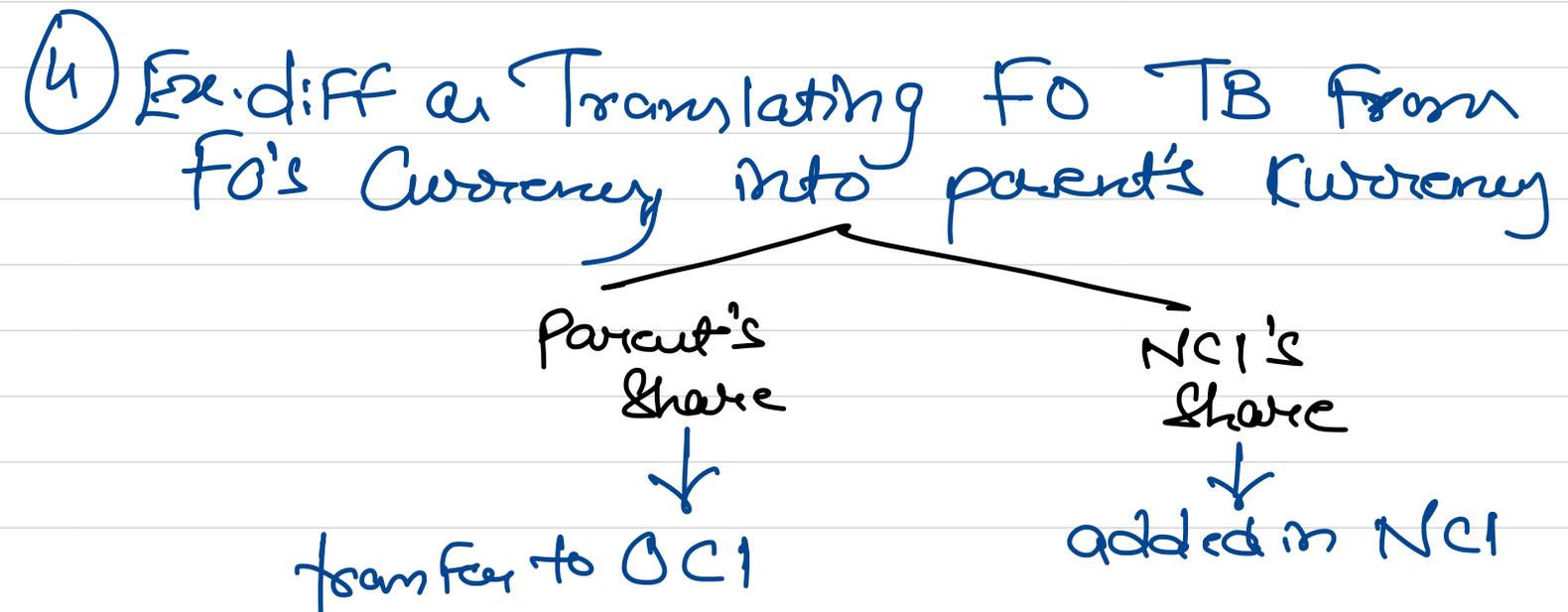
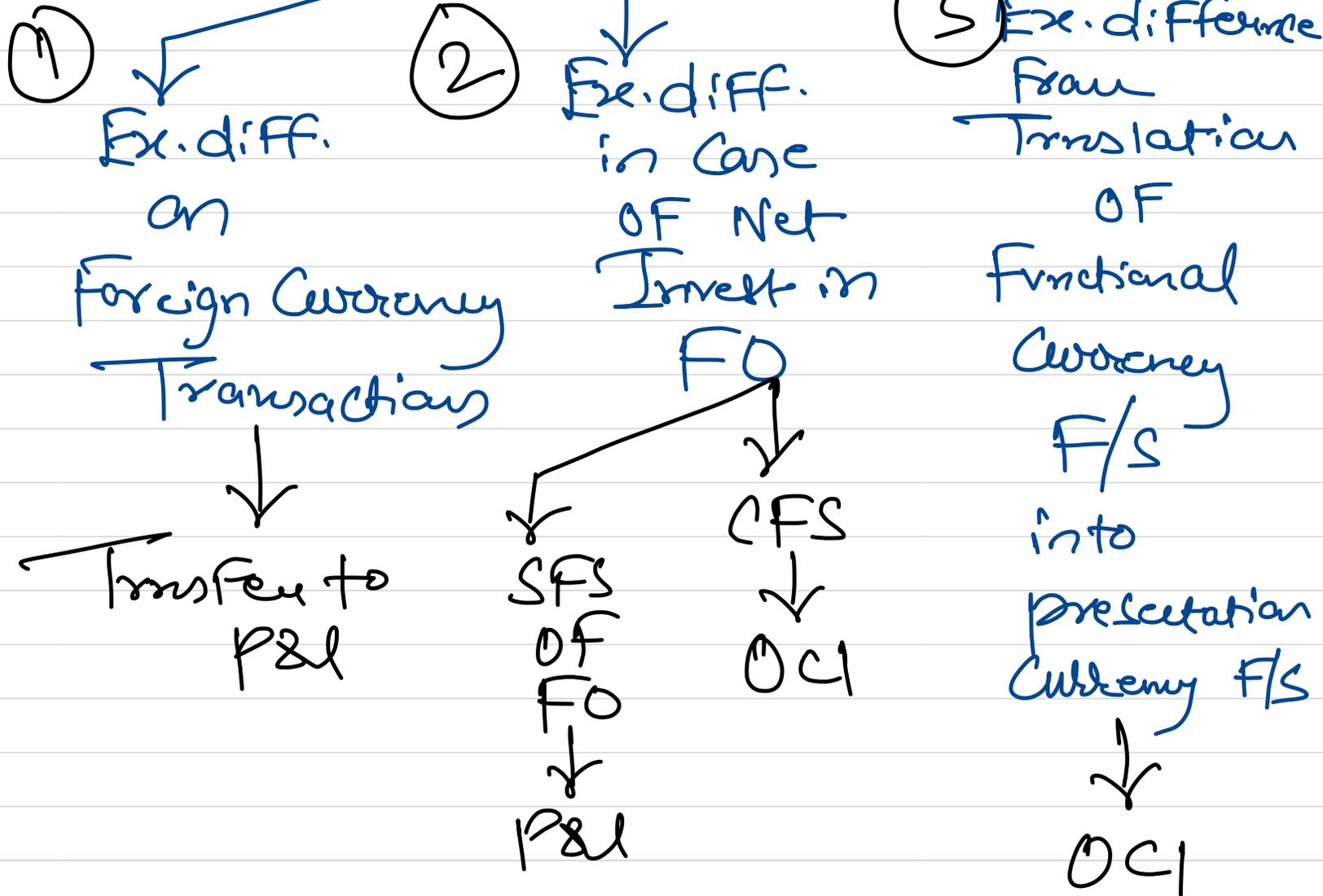
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Summary of Ex. Diff.



Holding
(£)

Foreign
Subsd.
(\$)

LT loan (Net Invest in
in £) (Net Invest in
FO)

Translated in £

Avg Rate

P&L of Subsd/Grp

Income £

Exp £

OCI

ex dif £

ex dif

FO

For Subsd its
a F.C.T

Ex P&L of
Subsd.

P&L

Exp \$

Income \$

Ex. diff \$

ex. diff \$

INDAS 21 - EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES

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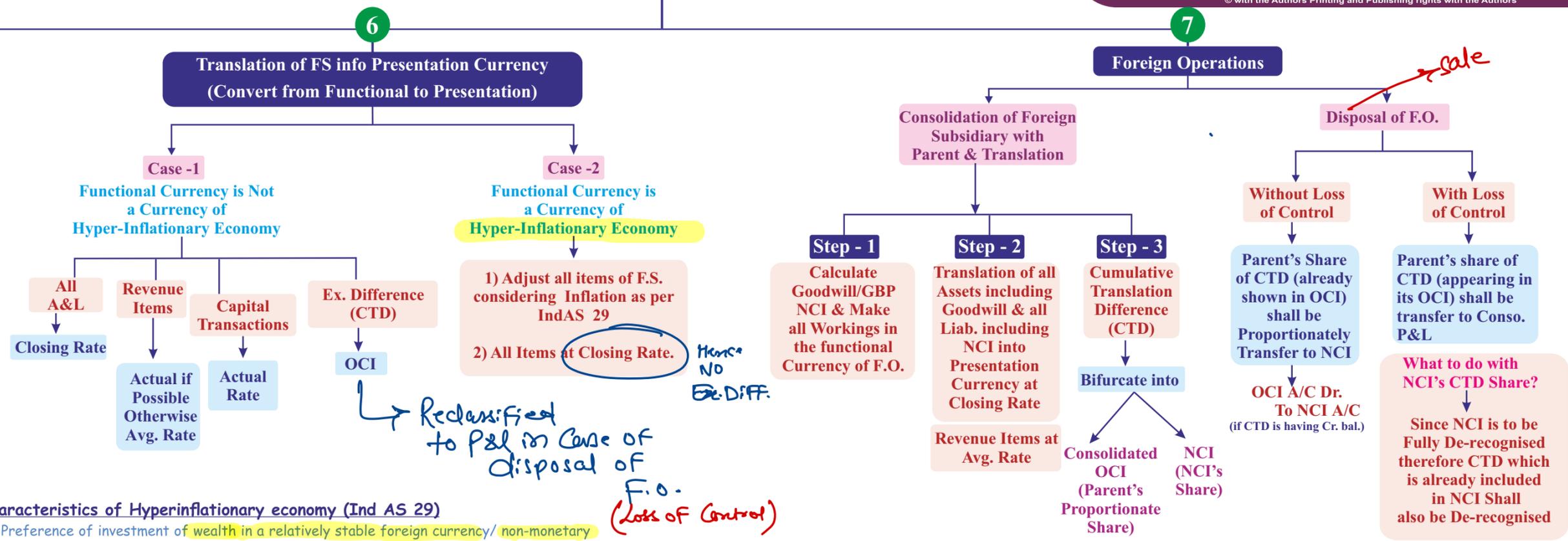
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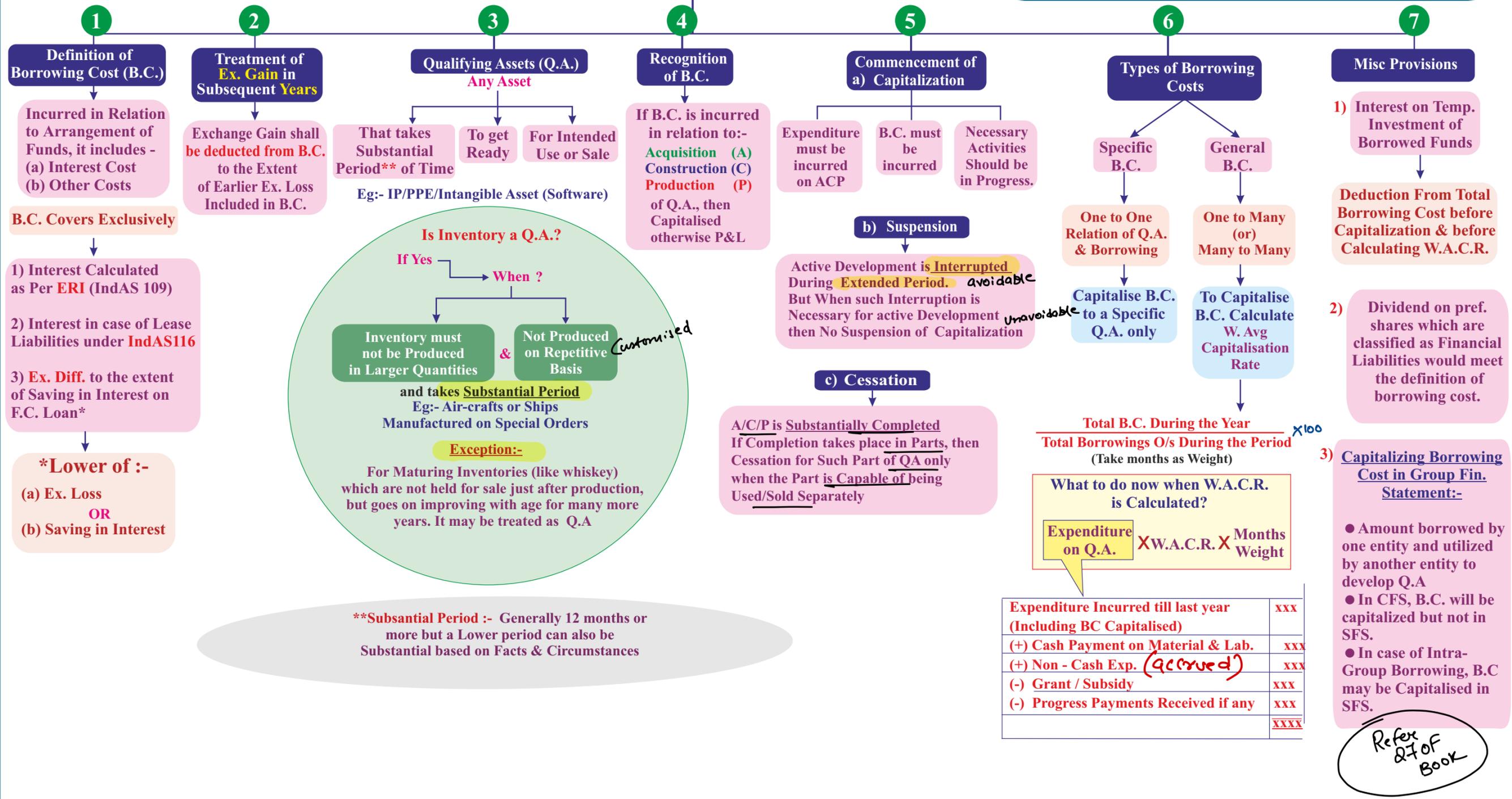
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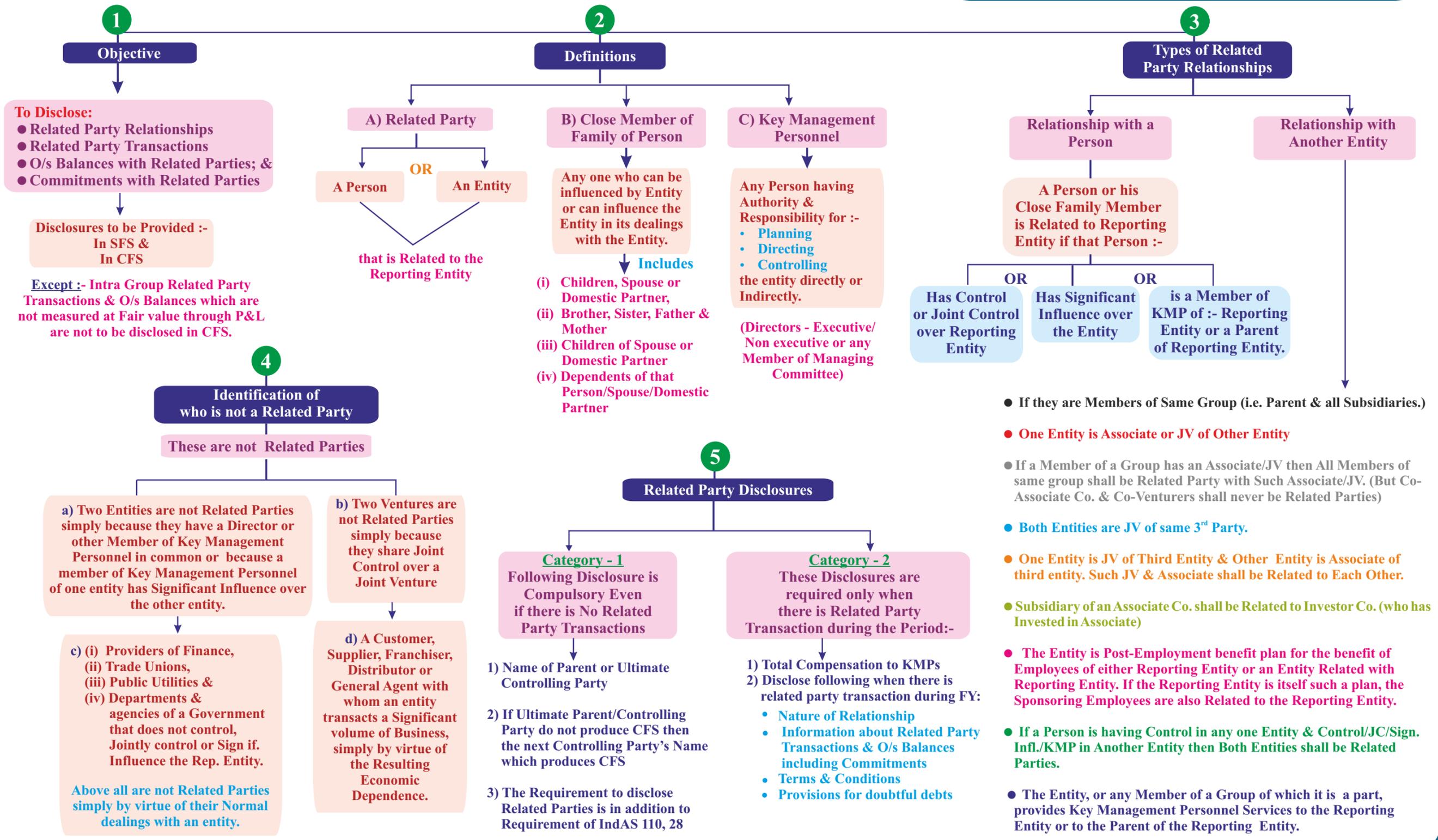
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IND AS 23 - BORROWING COSTS



INDAS 24 - RELATED PARTY DISCLOSURES



FINANCIAL INSTRUMENTS

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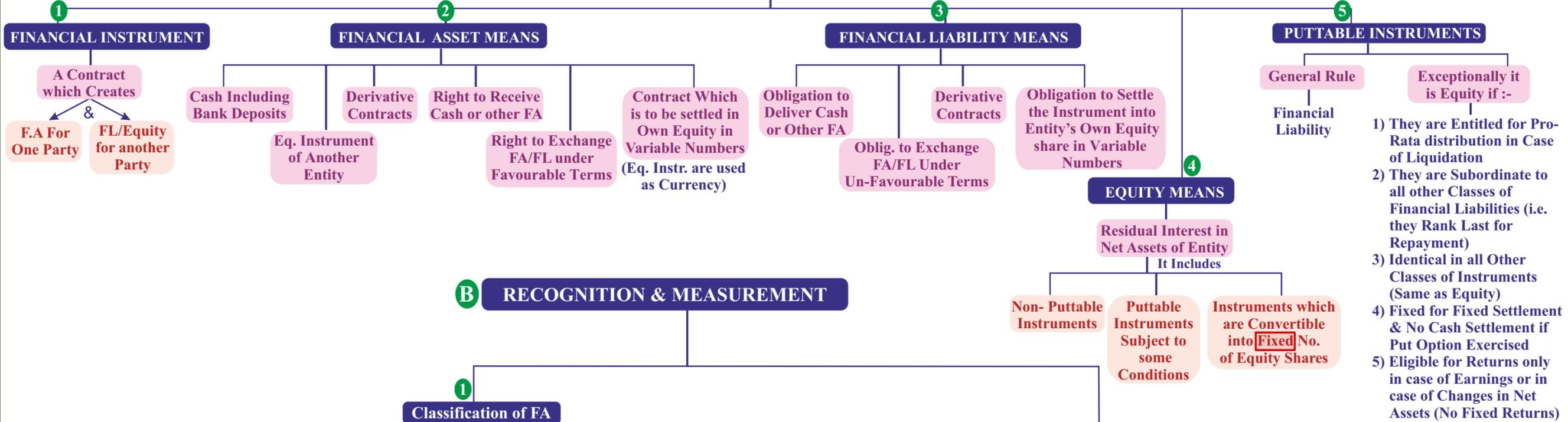
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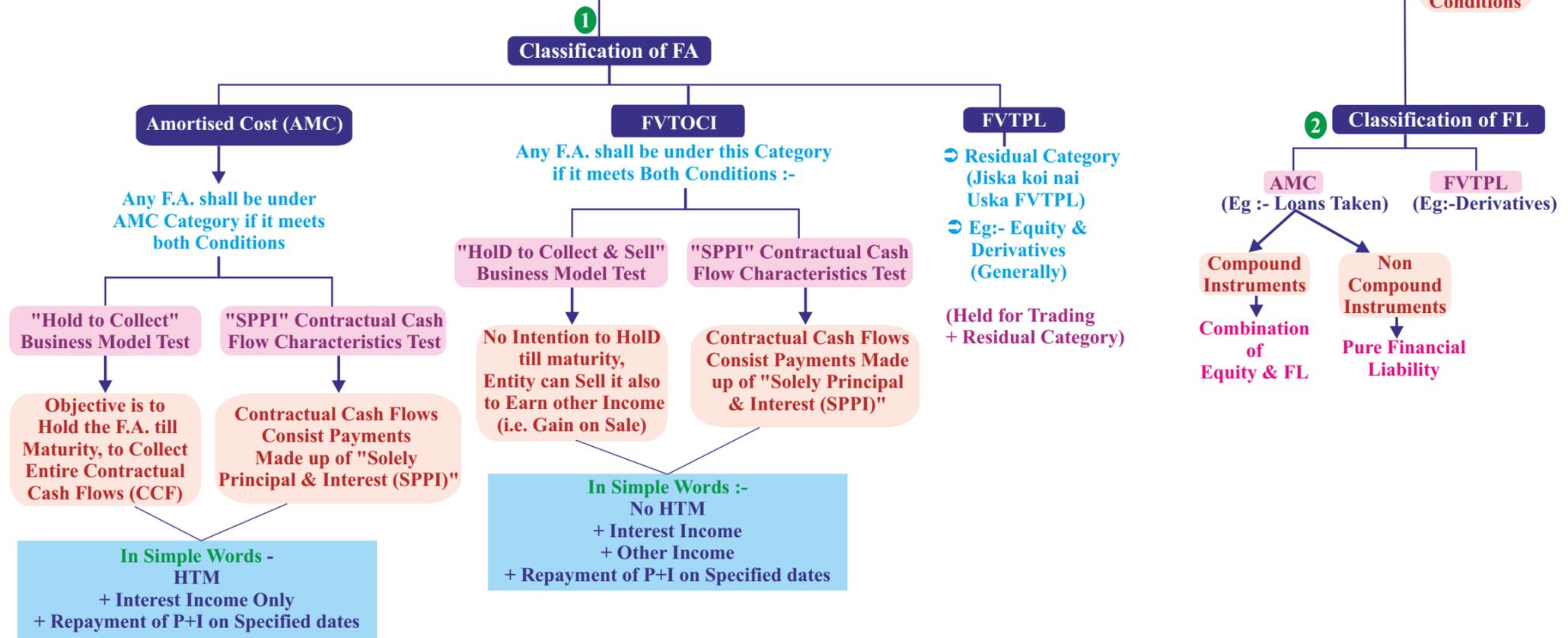
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A BASICS (Page 1)



B RECOGNITION & MEASUREMENT



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

FINANCIAL INSTRUMENTS

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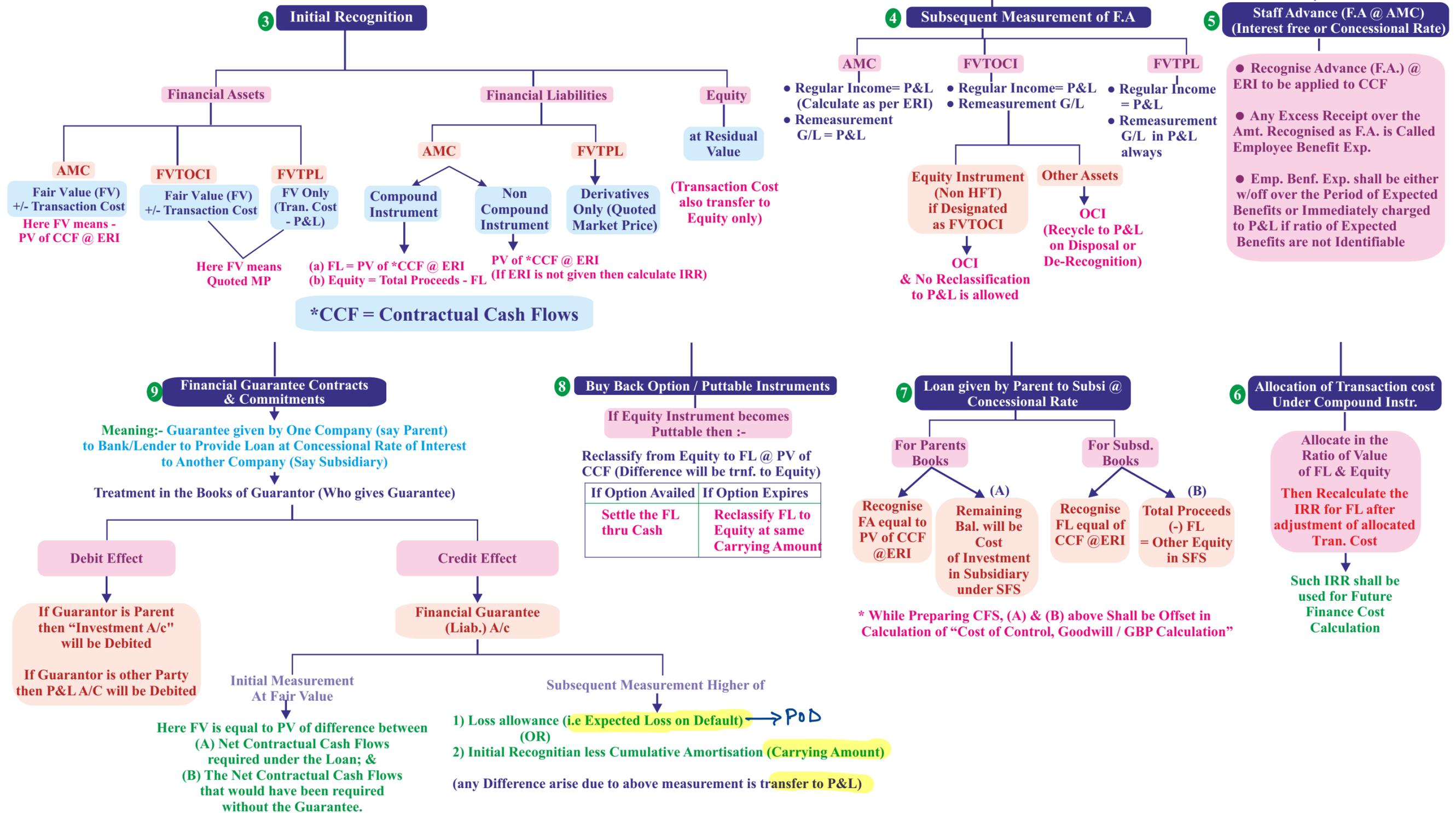
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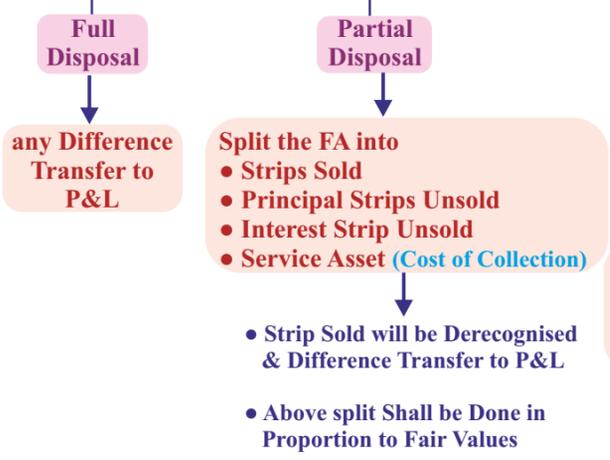
10 Impairment of FA (AMC & FVTOCI)

Expected Credit Loss Method

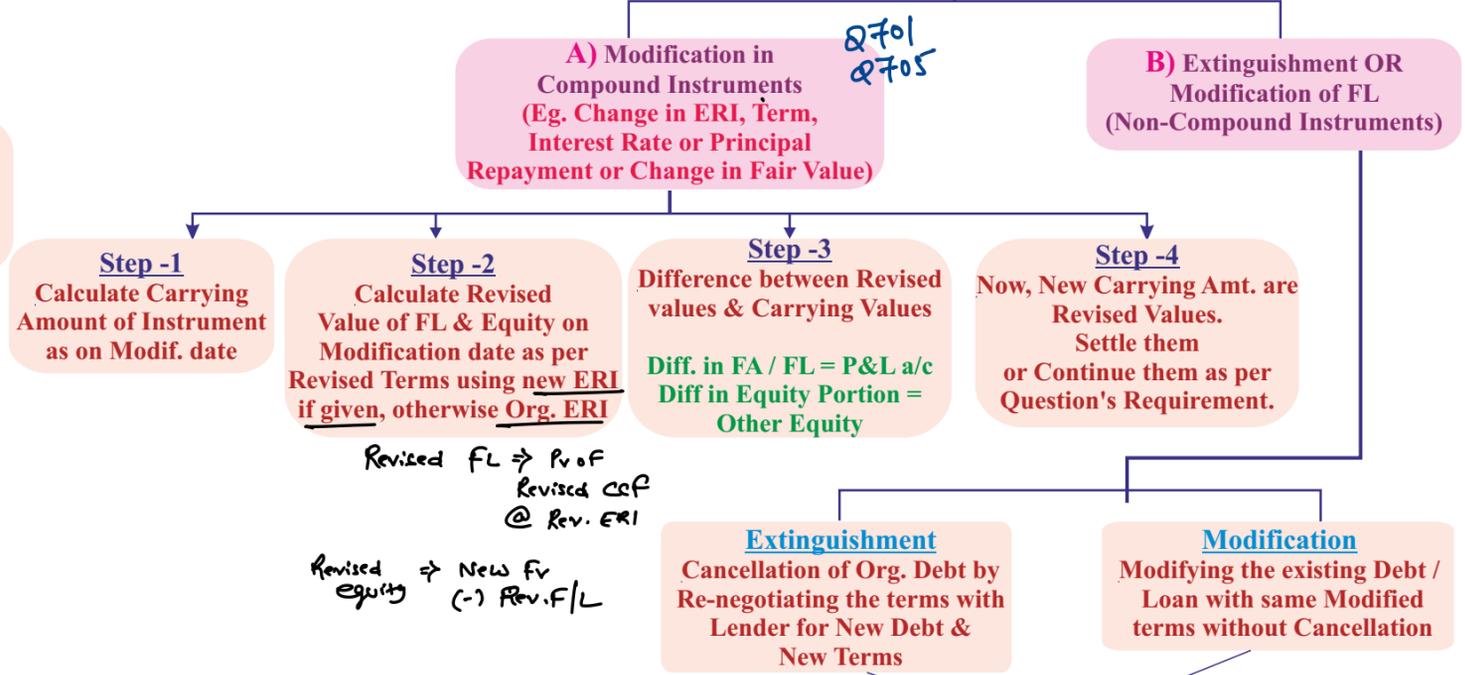


Formula :-
 $Amt. of FA \times Probability of Unrealised Cash Inflows \times Probability of Defaults$

11 De-Recognition of FA

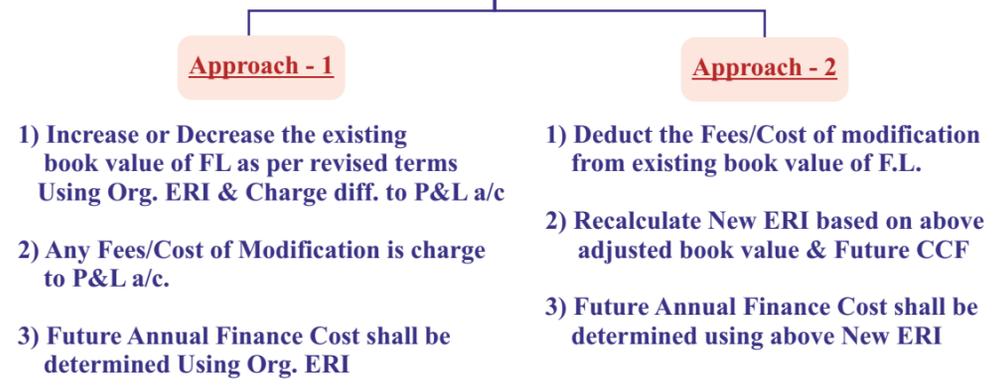


12 Modification in Financial Instruments

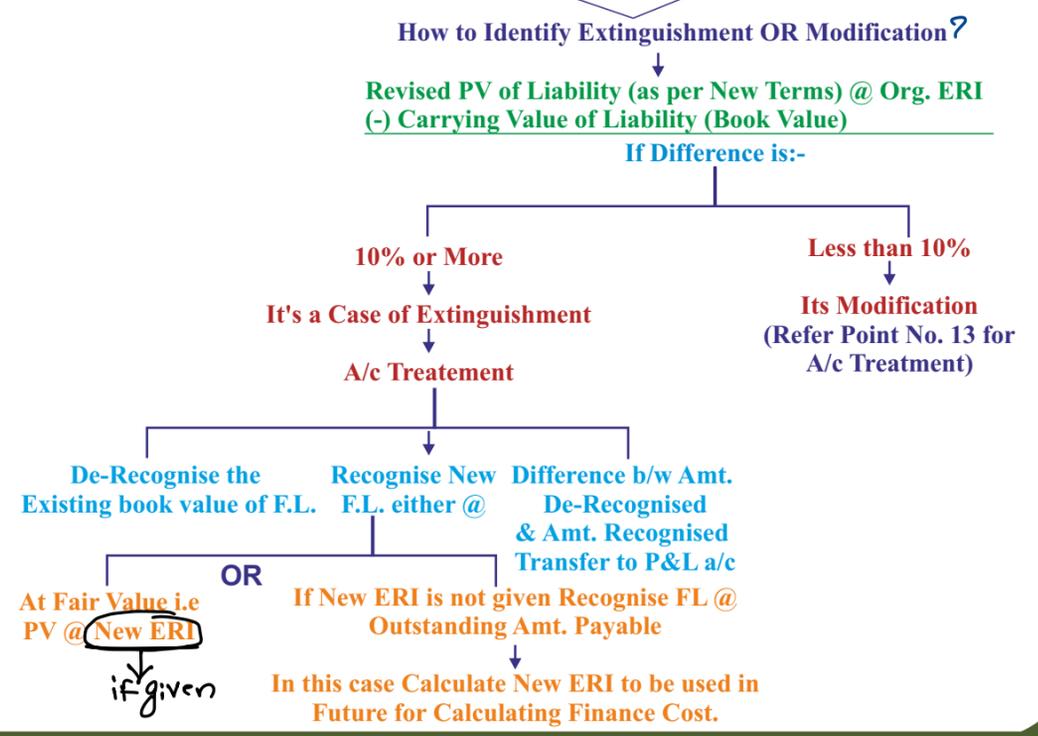


13 A/c Treatment of Modification

- No De-Recognition of Existing Book Value of F.L.
- Existing book value shall be adjusted by applying any one of following Two approaches:-



(Approach - 2 is more preferable)



FINANCIAL INSTRUMENTS

C DERIVATIVES

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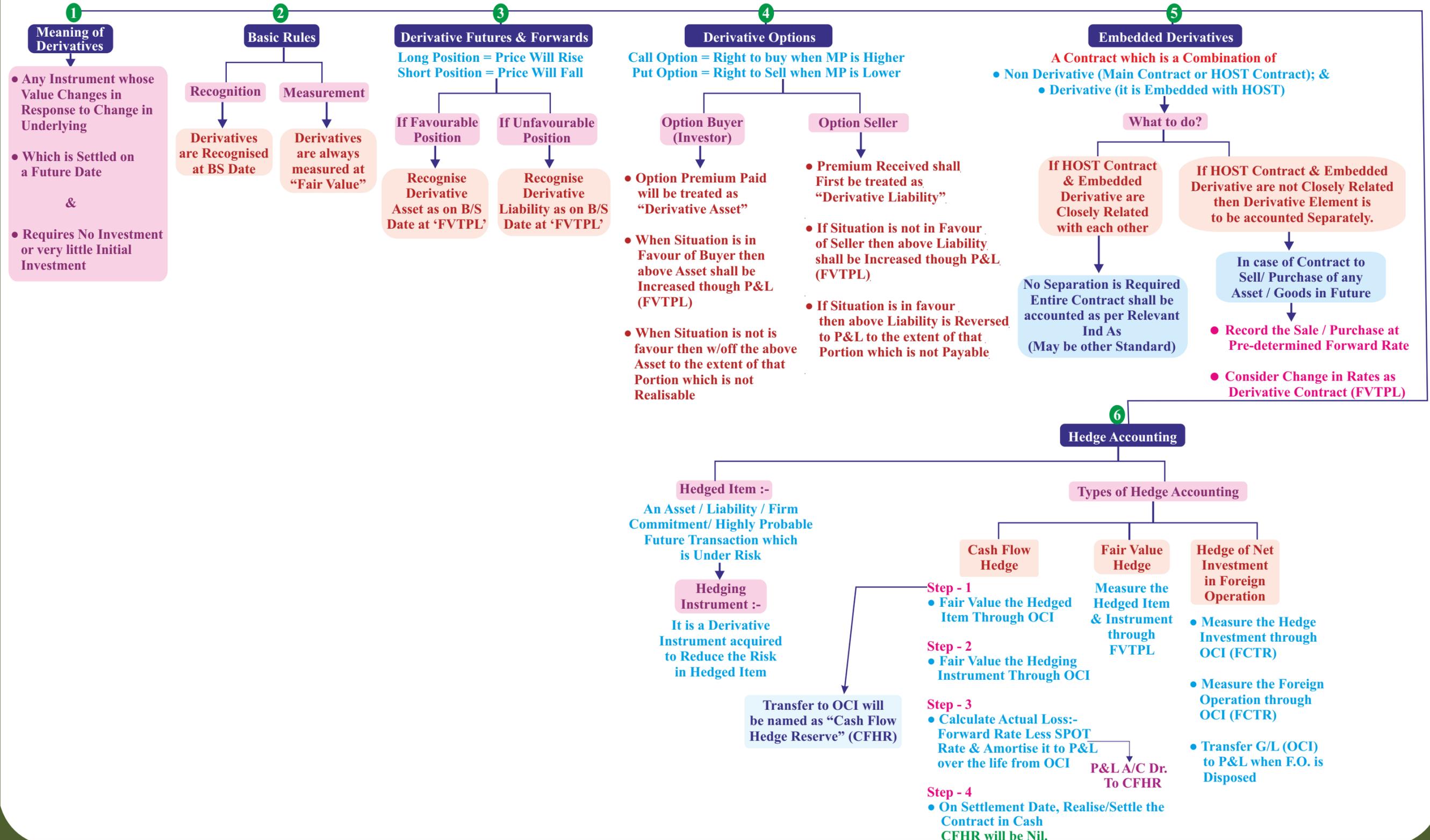
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FINANCIAL INSTRUMENTS

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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

From AMORTISED COST (AMC)

From FVTPL

From FVTOCI

To FVTPL

To FVTOCI

To AMC

To FVTOCI

To AMC

To FVTPL

Re-Measurement of C.A.

FV as on Date of Reclassification

Gain/Loss

Transferred to P/L

ERI

NA

Re-Measurement of C.A.

FV as on Date of Reclassification

Gain/Loss

Transferred to OCI

ERI

No Change, Continue with Same ERI for Calculation of Annual Income.

Re-Measurement of C.A.

FV as on Date of Reclassification & same will be treated as Amortised Cost further under AMC.

Gain/Loss

Recognise in P/L

ERI

Revised ERI is to be computed based on Revised Carrying Amount.

Re-Measurement of C.A.

FV as on Date of Re-classification

Gain/Loss

Transferred to P&L

ERI

NA

Re-Measurement of C.A.

FV as on Date of Reclassification & Charged to OCI. Now, Accumulated OCI Bal. as on Date of Reclassification is Reversed through F.A. as a Result F.A. is continued at original Cost.

Gain Loss

No Gain / Loss

ERI

No Adjustment Change

Re-Measurement of C.A.

Same Fair Value shall be Continued

Gain/Loss

Commulative Gain/loss (OCI) as on Date of Reclassification Transf. to P&L

ERI

NA

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)

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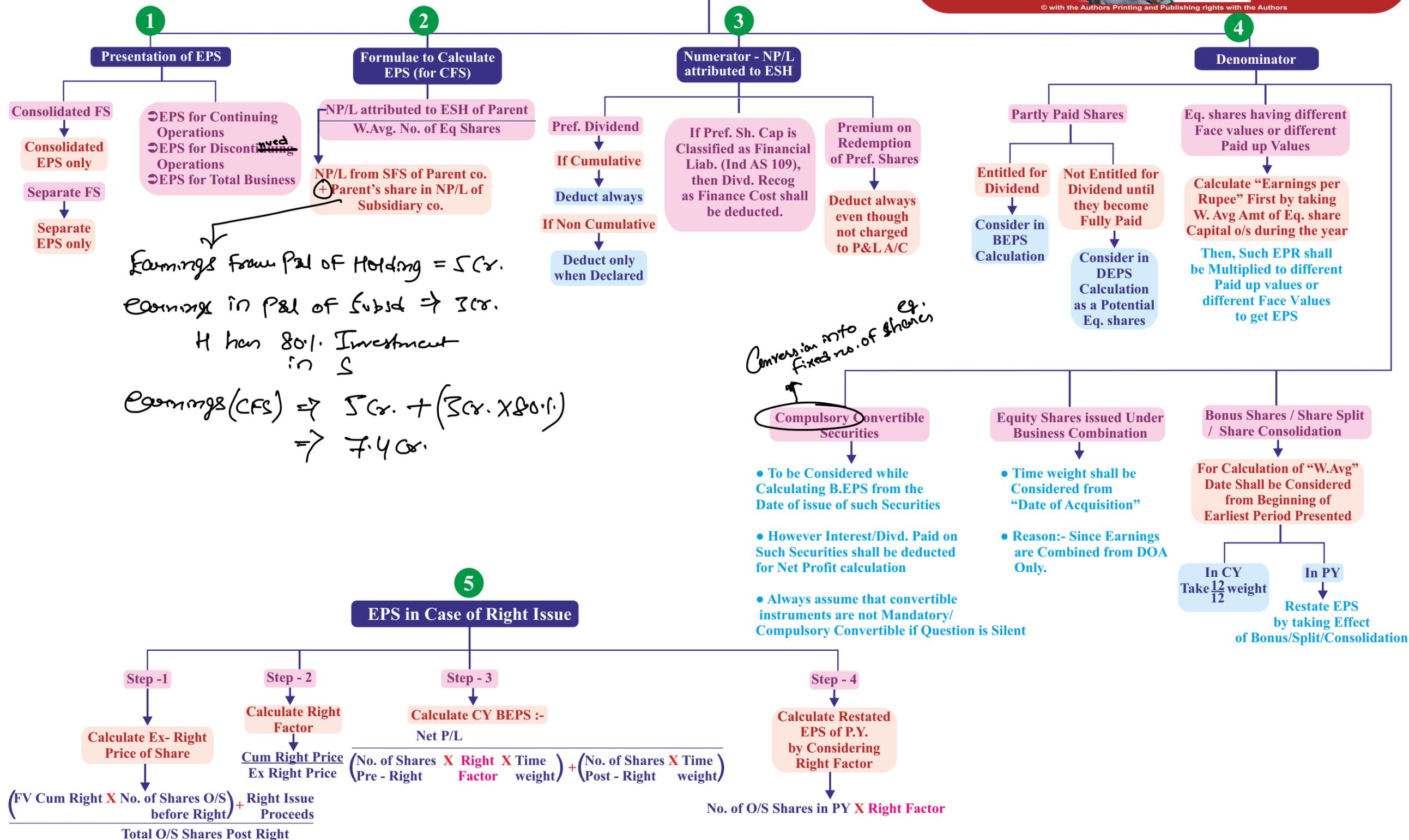
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IND AS 33 - EARNINGS PER SHARE (EPS)

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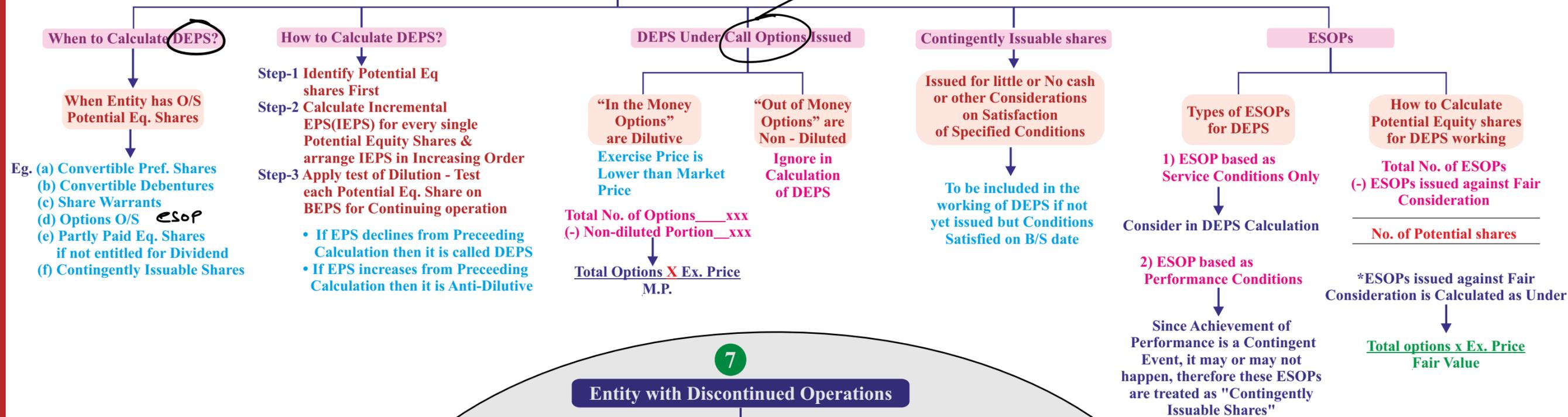
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6

Diluted EPS



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.

Shortcut

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

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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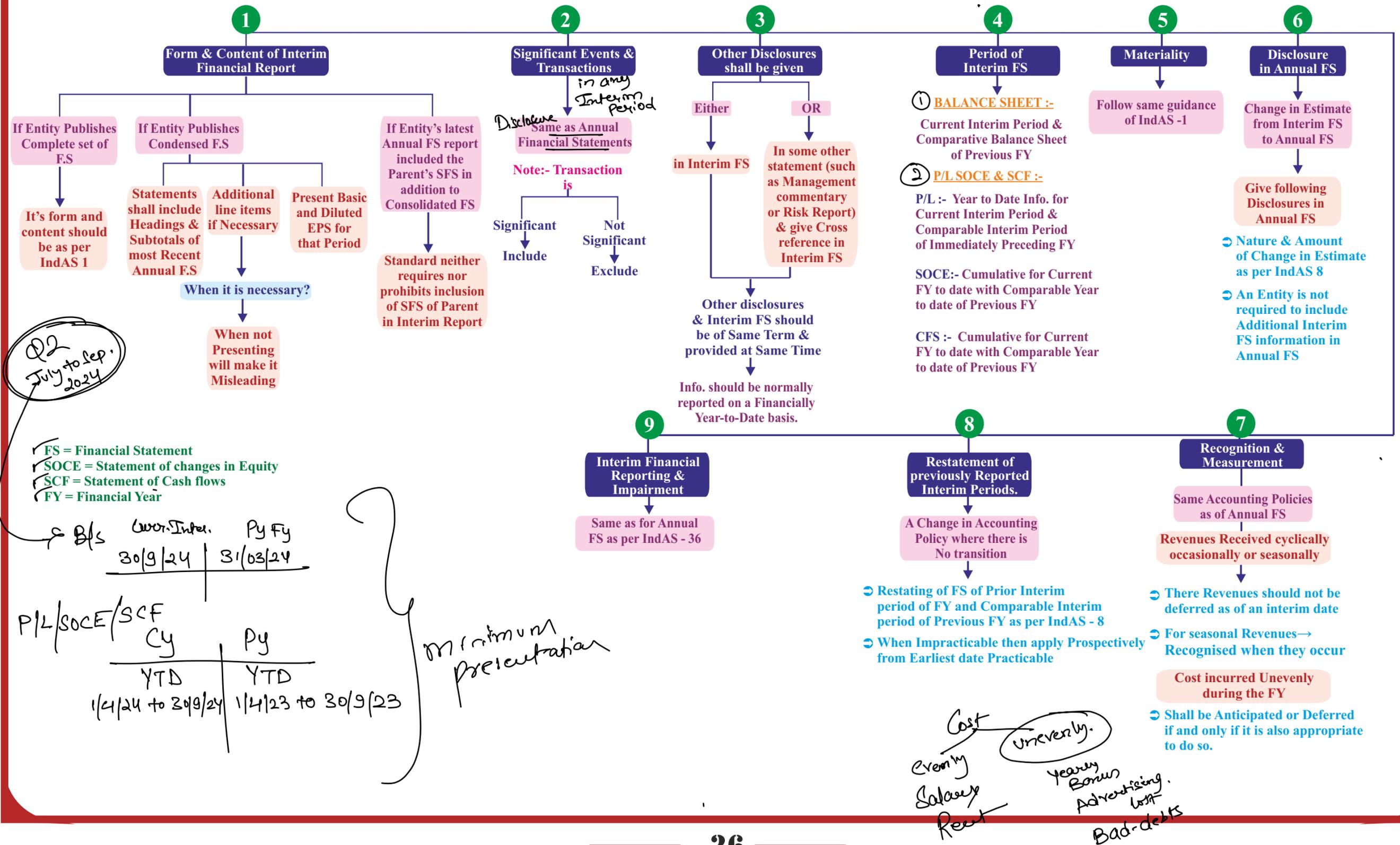
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Q2 July to Sep. 2024

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

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 Salary Recd
 Yearly Bonus Advertising. loss
 Bad-debts

		P/L		Q2 (July to Sep 2024)
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

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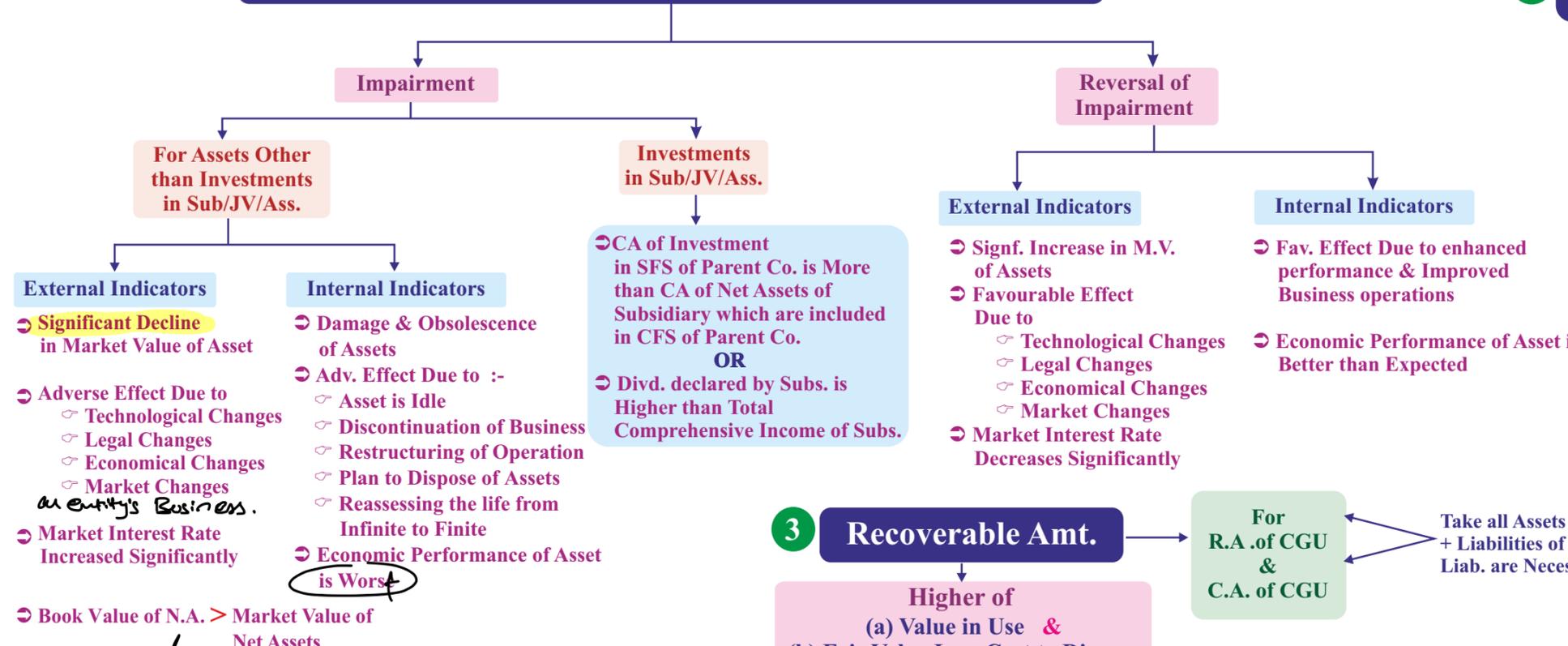
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1

Indications of Impairment & Indications of Reversal



External Indicators

- Significant Decline in Market Value of Asset
- Adverse Effect Due to
 - Technological Changes
 - Legal Changes
 - Economical Changes
 - Market Changes
 at entity's Business.
- 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 Worst

Investments in Sub/JV/Ass.
 CA of Investment in SFS of Parent Co. is More than CA of Net Assets of Subsidiary which are included in CFS of Parent Co.
 OR
 Divd. declared by Subs. is Higher than Total Comprehensive Income of Subs.

External Indicators

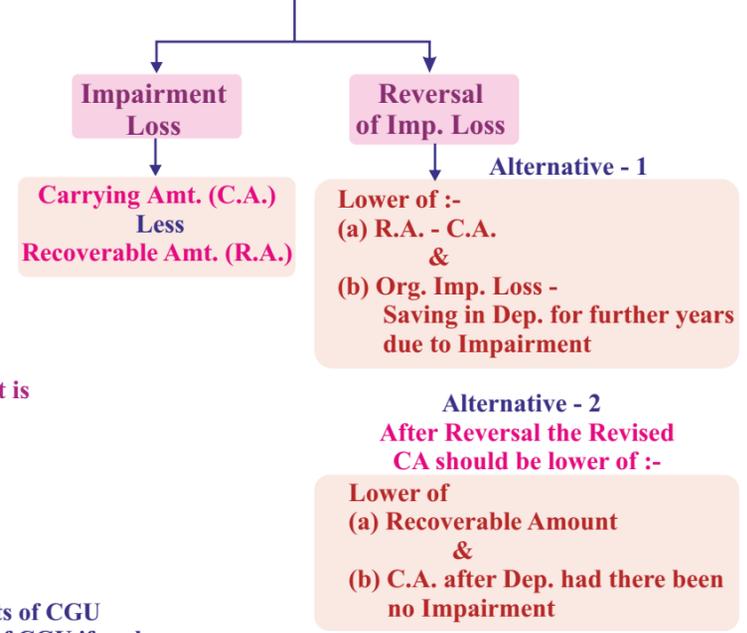
- Signf. Increase in M.V. of Assets
- Favourable Effect Due to
 - Technological Changes
 - Legal Changes
 - Economical Changes
 - Market Changes
- Market Interest Rate Decreases Significantly

Internal Indicators

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

2

How to Calculate Impairment Loss & its Reversal



3

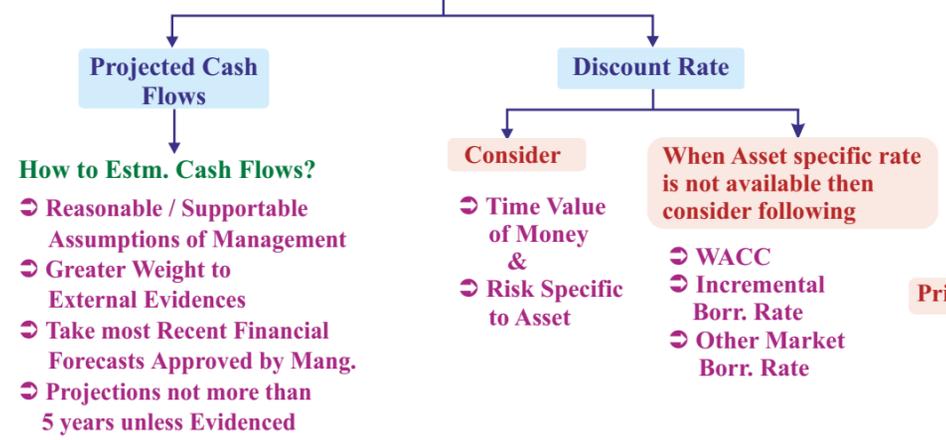
Recoverable Amt.

Higher of
 (a) Value in Use &
 (b) Fair Value Less Cost to Dispose

For R.A. of CGU & C.A. of CGU

Take all Assets of CGU + Liabilities of CGU if such Liab. are Necessary Part of CGU

Value in Use depends on -



How to Estm. Cash Flows?

- Reasonable / Supportable Assumptions of Management
- Greater Weight to External Evidences
- Take most Recent Financial Forecasts Approved by Mang.
- Projections not more than 5 years unless Evidenced

Consider

- Time Value of Money &
- Risk Specific to Asset

When Asset specific rate is not available then consider following

- WACC
- Incremental Borr. Rate
- Other Market Borr. Rate

How to Estimate Fair Value Less Cost to Dispose



IND AS 36 - IMPAIRMENT

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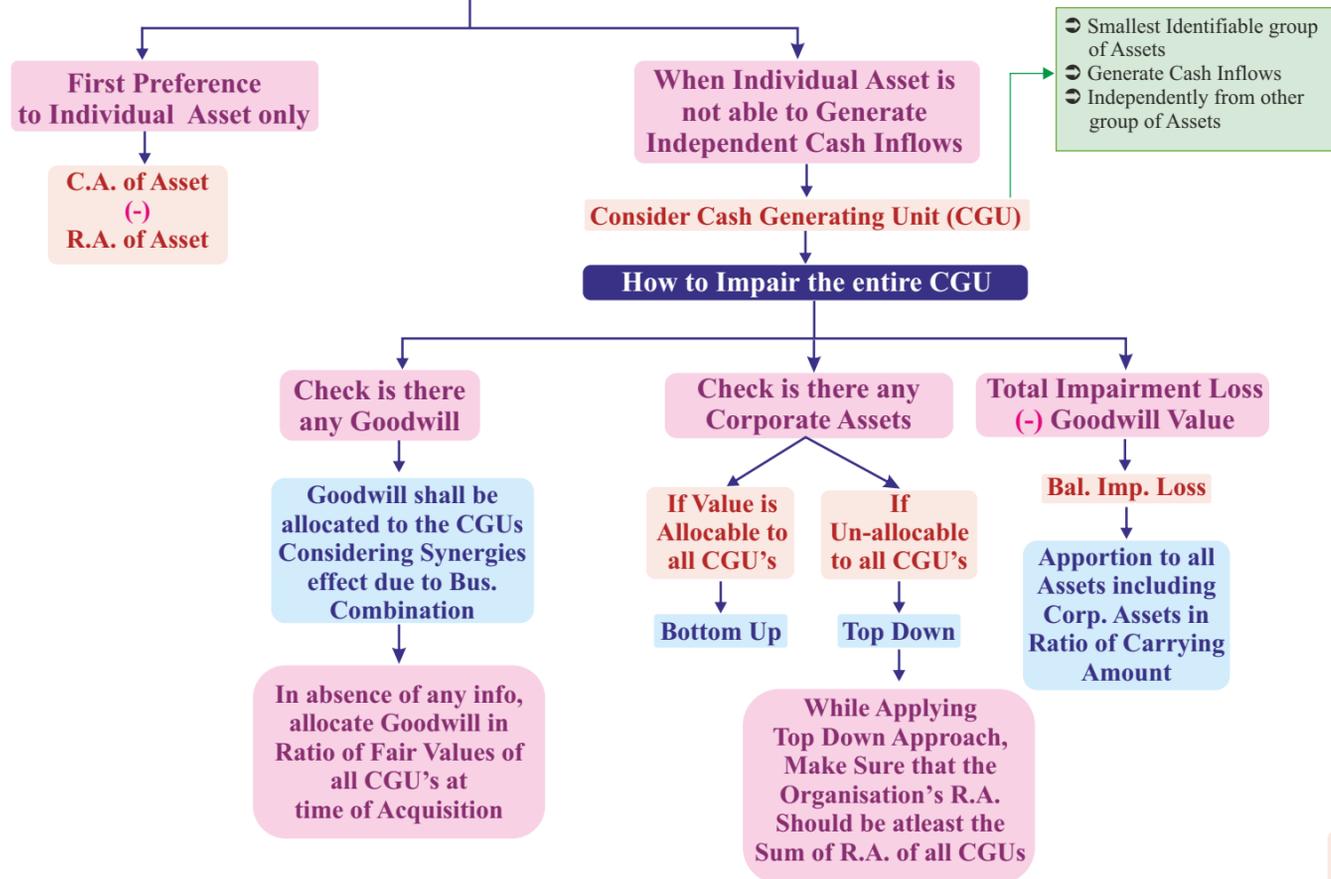
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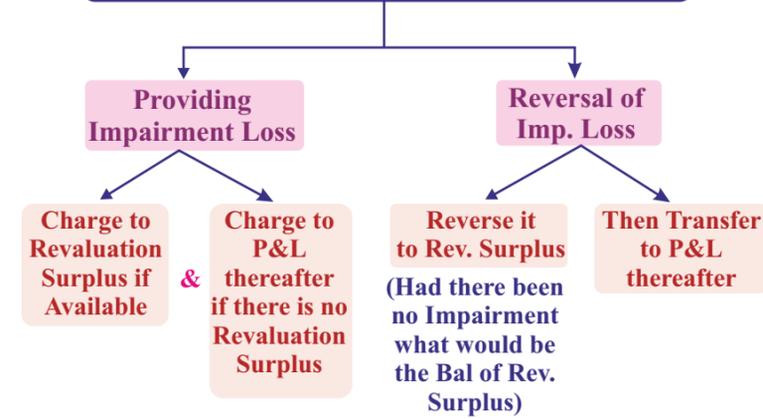
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Impairment Testing



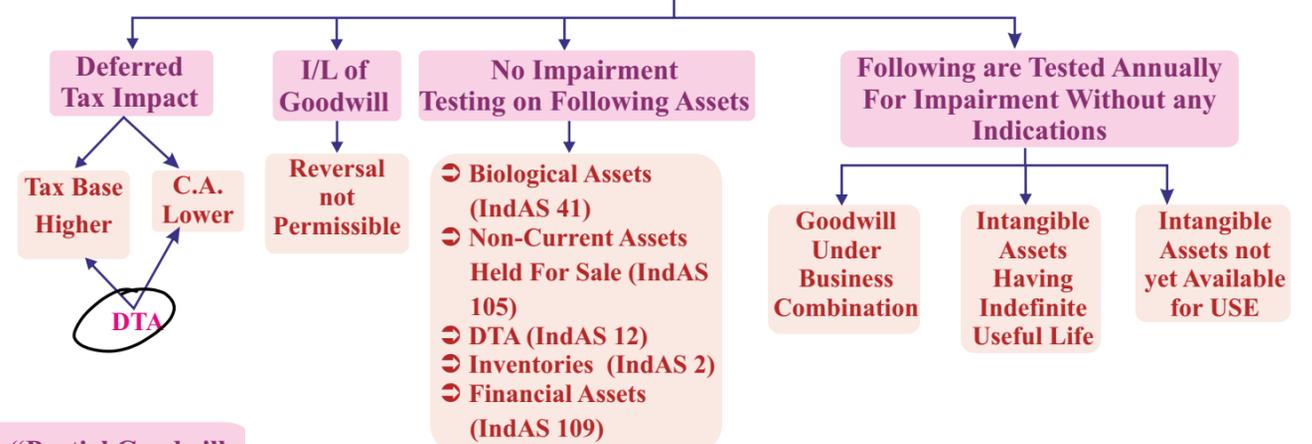
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Treatment of Impairment Loss



7

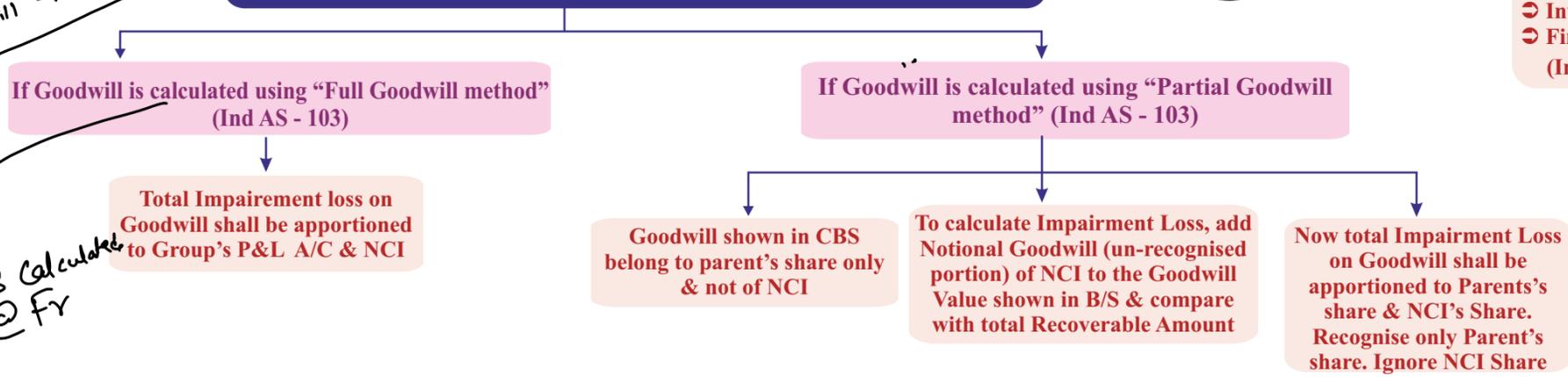
Misc. Provisions



6

Goodwill Impairment Testing - Impact on NCI

CA + Goodwill
 IRA
 Partial Goodwill + Notional Goodwill (Net)
 NCI is Calculated @ Fr



INDAS 37 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

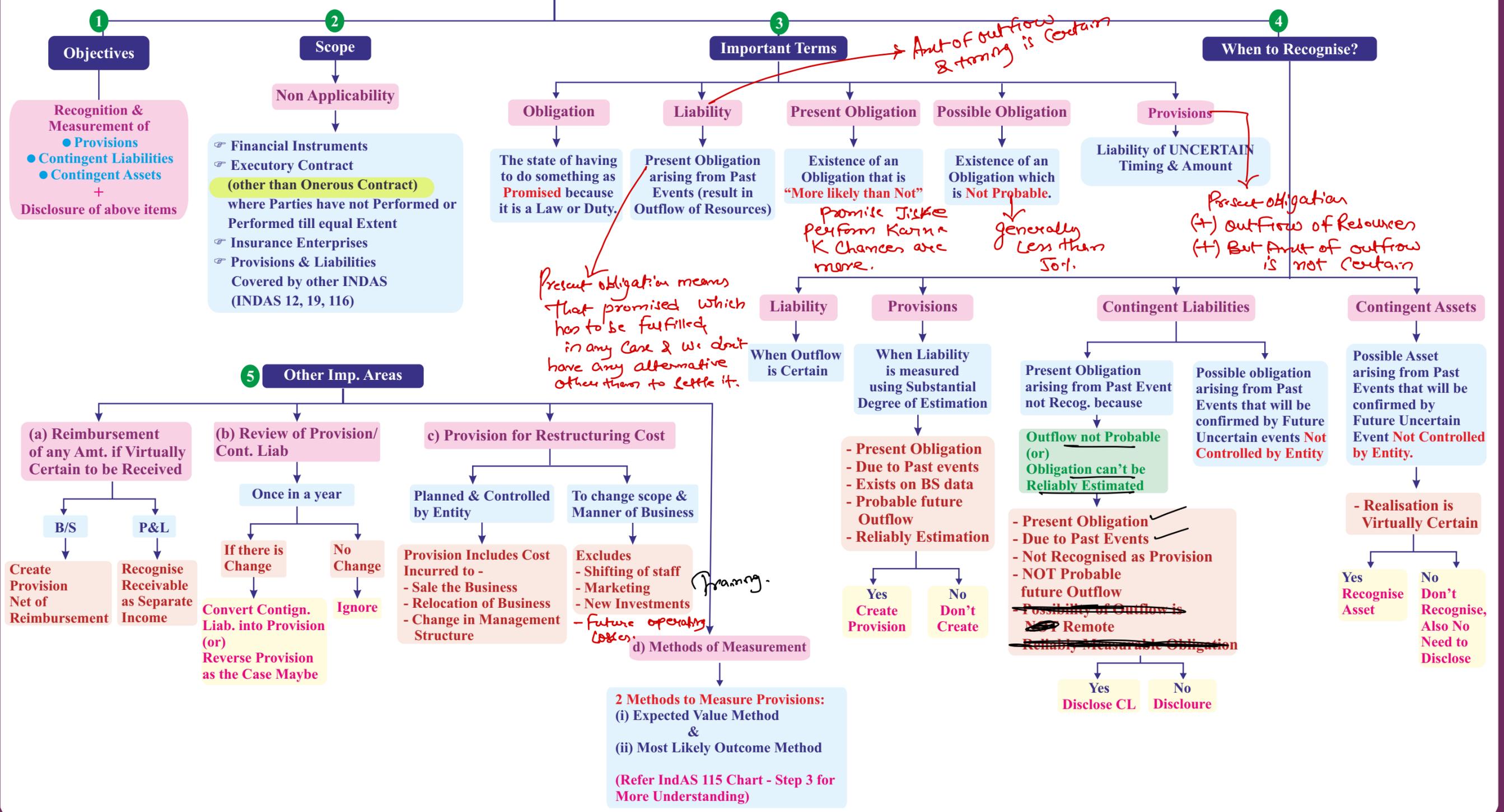
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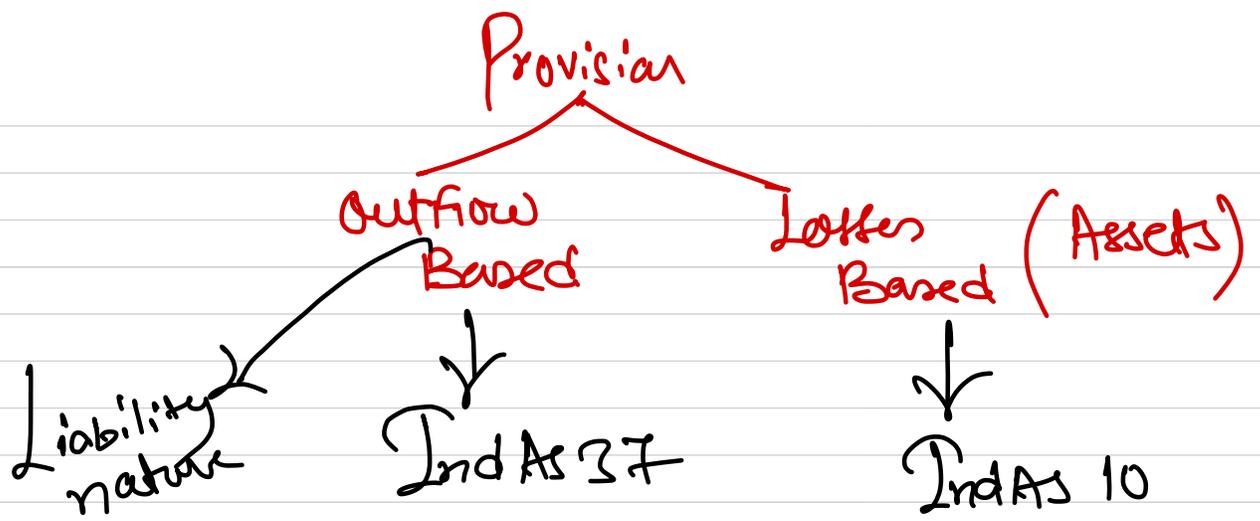
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Provisions

Which cannot be reasonably estimated are

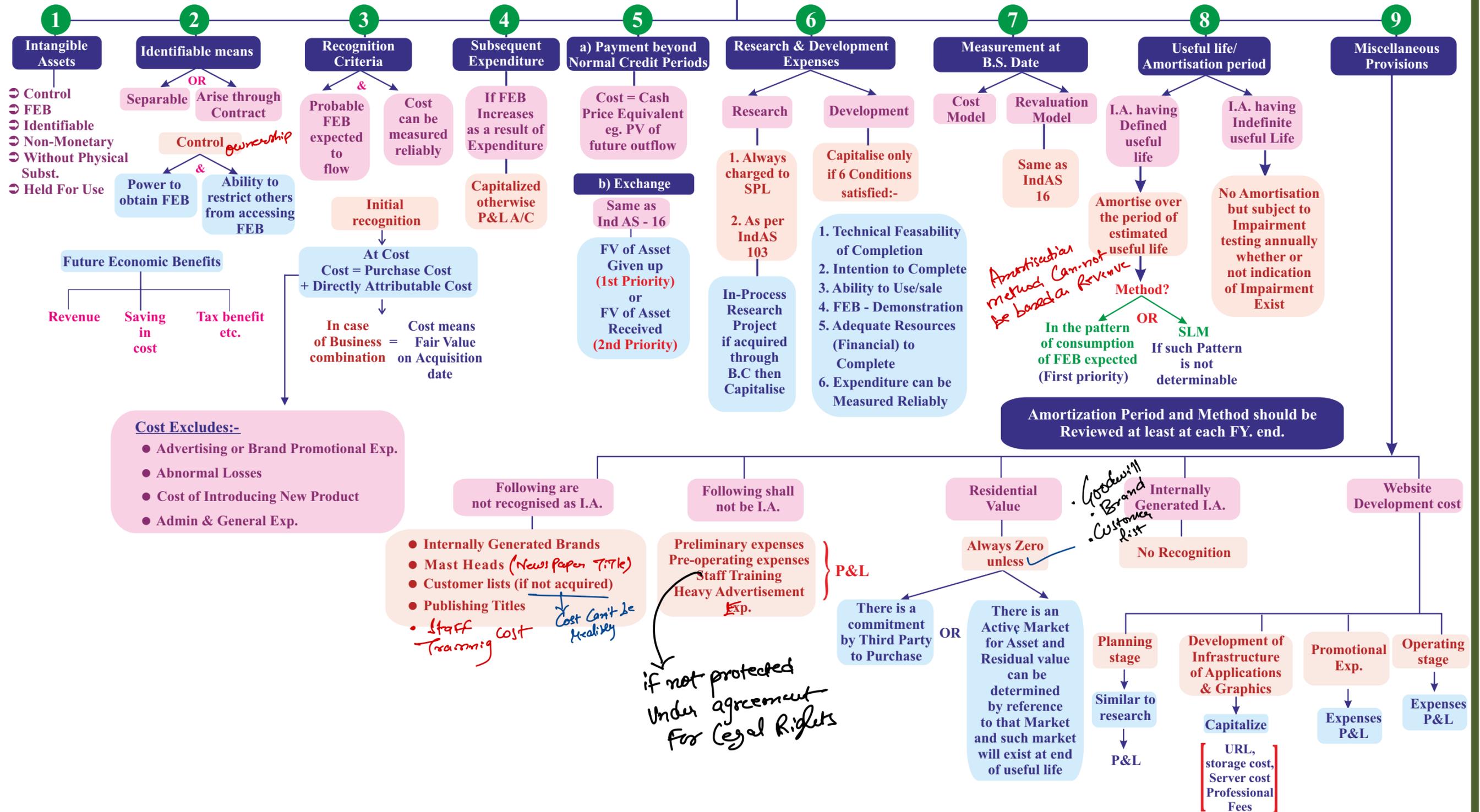
Disclosed as Cont. Liab.

INDAS 38 - INTANGIBLE ASSETS


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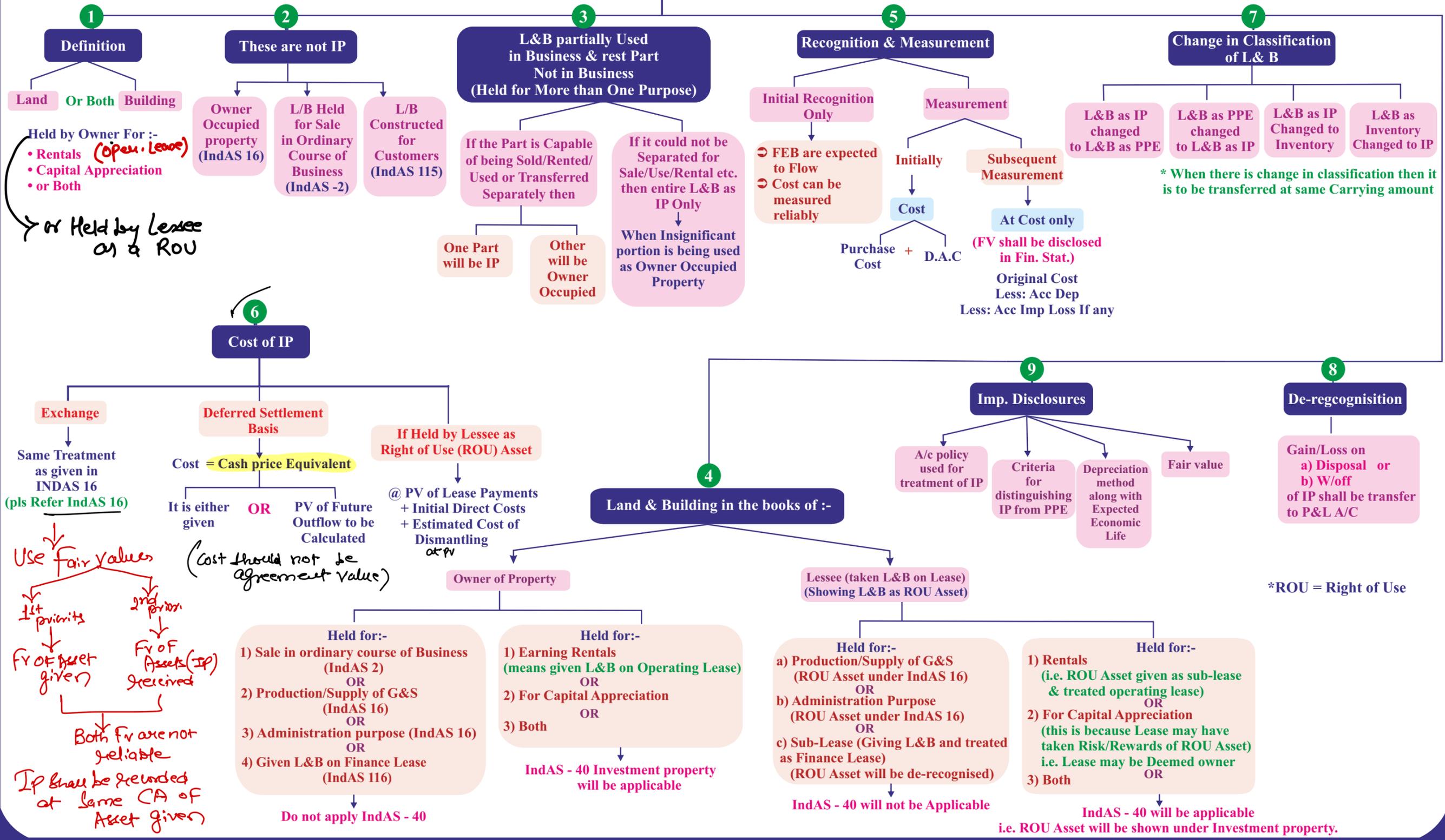
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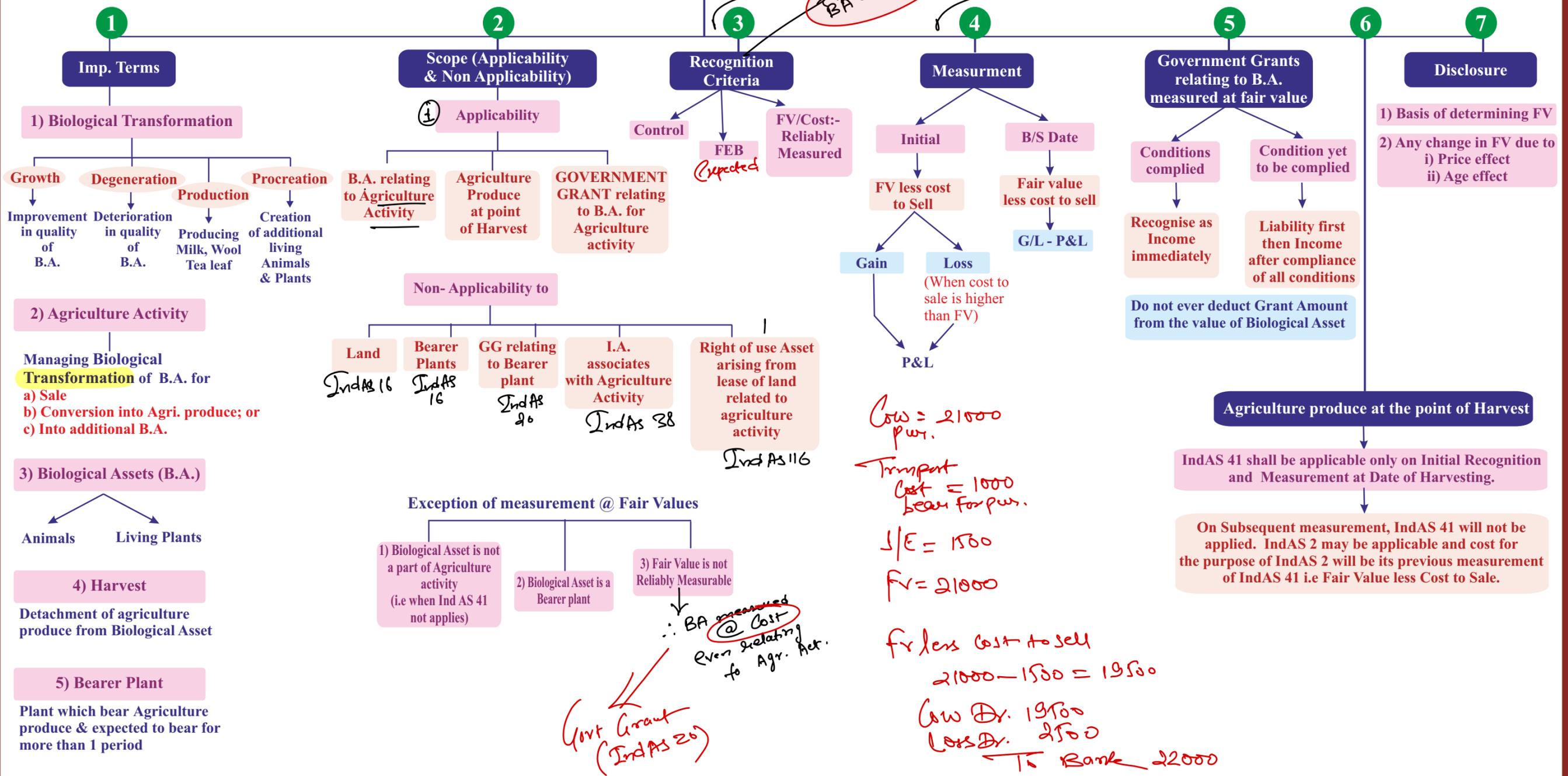


INDAS 41 - AGRICULTURE

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INDAS 101 - FIRST TIME ADOPTION OF INDAS

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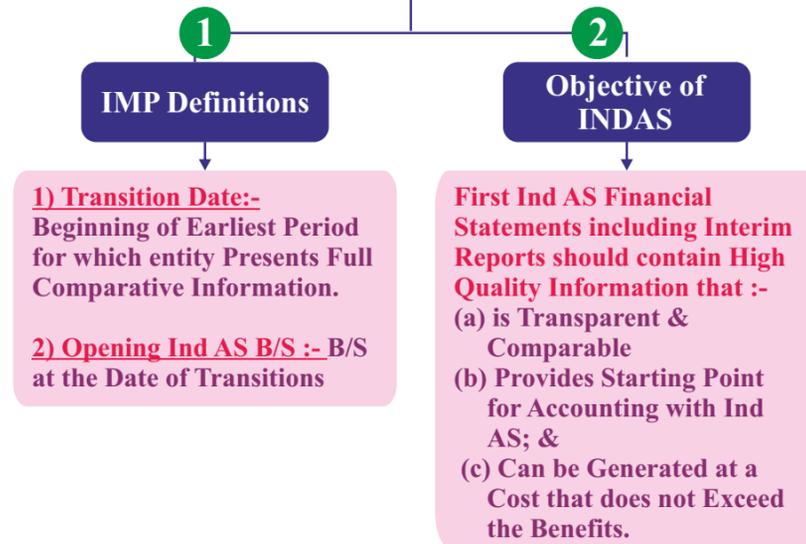
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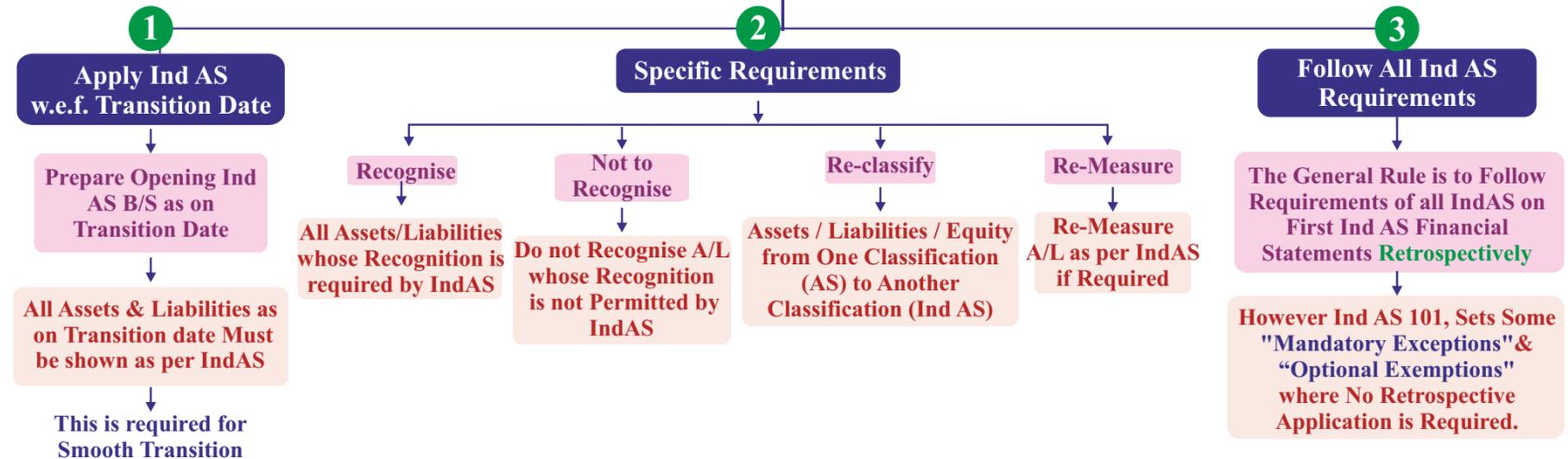
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A Basics



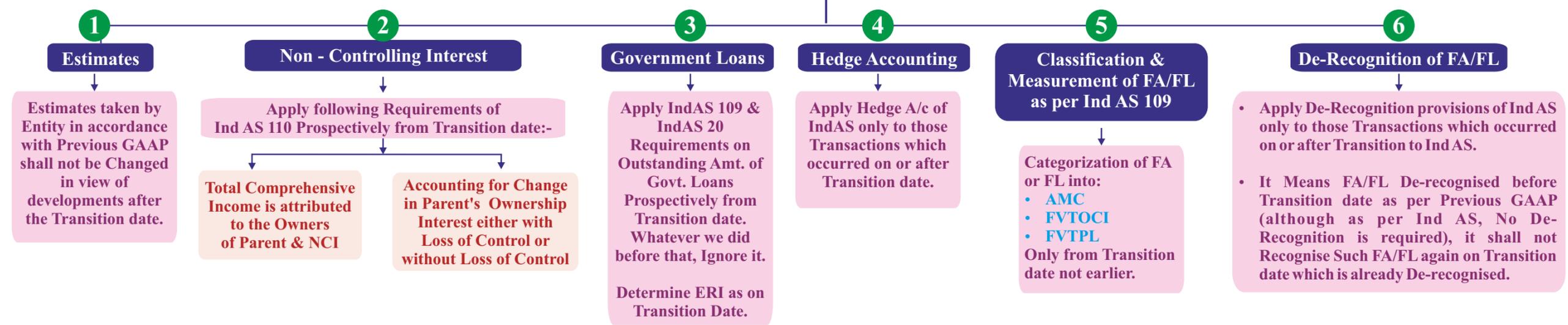
Note :- Ind AS 101 Applies when an Entity Adopts Ind AS for the First Time by an "Explicit and Un-reserved" Statement of Compliance

B Process of First Time Adoption of Ind AS



C Mandatory Exceptions

Exceptions from Applying Specific Ind AS Transitional Provisions.



INDAS 101 - FIRST TIME ADOPTION OF INDAS

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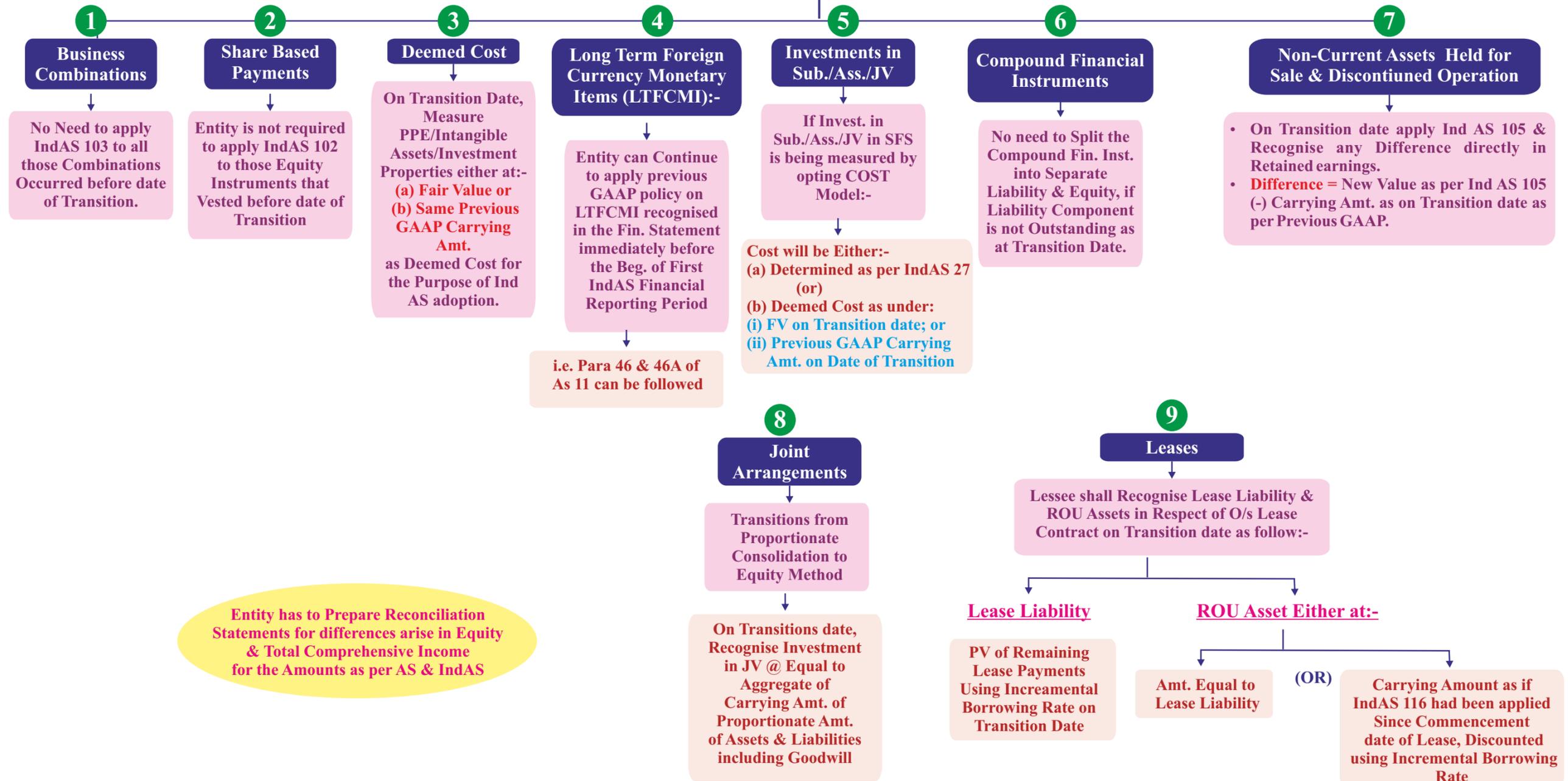
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D Optional Exemptions

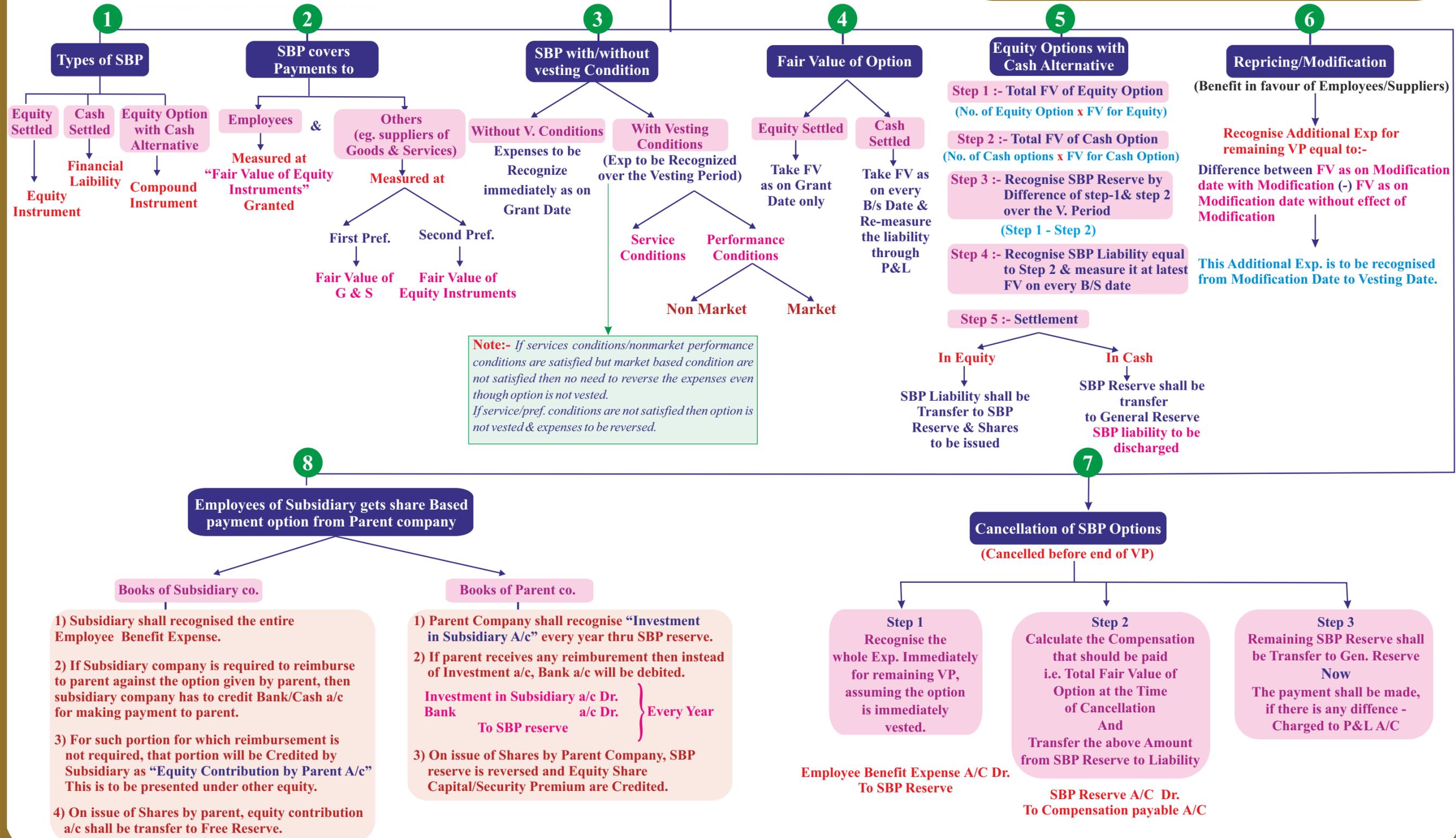
Exemptions from applying Retrospective requirements of Ind AS.



INDAS 102 - SHARE BASED PAYMENTS (SBP)

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IND AS 27 - SEPARATE FINANCIAL STATEMENTS (SFS)

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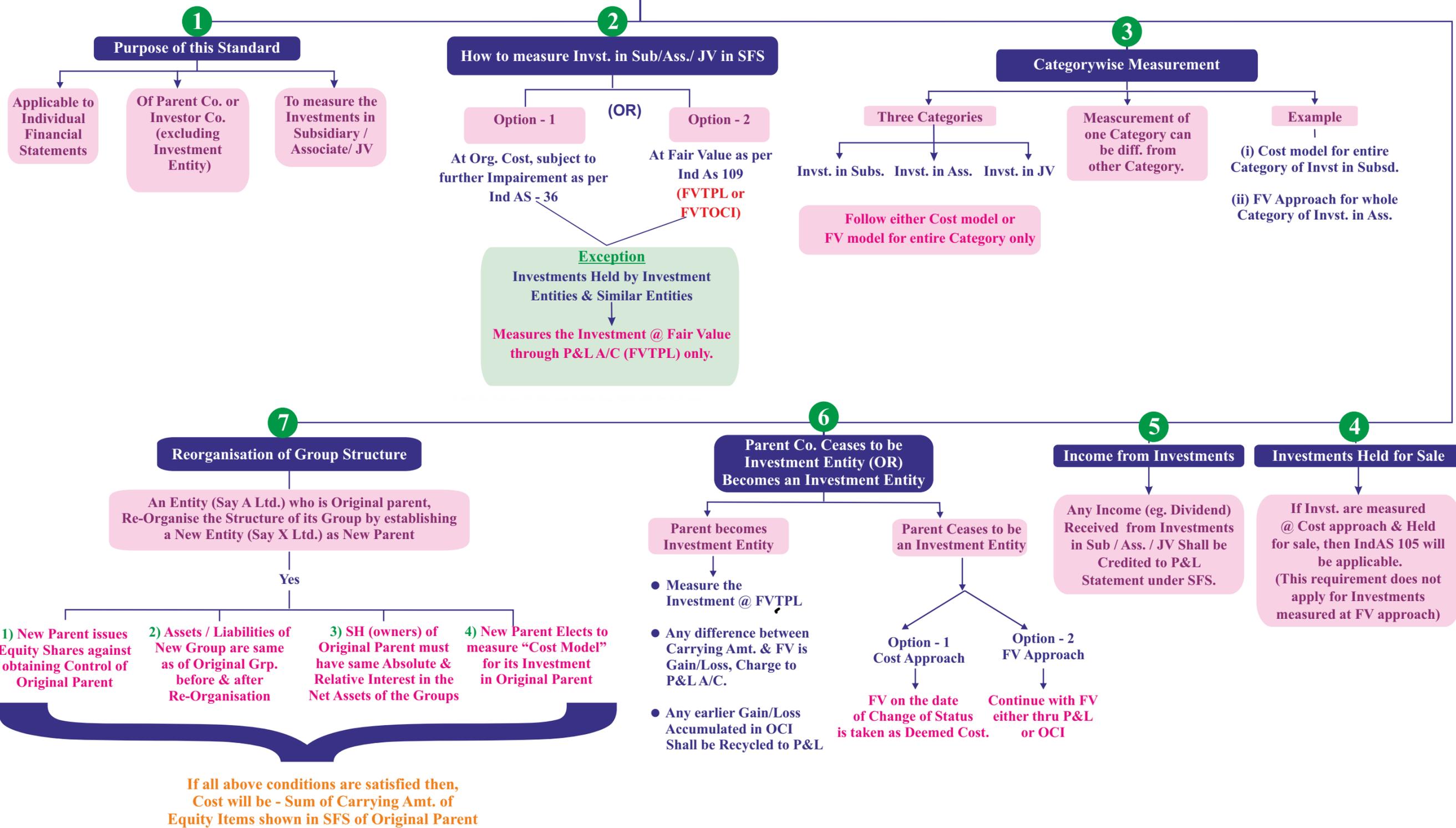


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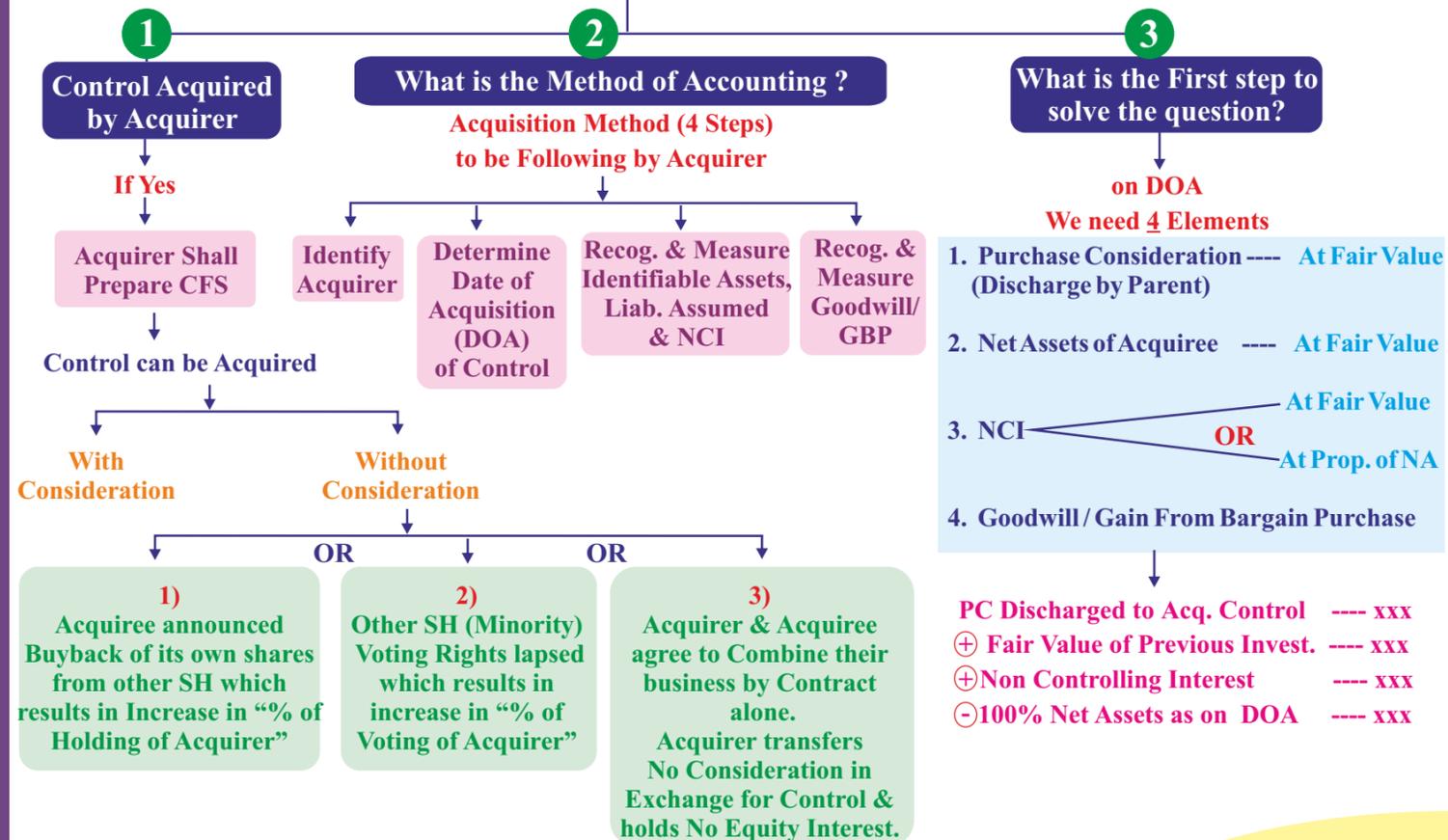
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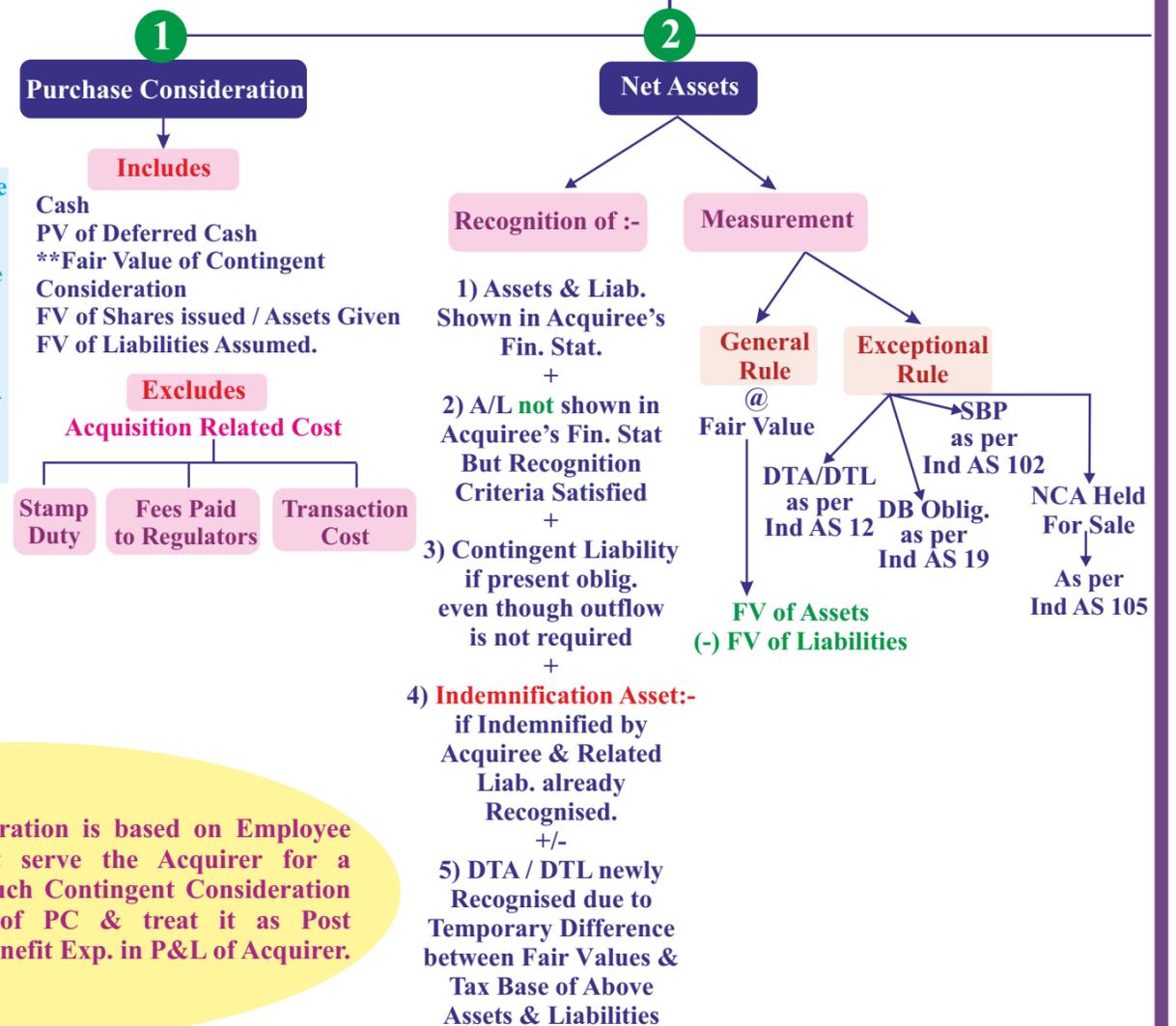
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A Basics



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.

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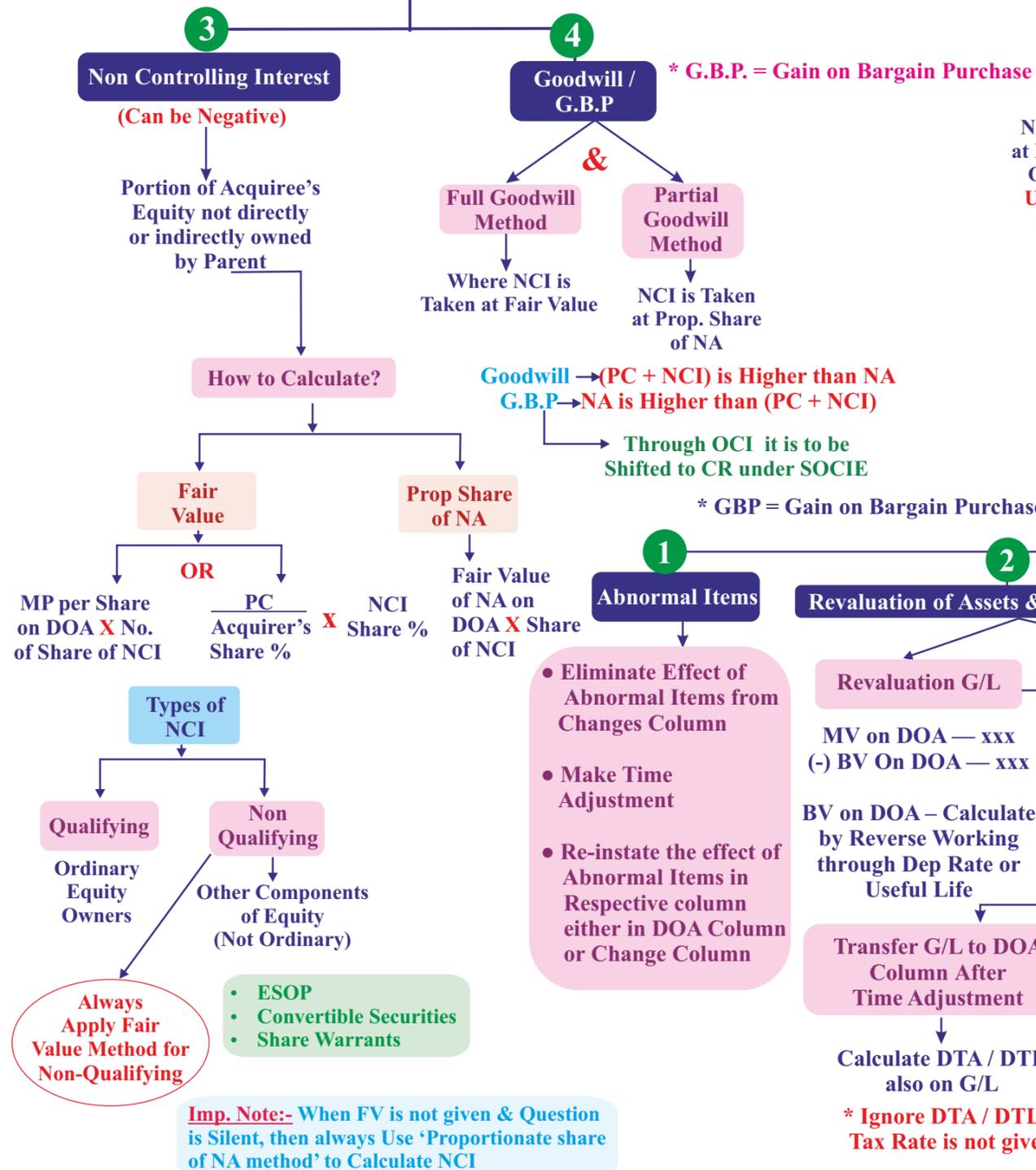
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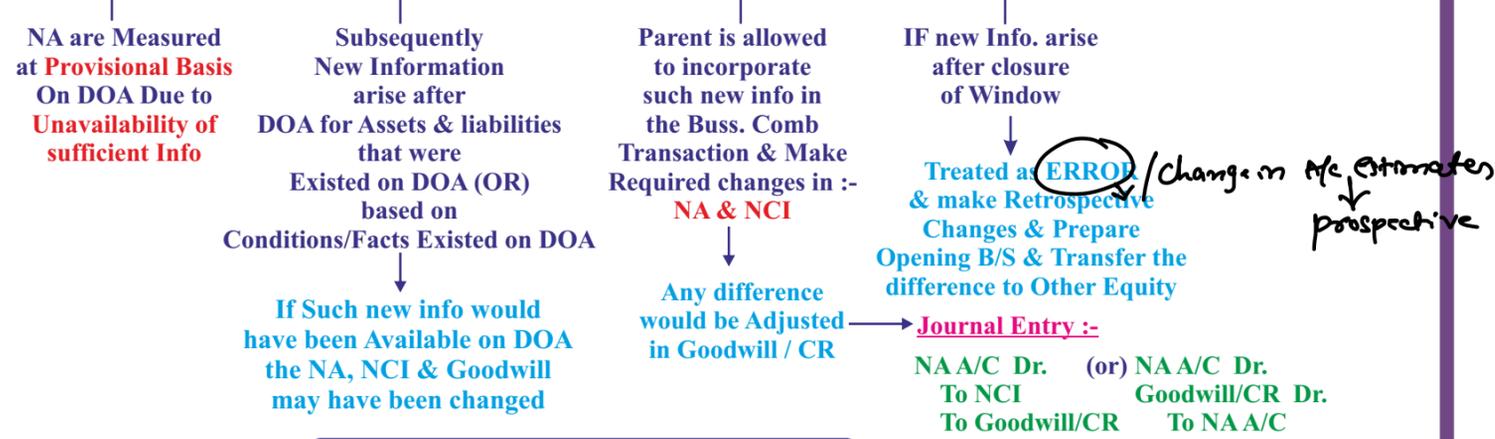
Four Elements as on DOA

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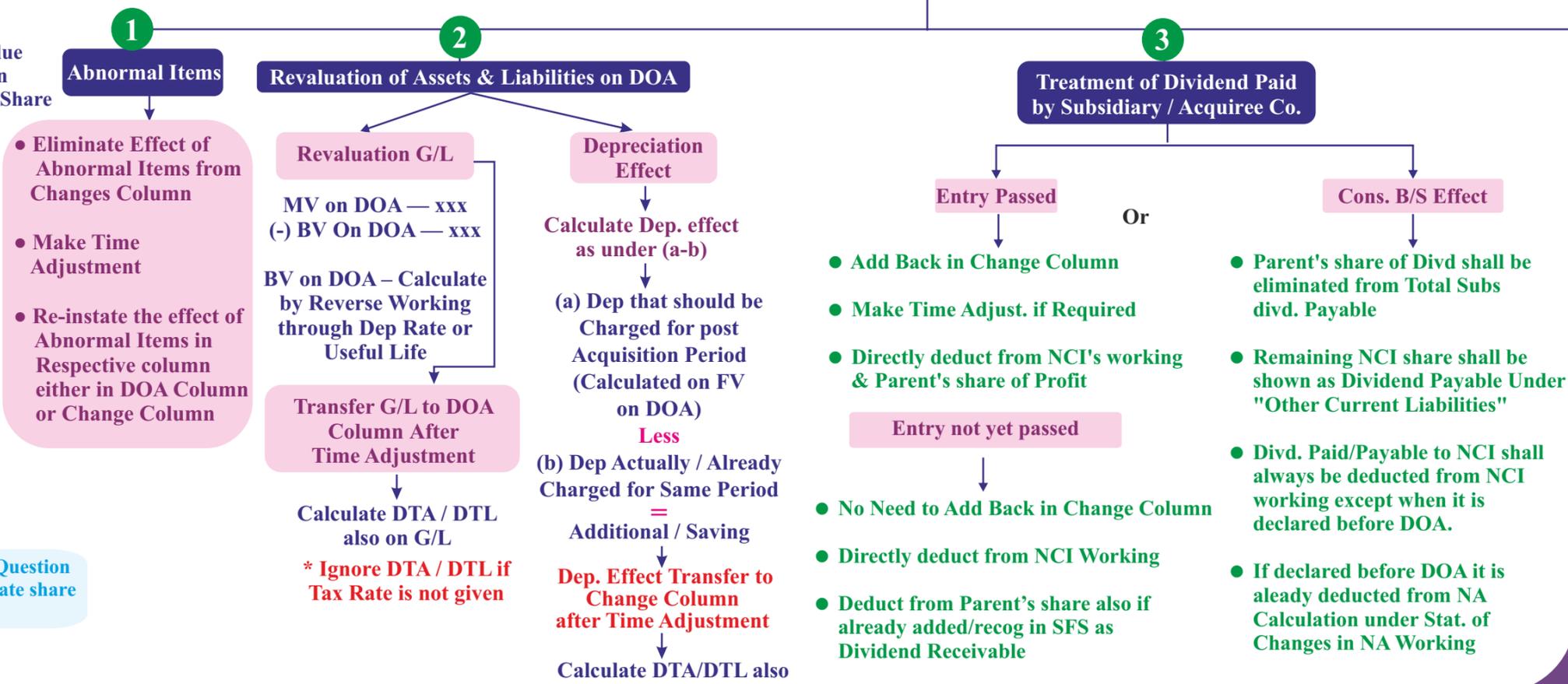


C Measurement Period Window

(Max. Period 12m)



D Special Adjustments



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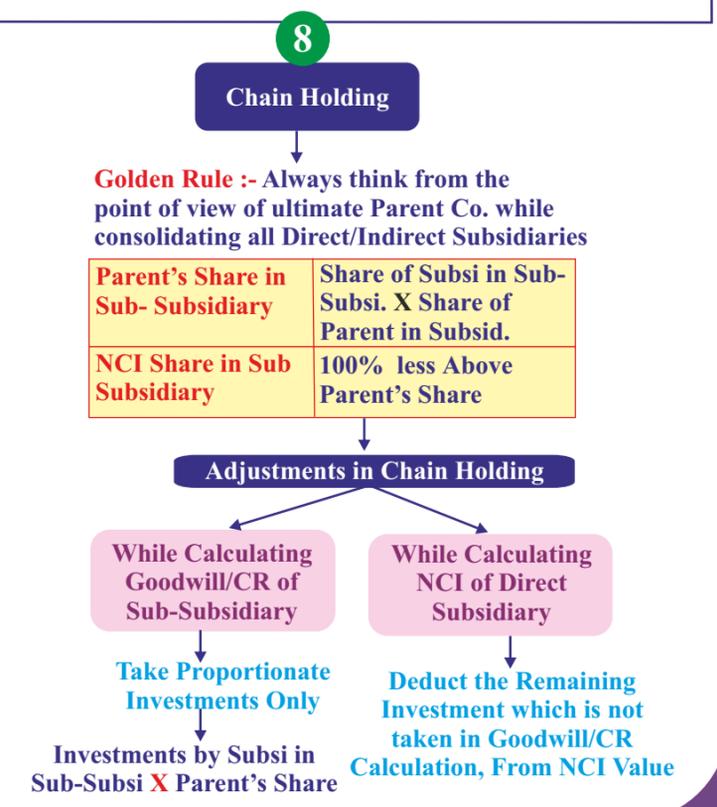
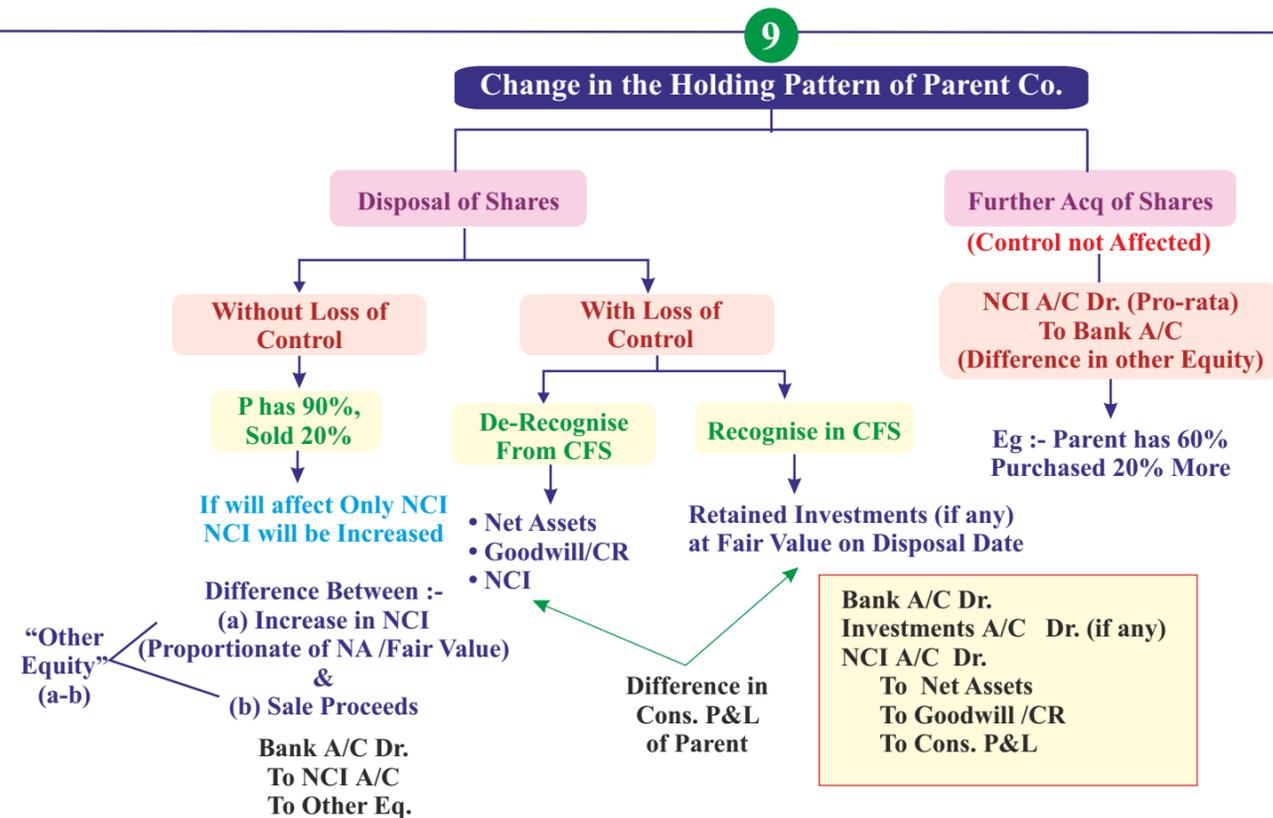
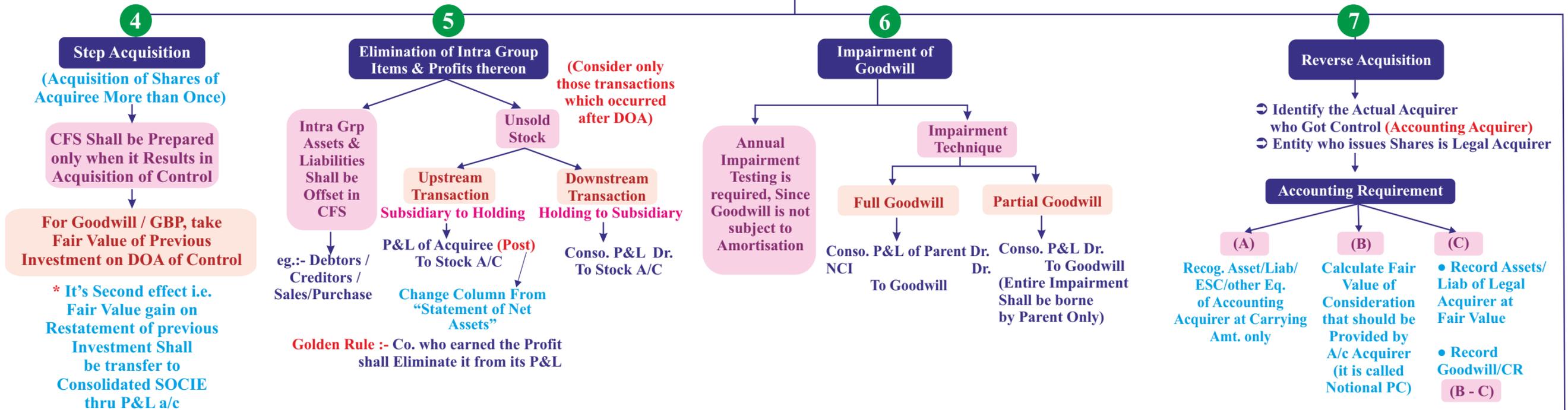
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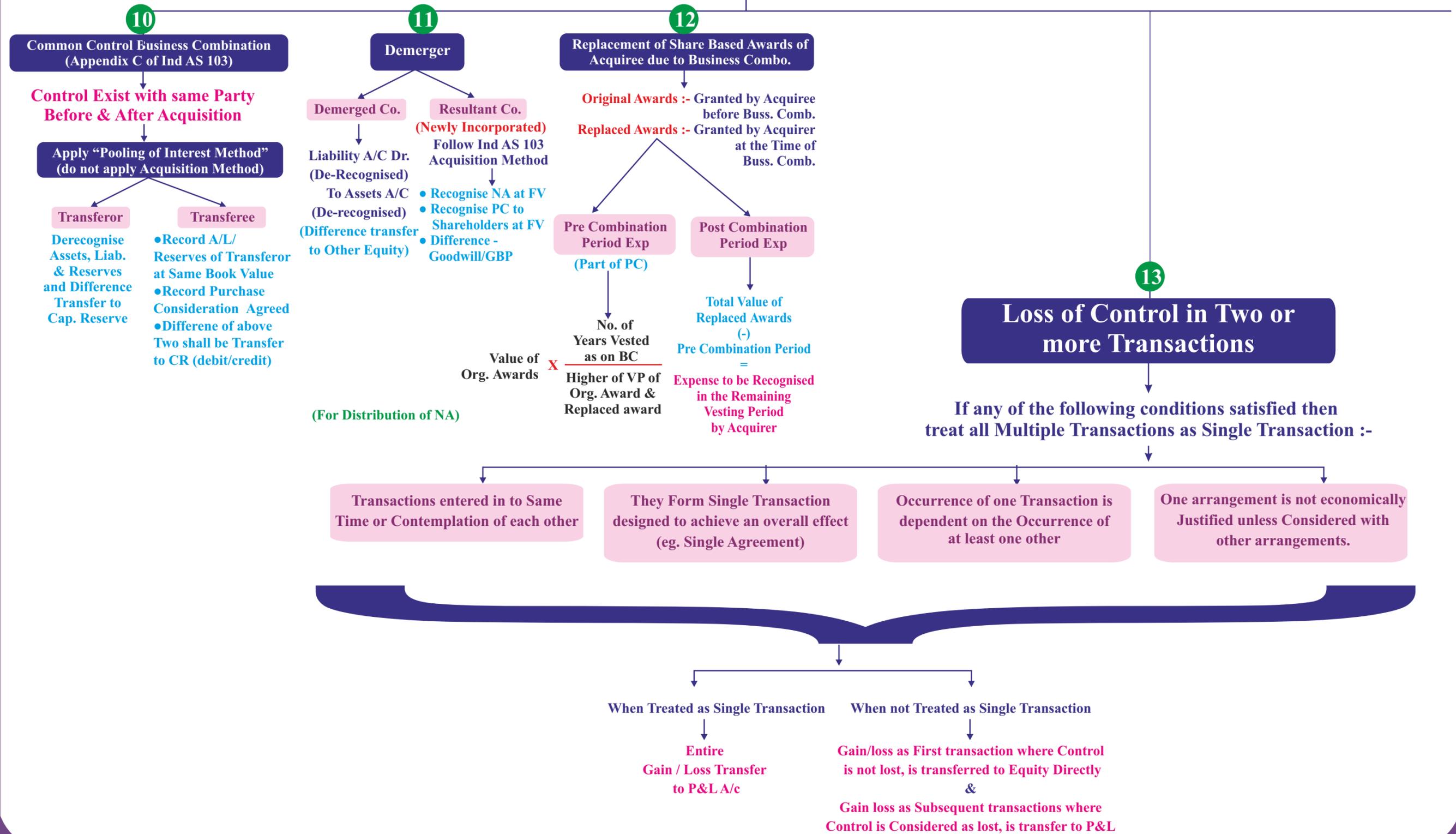
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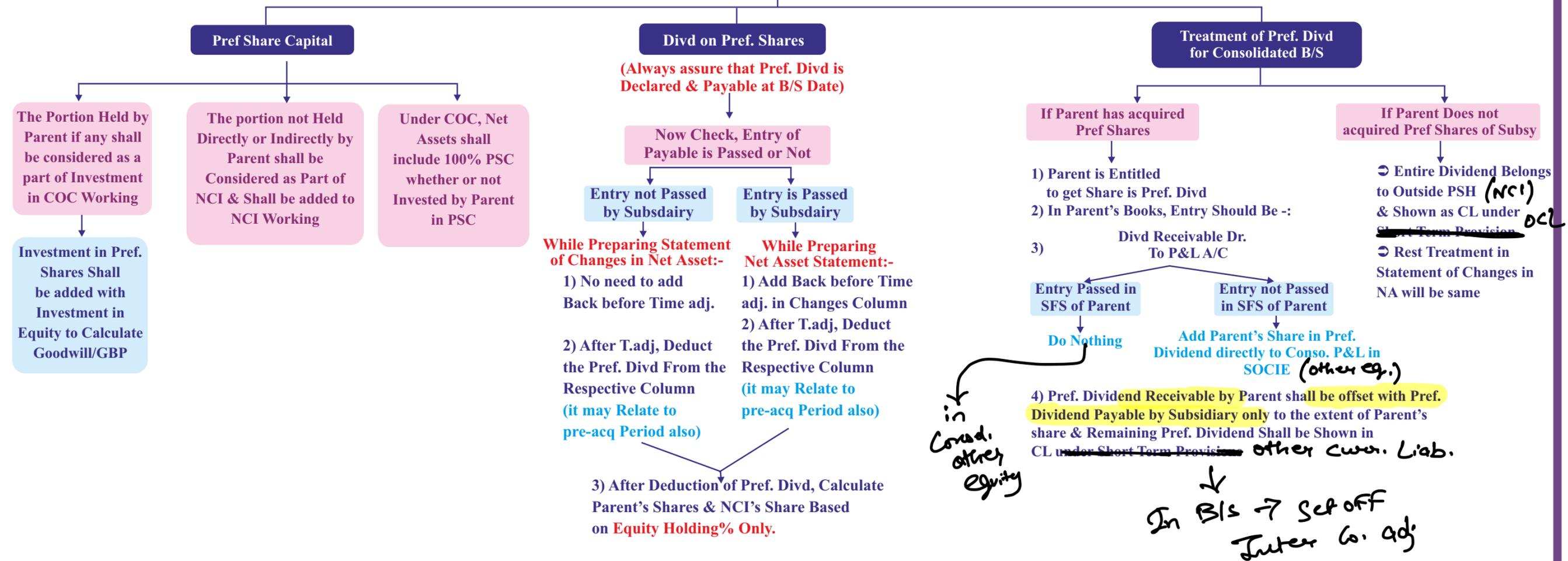
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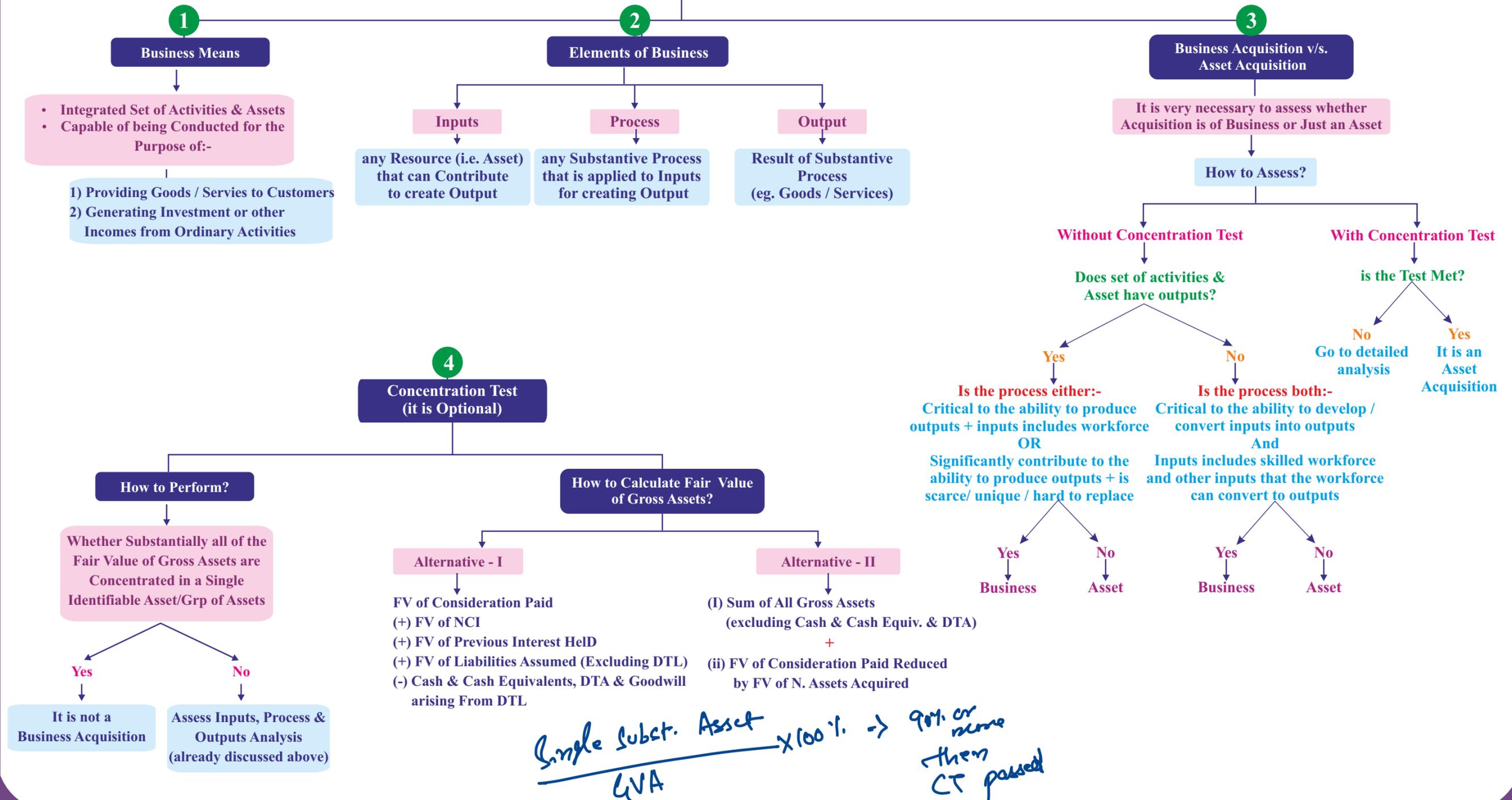
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E Business & Business Combination



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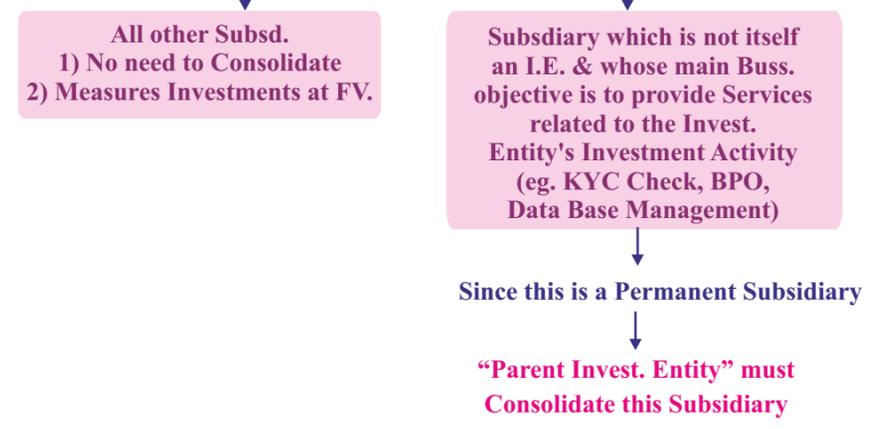
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F Investing Entities (I.E.)

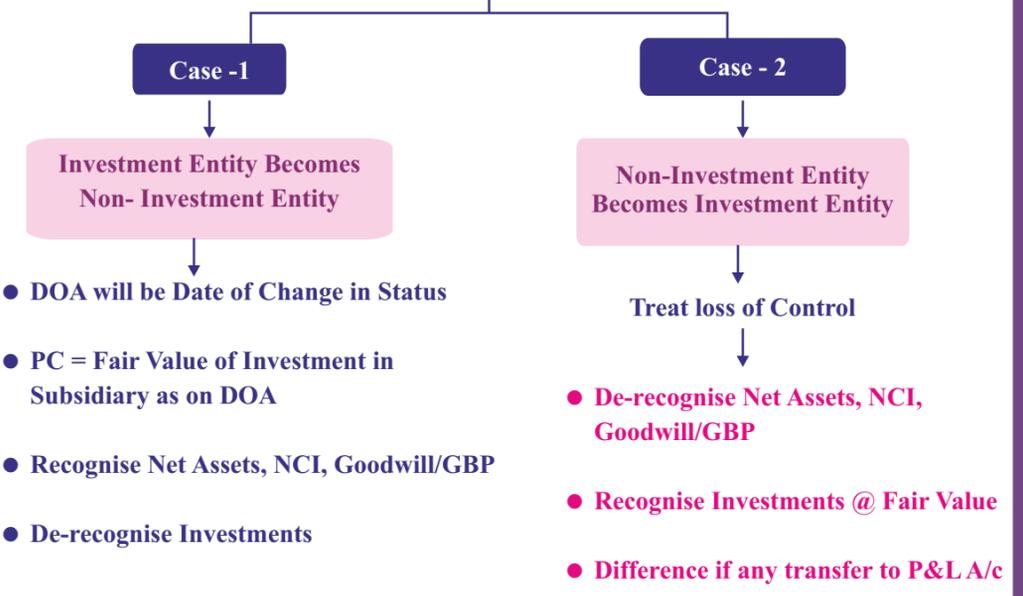


FOLLOWING ARE CHARACTERISTICS:

- 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"

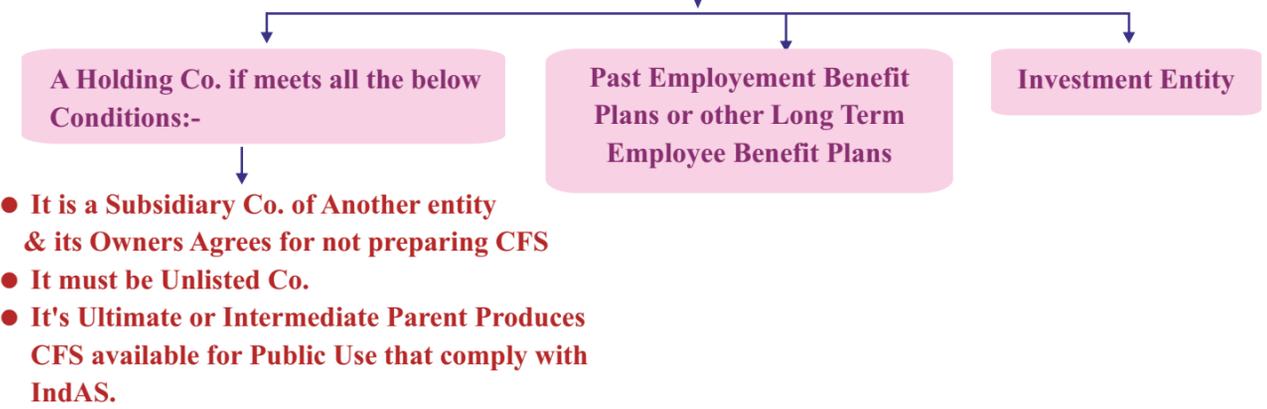


G Change in Classification



H Exemptions to Prepare CFS

Following Companies are not required to prepare CFS



IND AS 111 - Joint Arrangements

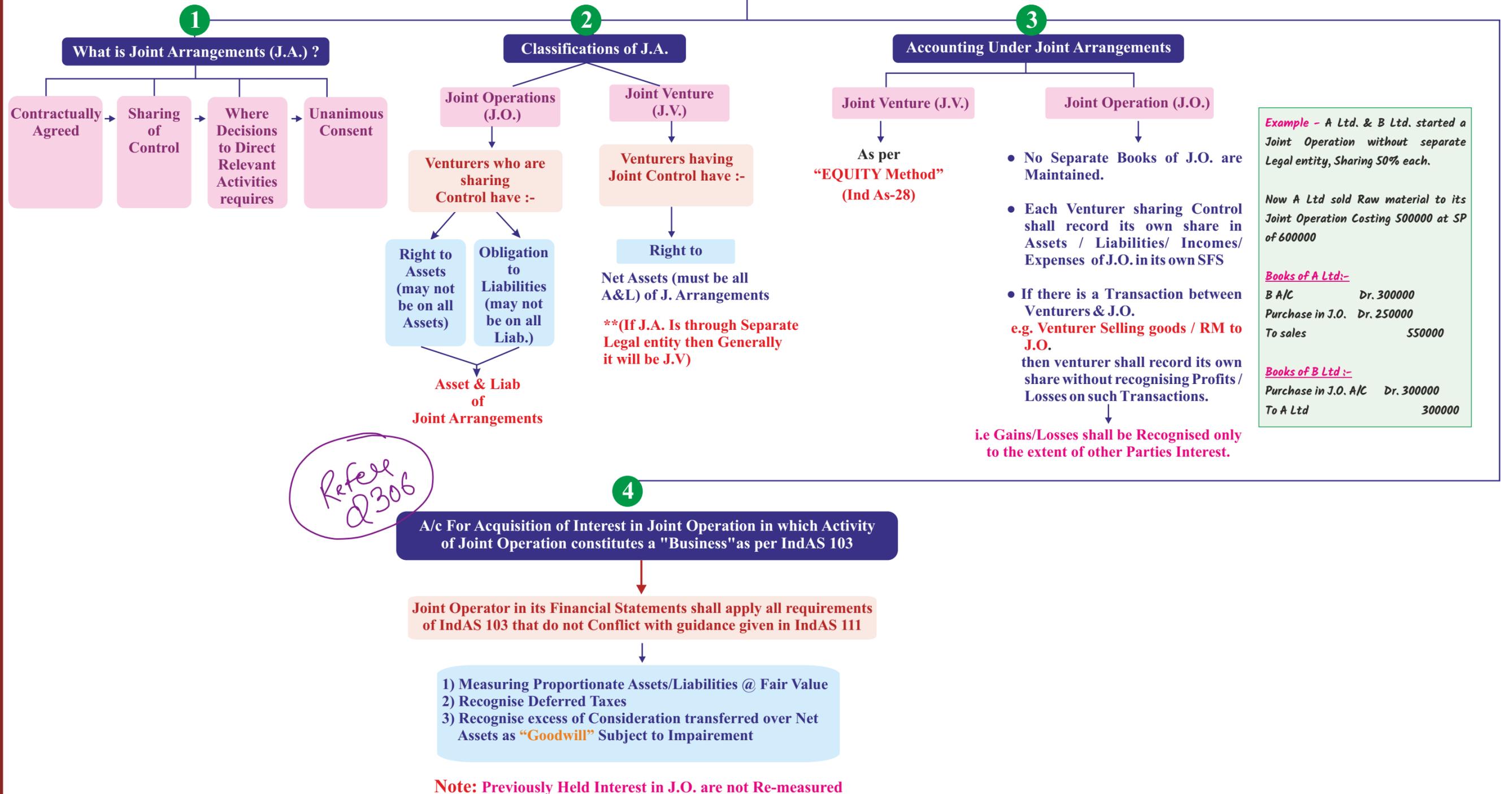
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IND AS 28 - INVESTMENT IN ASSOCIATES AND JV

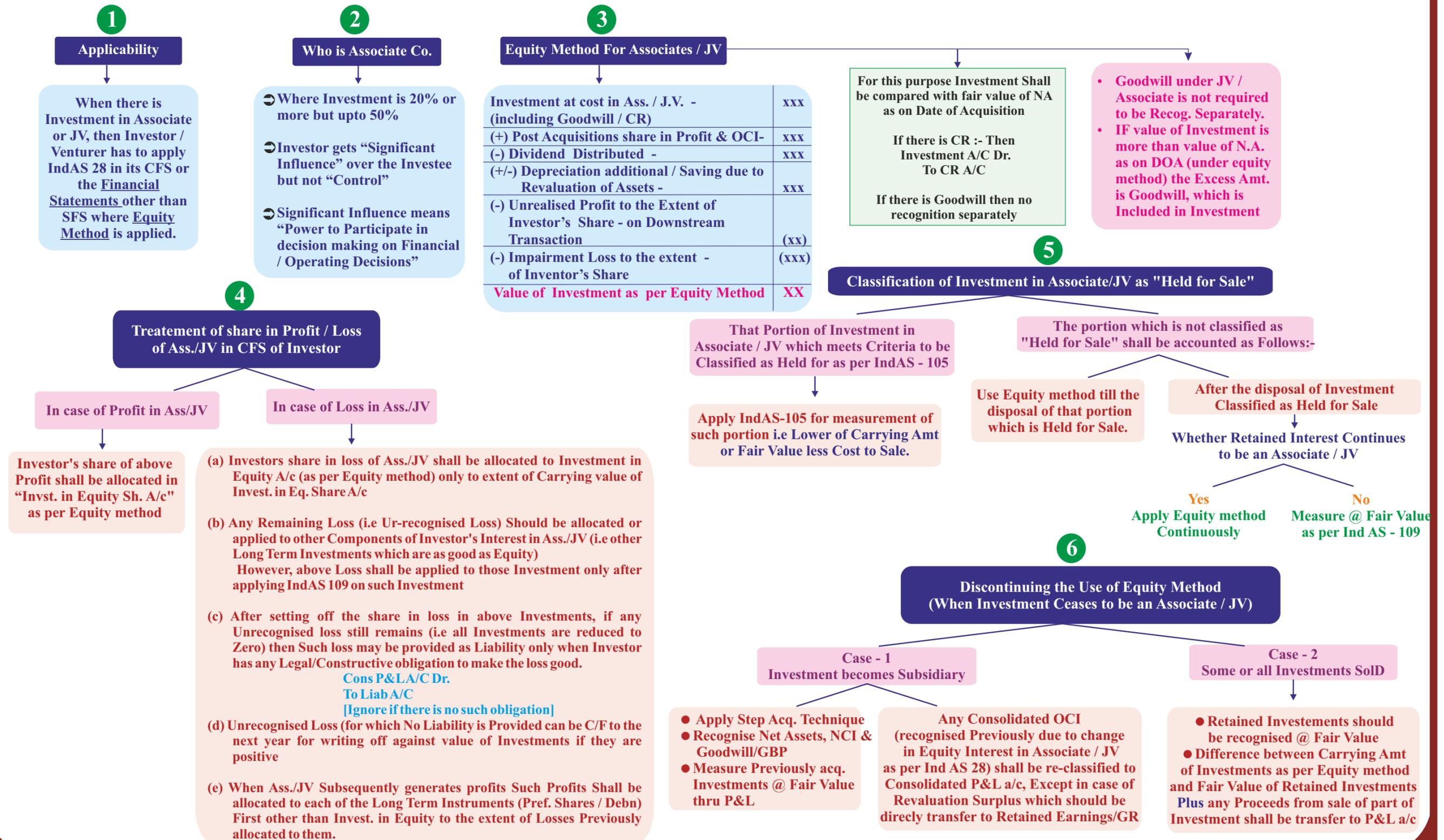
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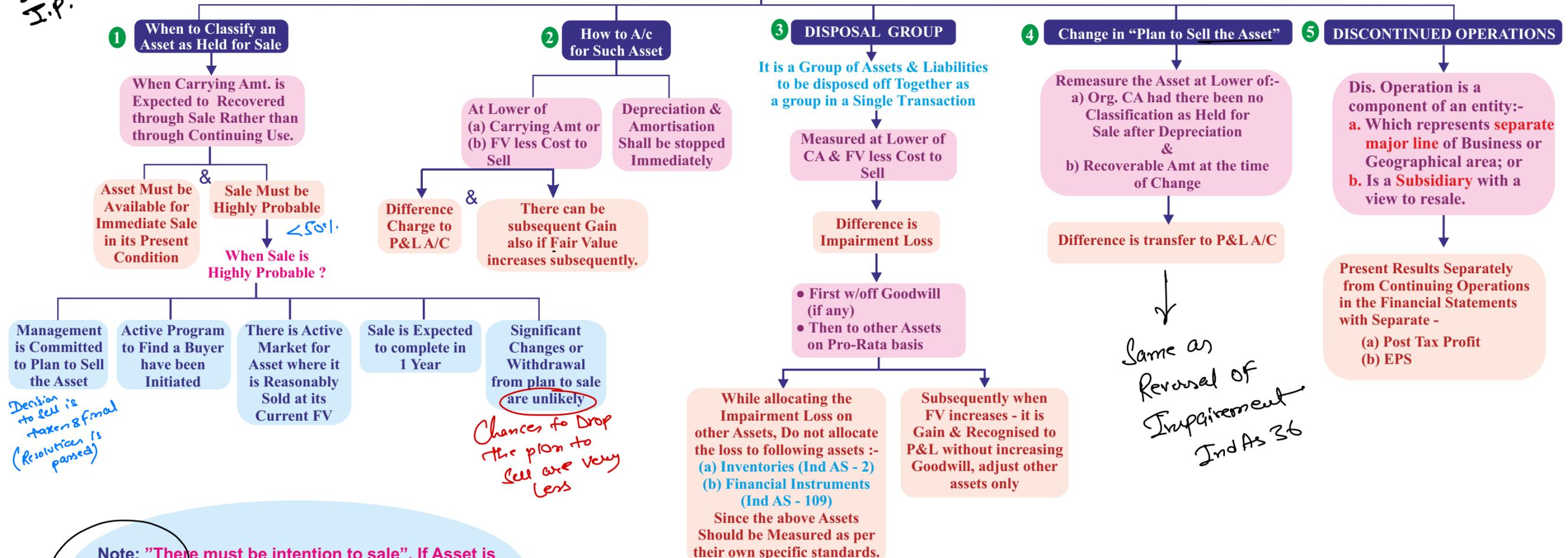
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IND AS 105 - NON CURRENT ASSETS HELD FOR Sale & DISCONTINUED OPERATIONS

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 as 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

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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:

- (a) Earns Revenue & Incurs Expenditure
- (b) Operating Results (P/L) are Regularly reviewed by Chief Operating Decision Maker (CODM)
- (c) 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:-

- 1) Corporate Headquarters
- 2) 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

- (a) Similar Products & Services (or)
- (b) Similar Production Process (or)
- (c) Similar Type or Category of Customers (or)
- (d) Similar Methods Needed to Distribute Products/Services (or)
- (e) Similar Regulators Requirements

6 Step 4 - Prepare Segment Report (Disclosures)

Following Disclosures are required in a Segment Report:-

- (a) General Information:
 - Factors used to Identify Segment
 - Mgmt. Judgements for Aggregation
 - Types of Products & Services
- (b) Information about P/L, Assets & Liab. & basis of Measurement.
- (c) 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:

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

Notes

- (i) Those Segments which are not Fulfilling the above criteria can also be Reported if Management Intends to do so.
- (ii) 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.

Format:-

- 1) General info
- 2) Financial Info :-
 - a) Revenue segmentwise with Reconciliation
 - b) Results segmentwise with Reconc.
 - c) Other Info :-
 - a) Asset with Reconc.
 - b) Liab. with Reconc.
 - c) Cap. exp. & Dep
 - d) Geographical wise reporting.

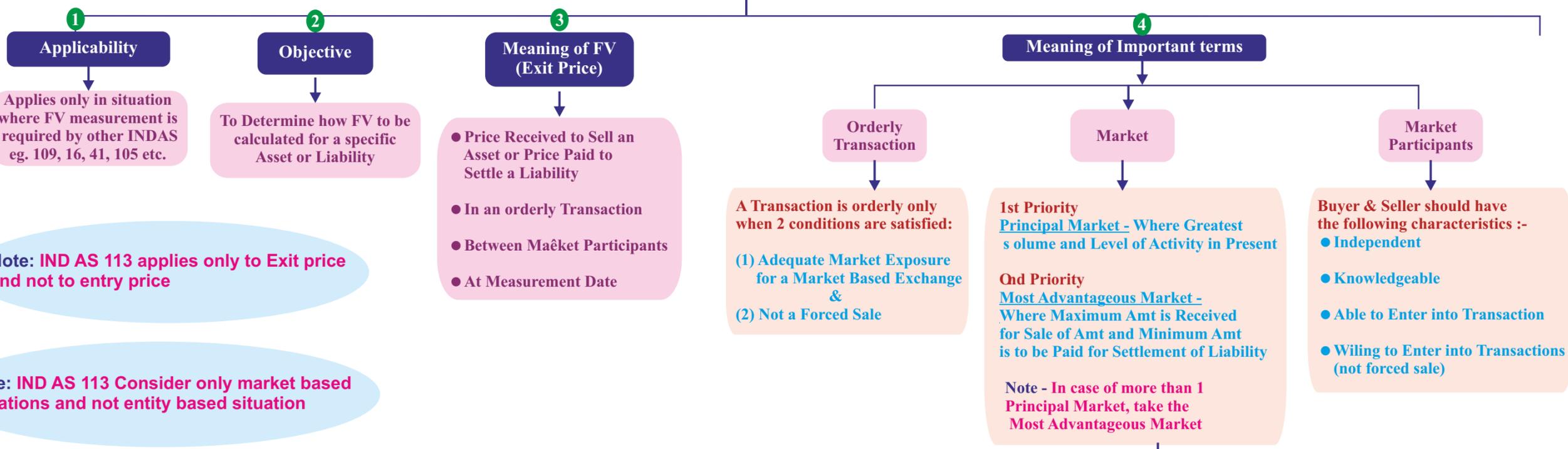
INDAS 113- FAIR VALUE MEASUREMENT

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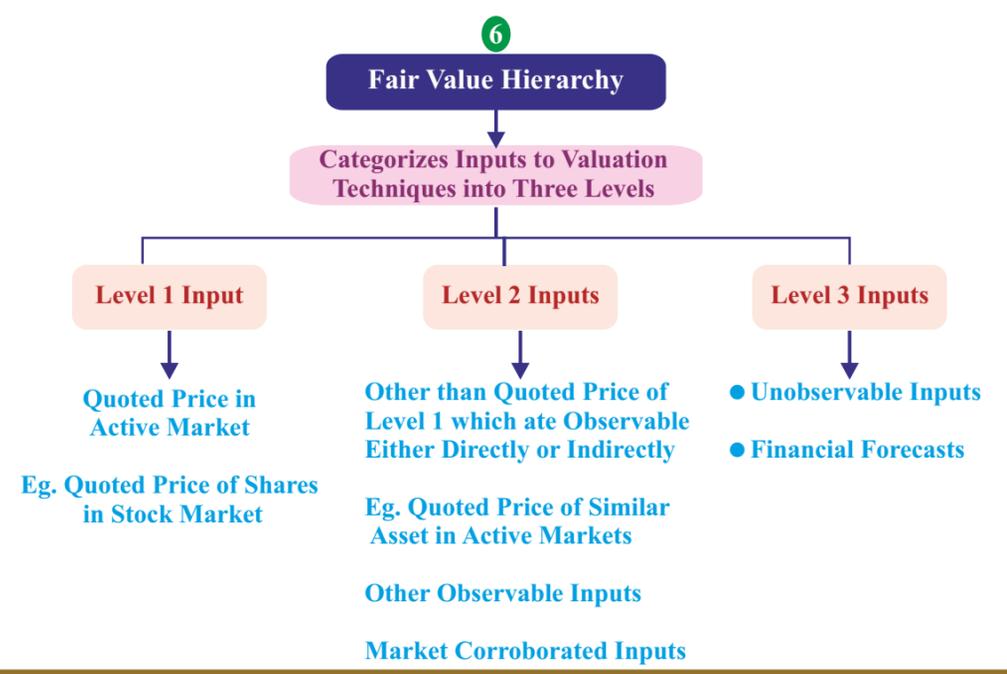
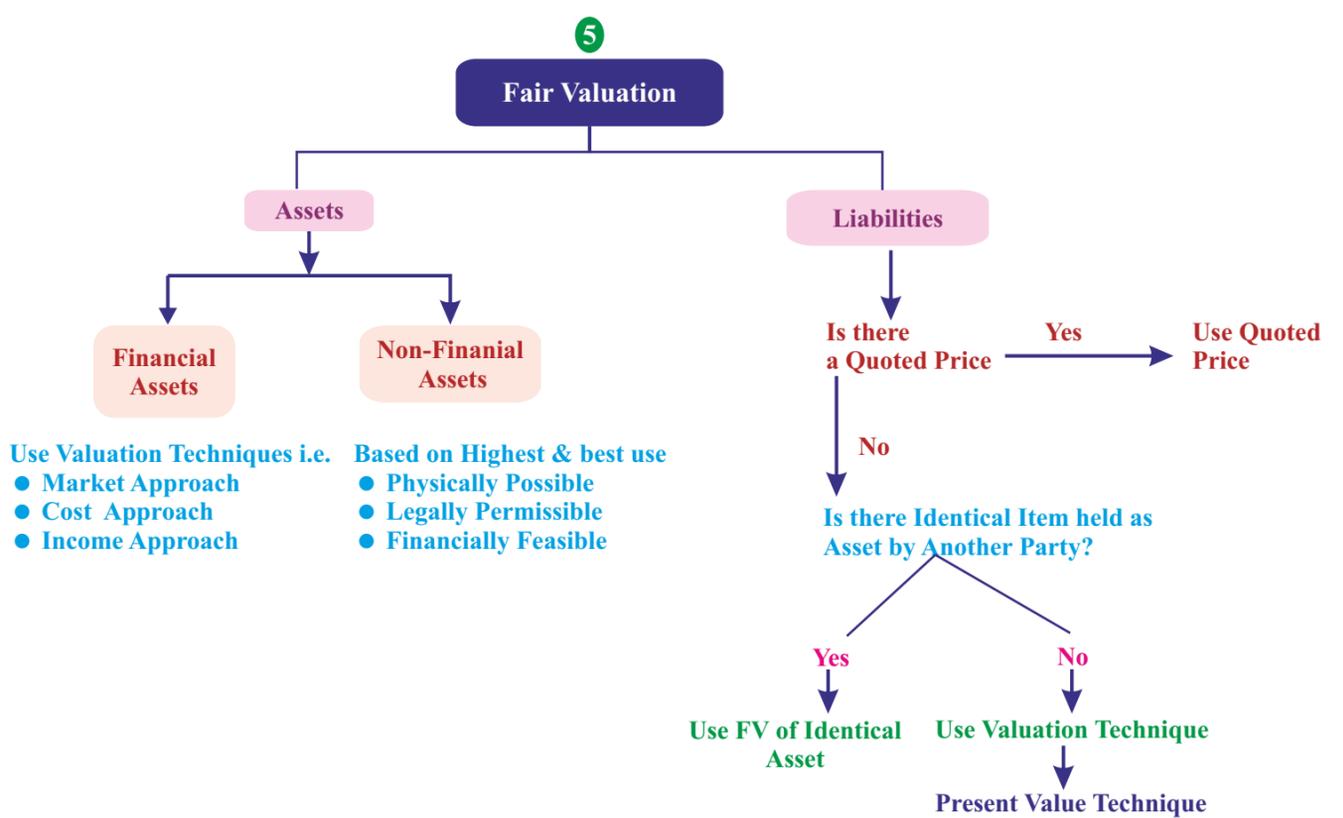



Note: IND AS 113 applies only to Exit price and not to entry price

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

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



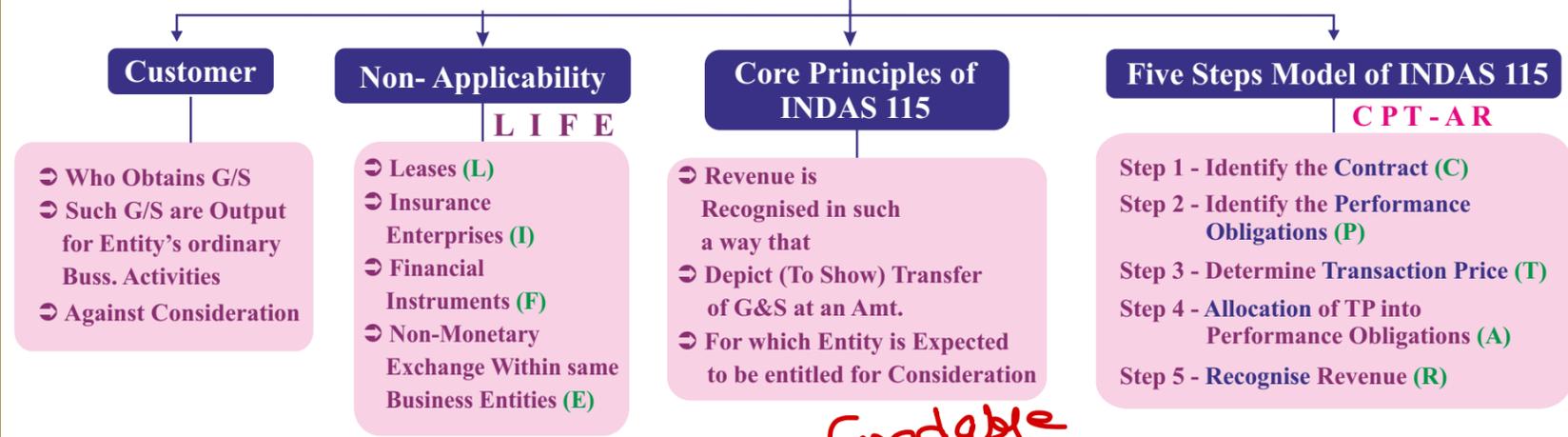
IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMER

(Page 1)

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A BASICS



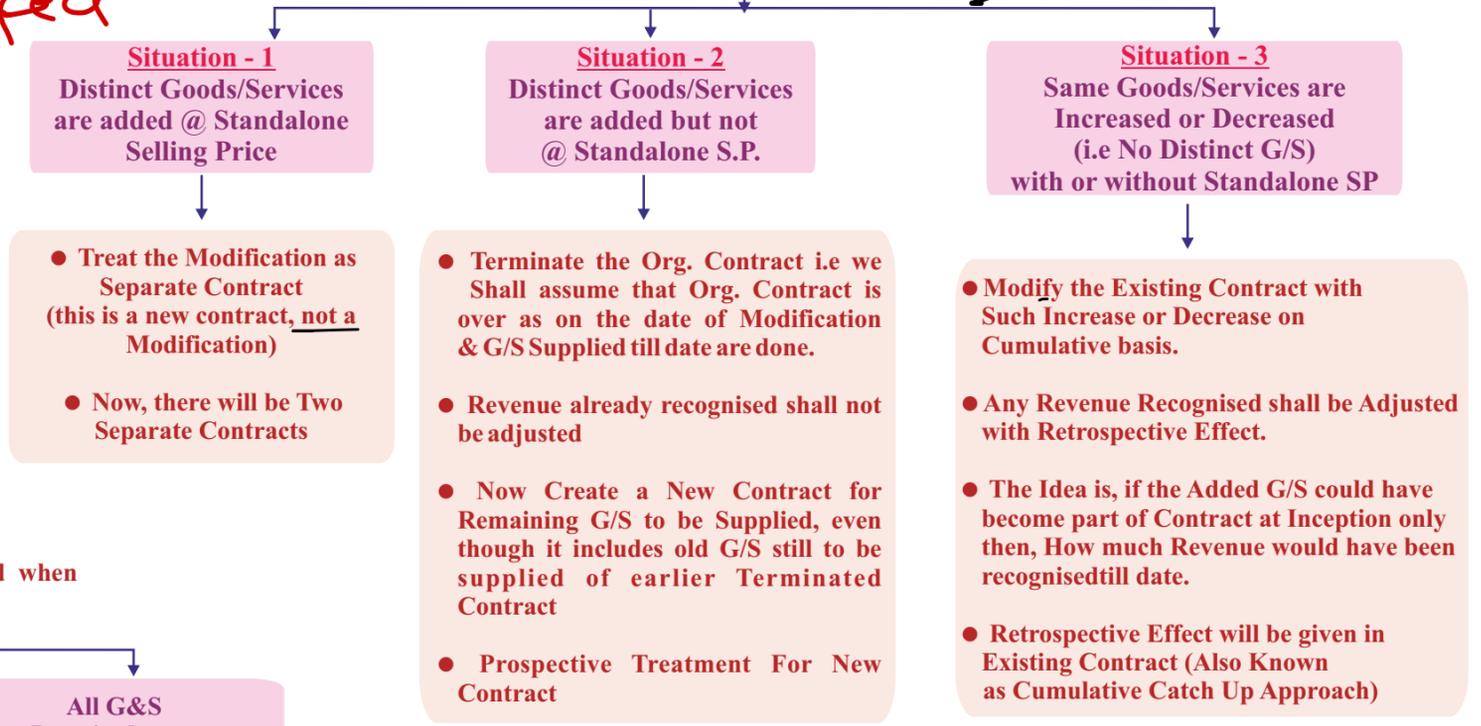
B FIVE STEP MODEL IN DETAIL

1 CONTRACT (STEP-1)



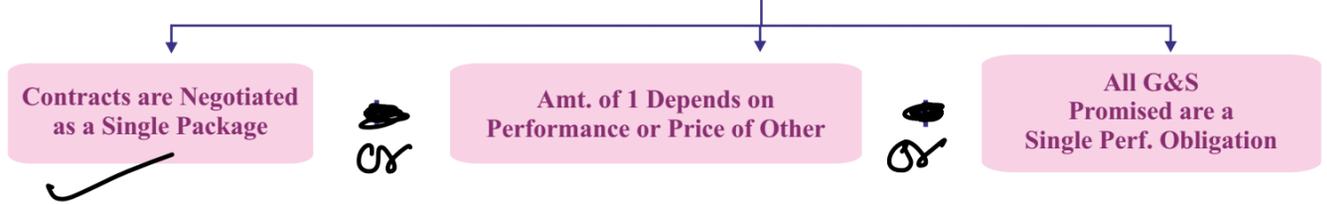
Handwritten notes:
 Amt received is non-refundable
 Substantial amt + received
 Substantial + P.O. are fulfilled = Revenue can be recognised

Contract Modification *V. Imp.*



Contract Combination

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



IND AS 115 - REVENUE FROM CONTRACTS WITH CUSTOMER

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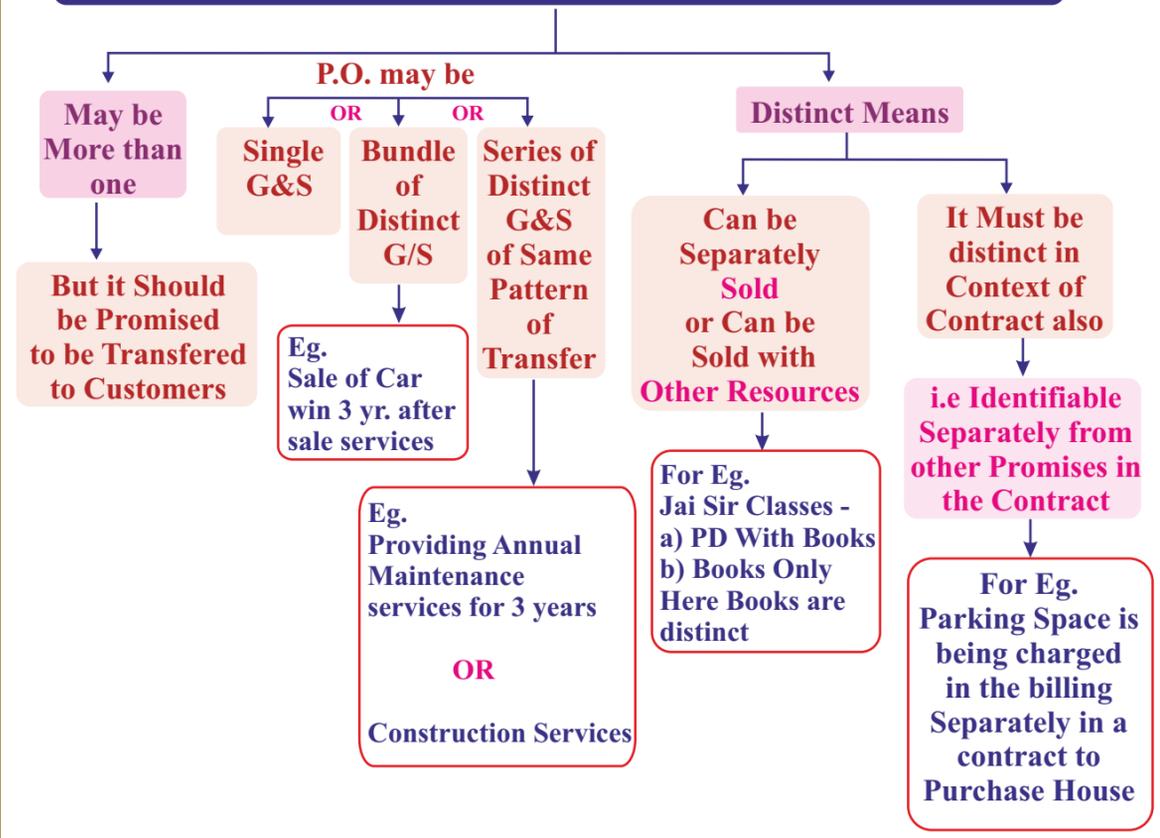
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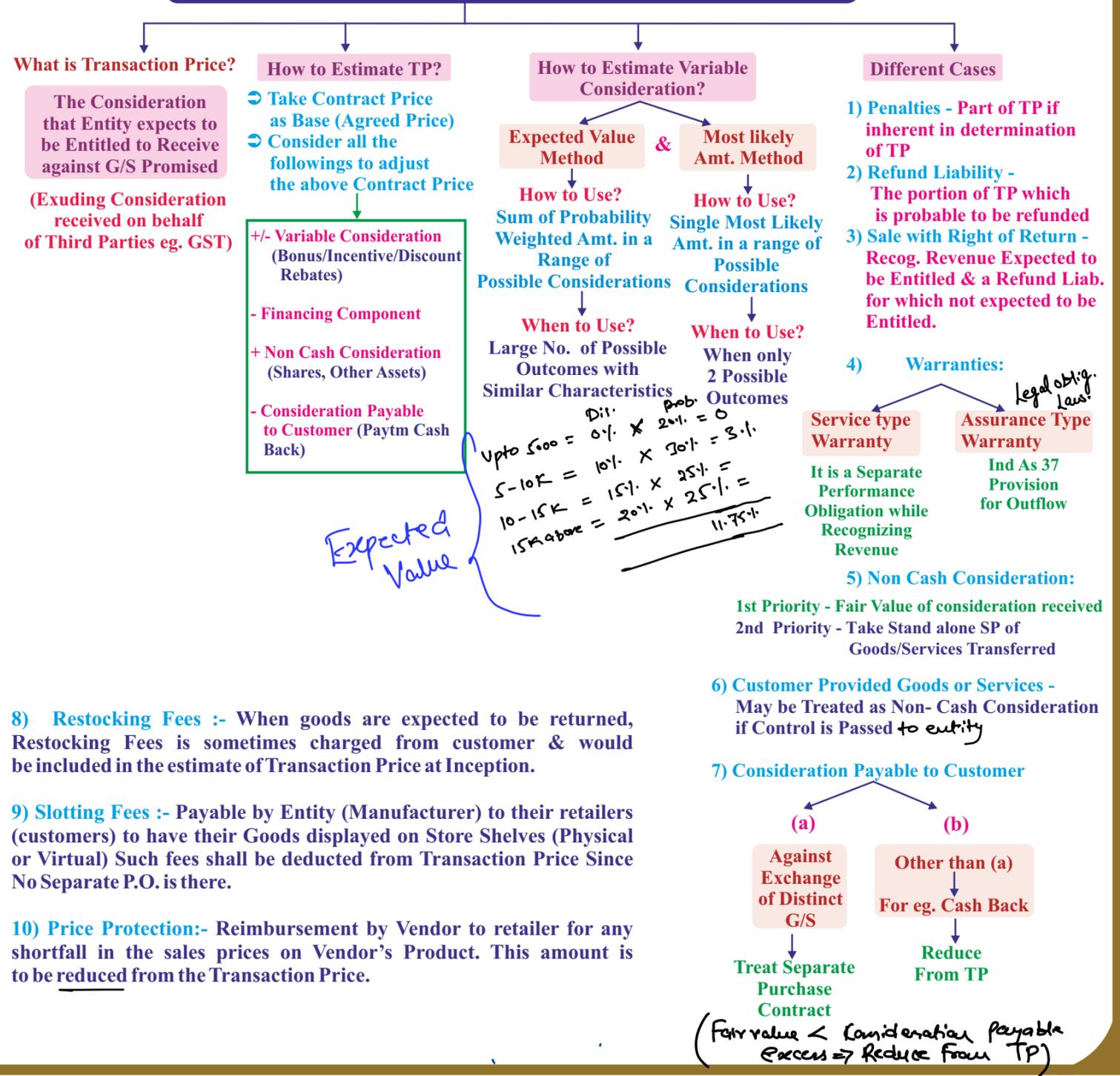
2

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



3

TRANSACTION PRICE (TP) (STEP -3)



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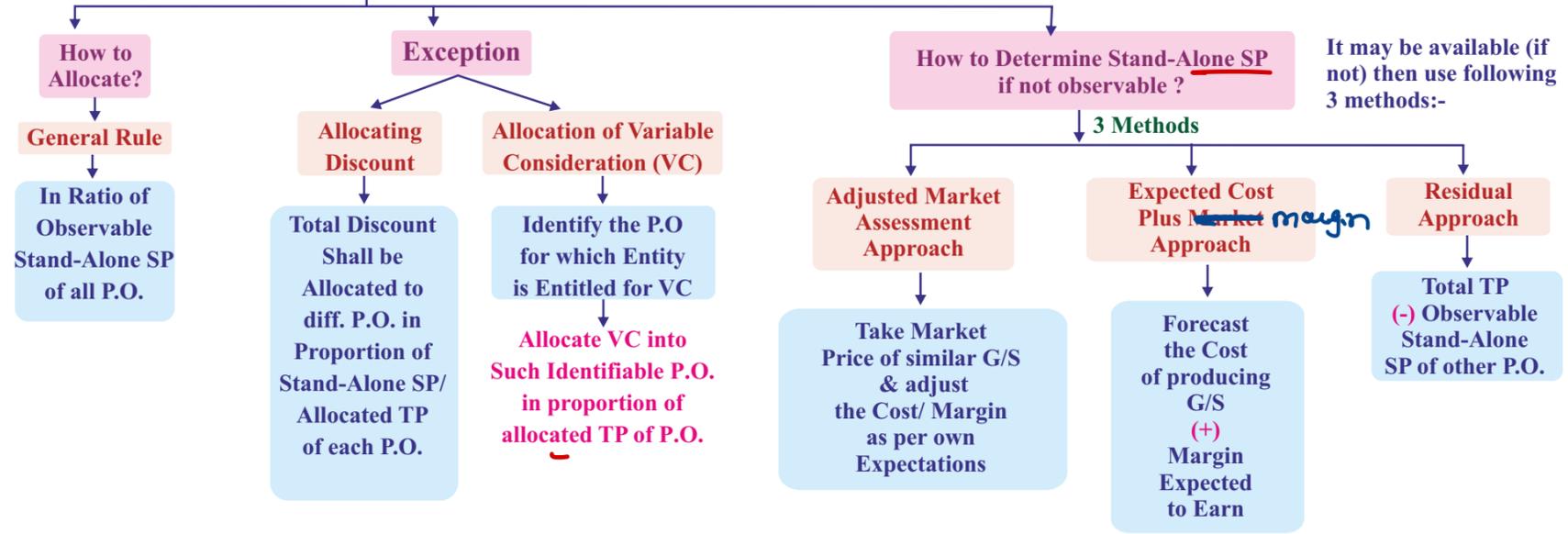
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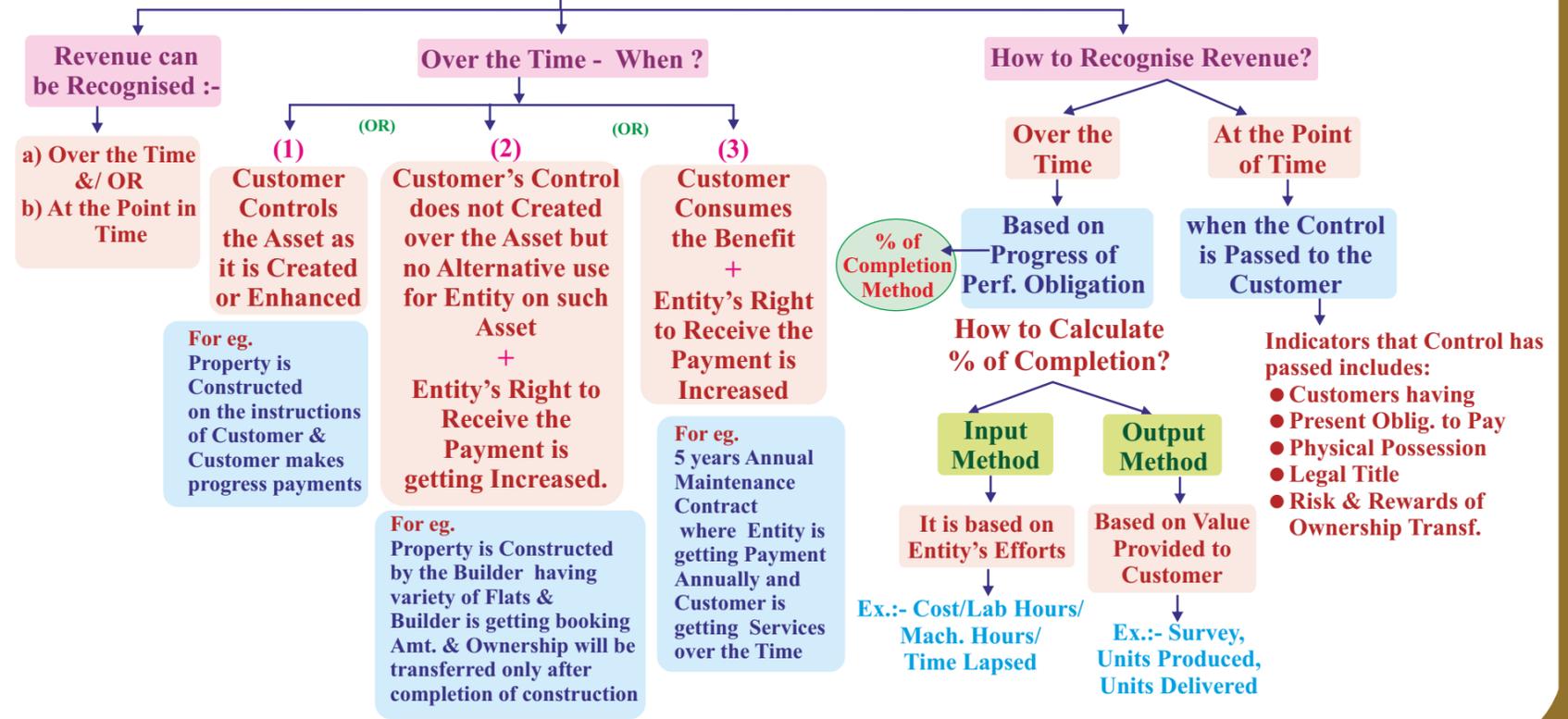
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ALLOCATION OF TP to P.O. (STEP-4)



5

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



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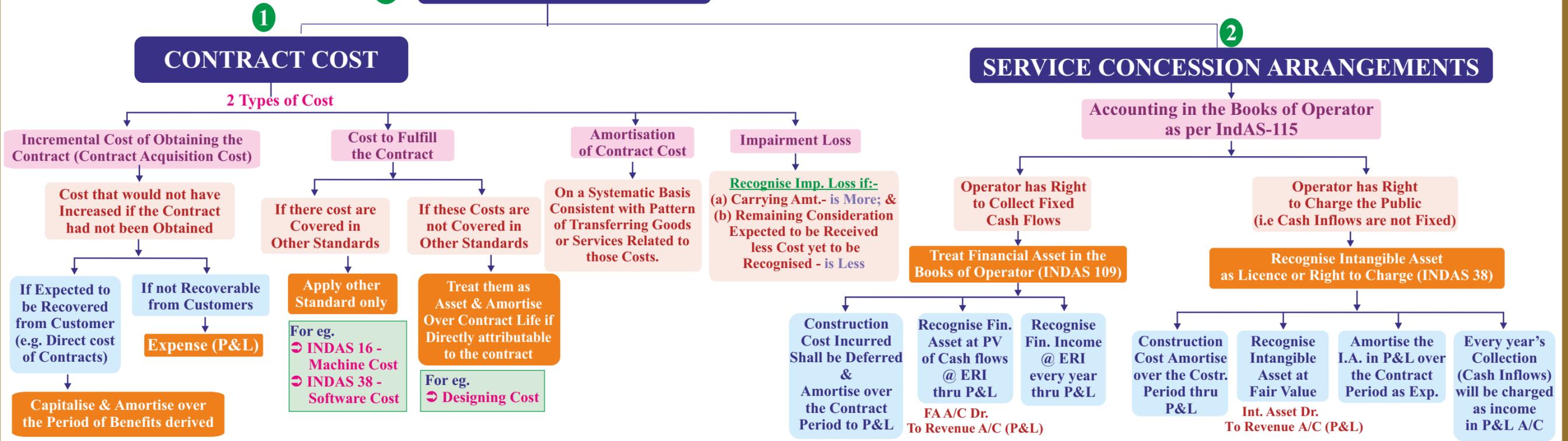
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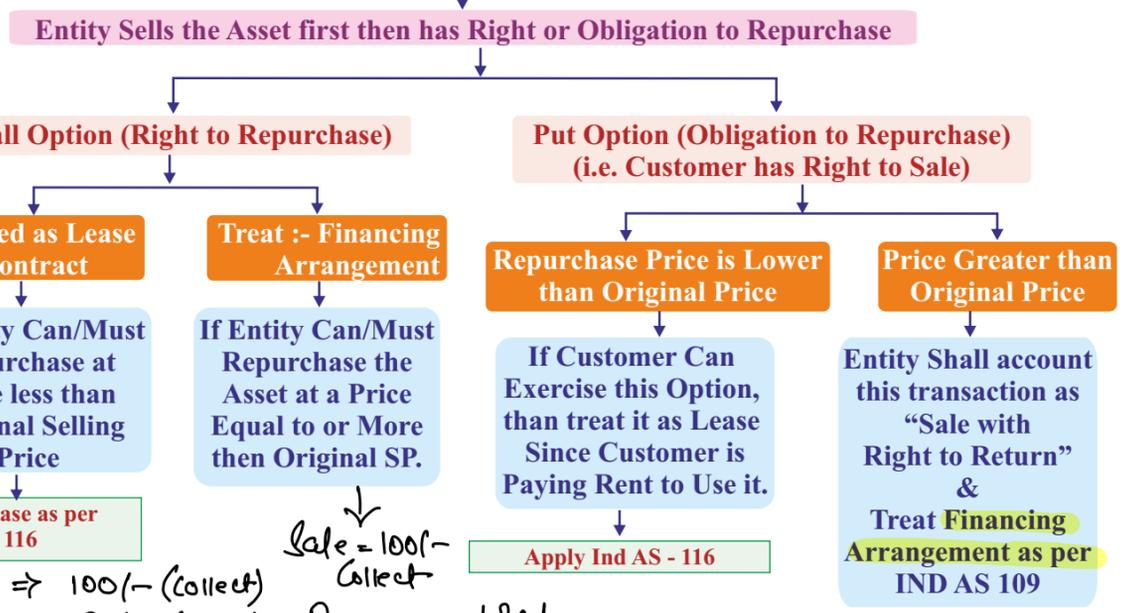
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MISC. PROVISIONS



3 REPURCHASE AGREEMENT



Entity

Sale ⇒ 100/- (Collect)

Repurch ⇒ 80/- (Pay)

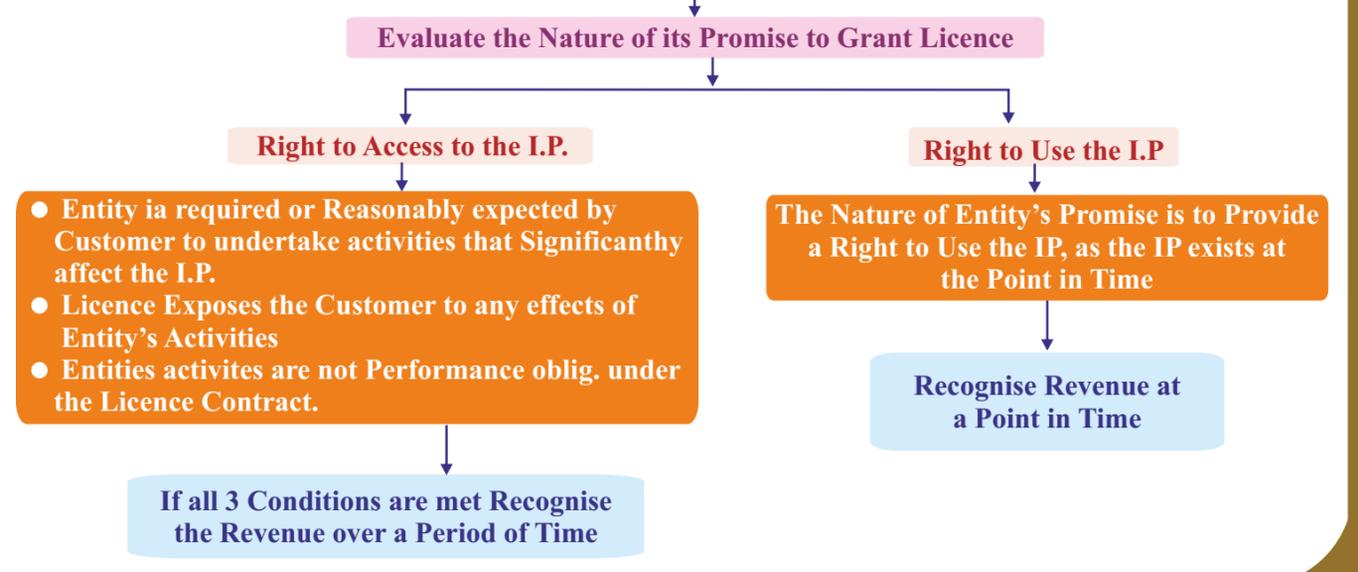
Lease Rent ⇒ 20/- Benefit

Sale = 100/- Collect

Repurch ⇒ 120/- (Pay)

20/-

4 Licences of Intellectual Property



IND AS 116 - LEASES

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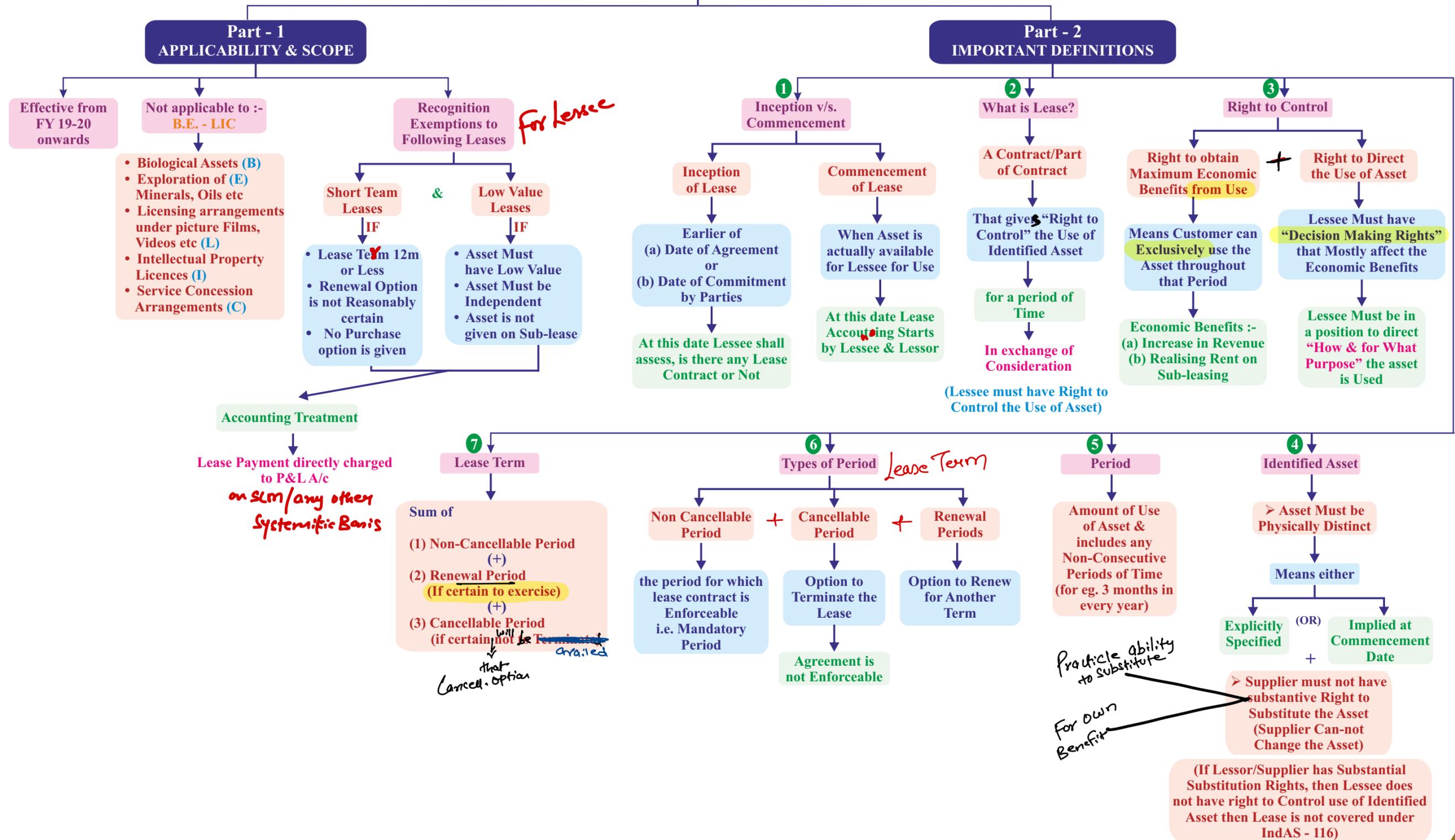
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IND AS 116 - LEASES

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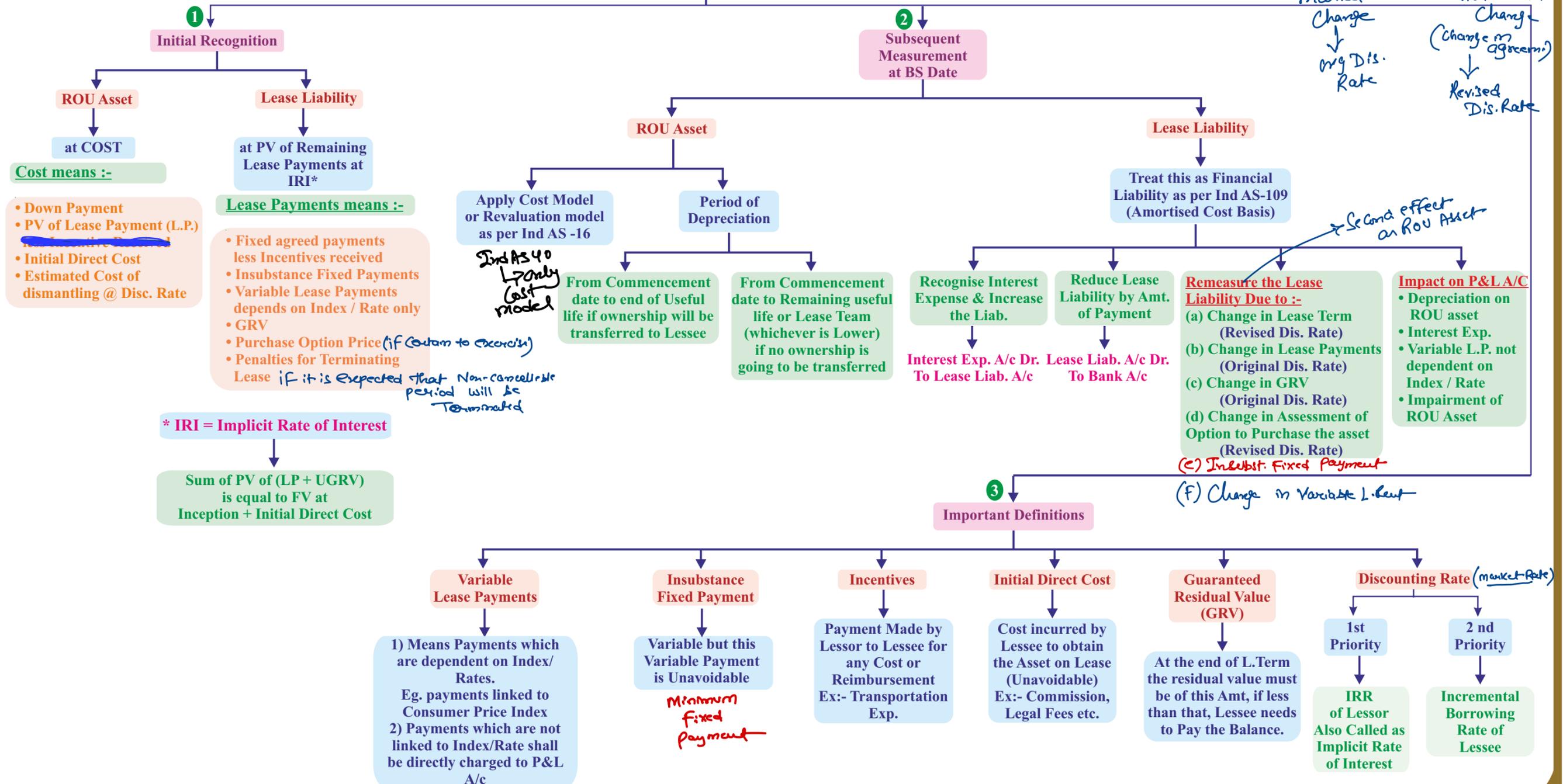
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Part - 3 BOOKS OF LESSEE

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



IND AS 116 - LEASES

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Part - 4 IMPORTANT POINTS FOR LESSEE

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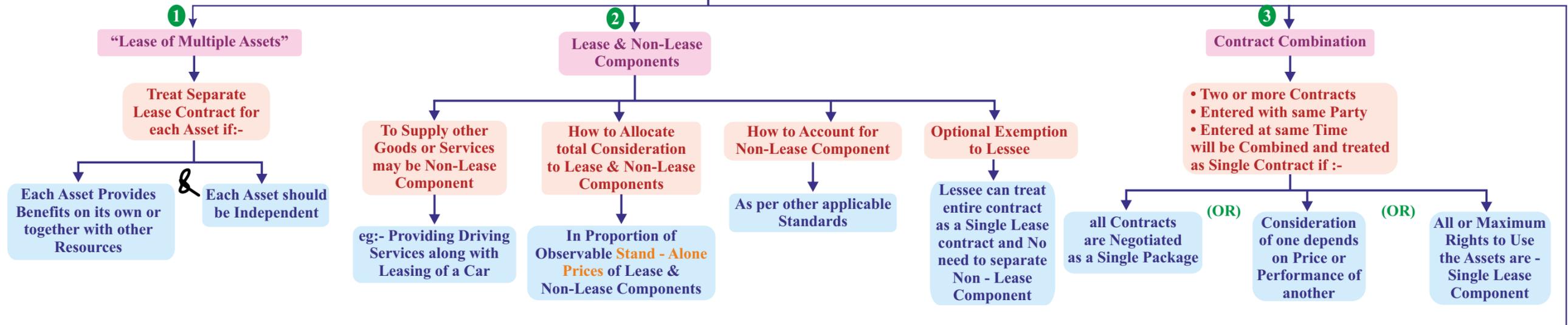
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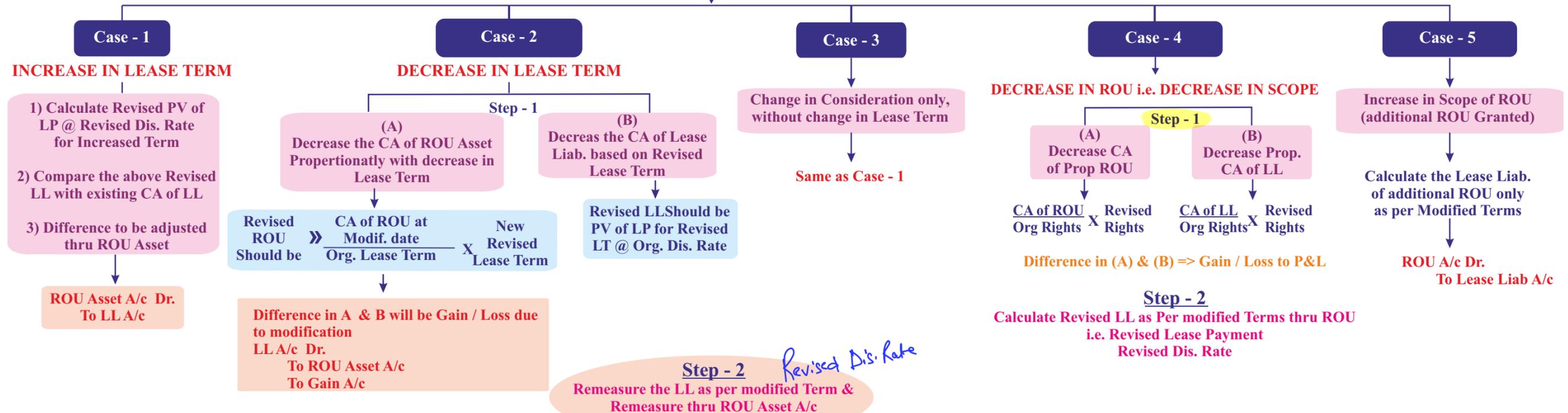
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4 Lease Modification (No Separate Lease Contract)



AMENDMENTS IN IND AS 116 - LEASES

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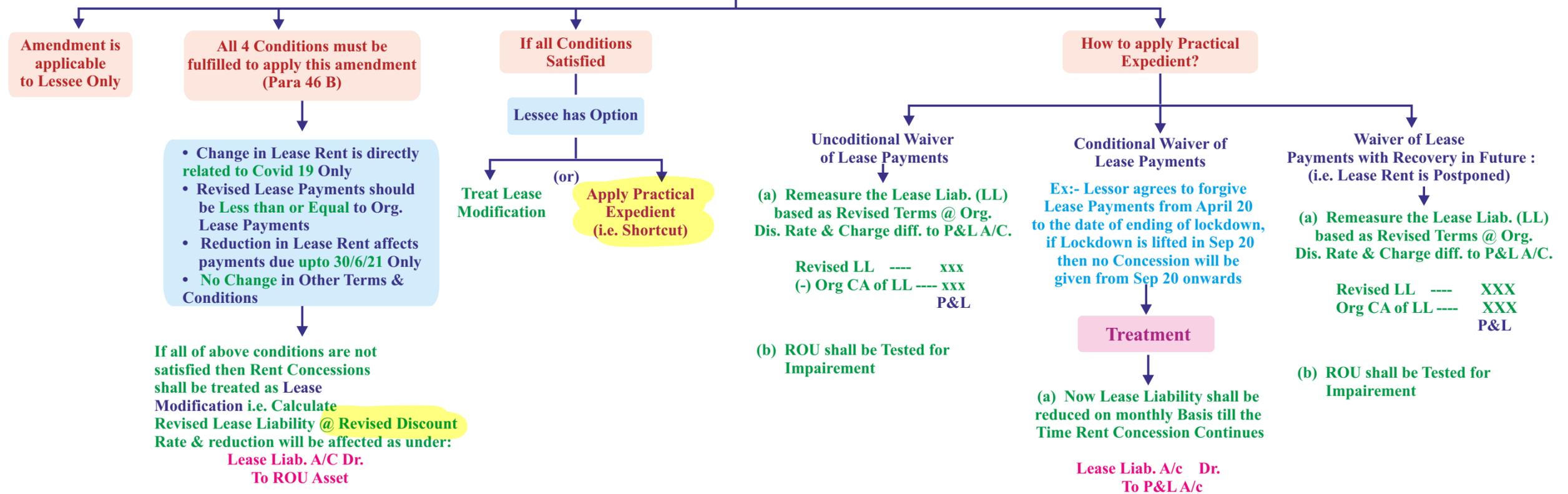
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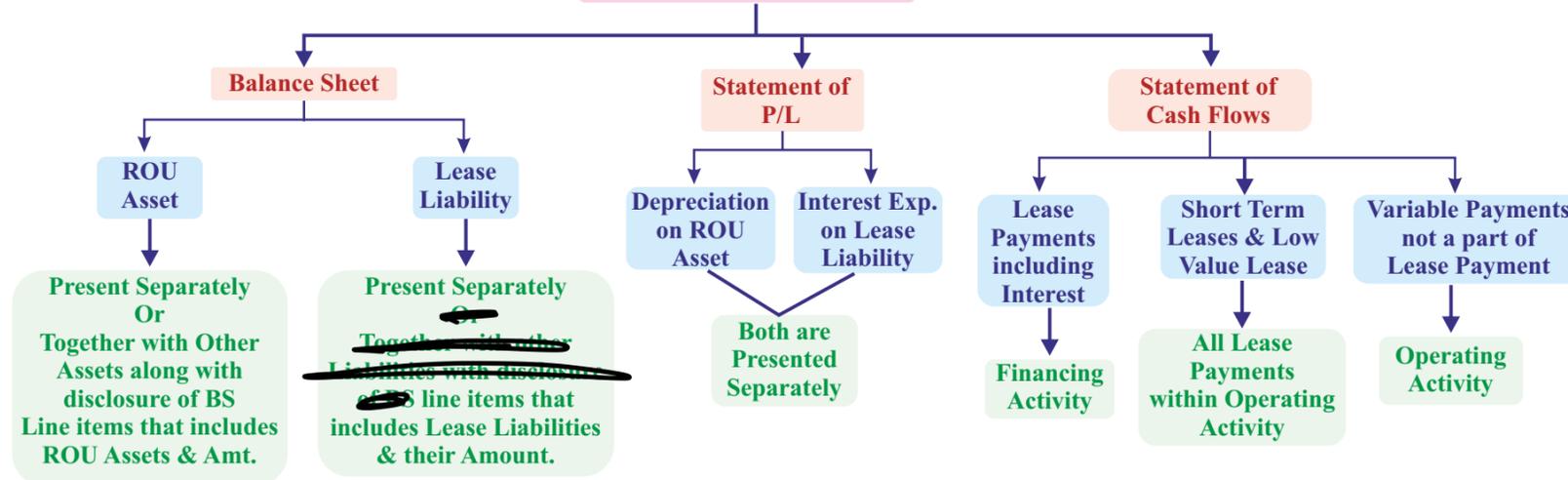
New Para Introduced - 46 A & 46 B Covid 19 Related Rent Concession

→ NOT applicable now



6

Presentation in F.S. of Lessee



(b) Interest (Fin. Charges) shall be accrued on Monthly bases as it is at same Dis. Rate

(c) ROU shall be Tested For Impairment.

IND AS 116 - LEASES

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Part - 5 BOOKS OF LESSOR

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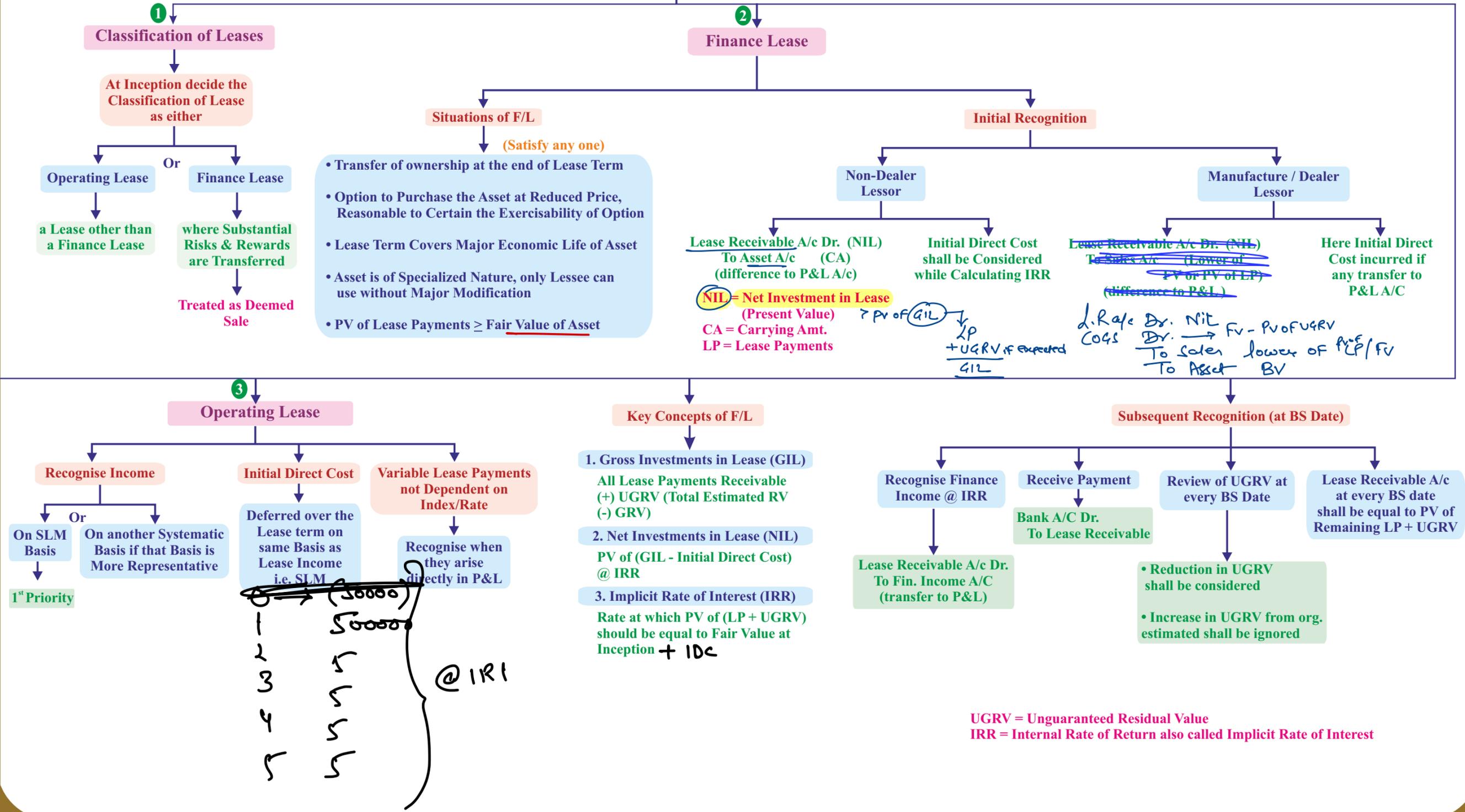
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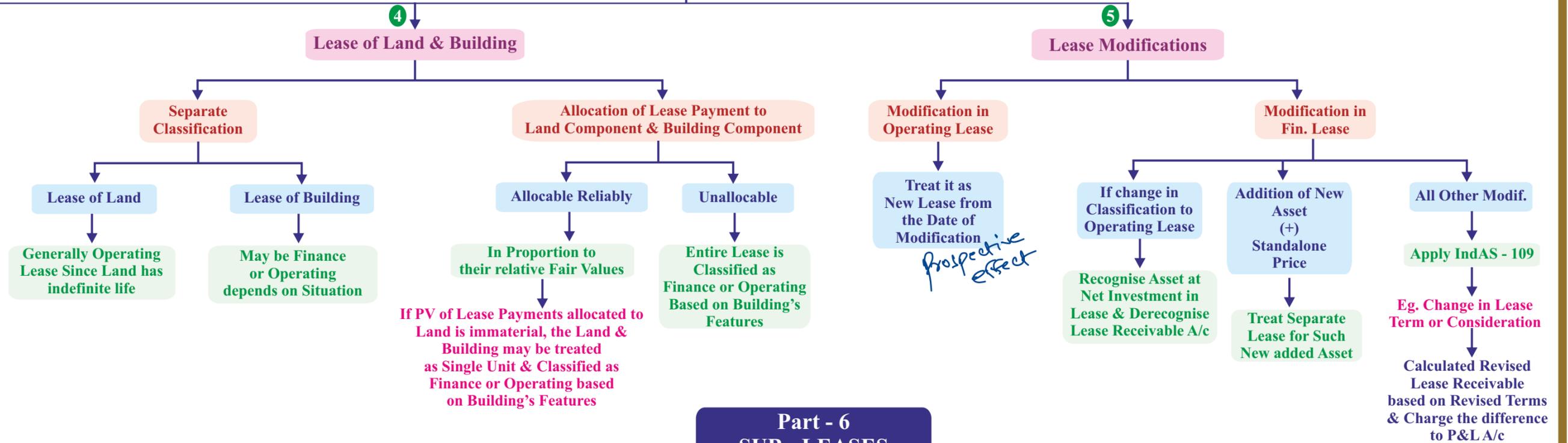
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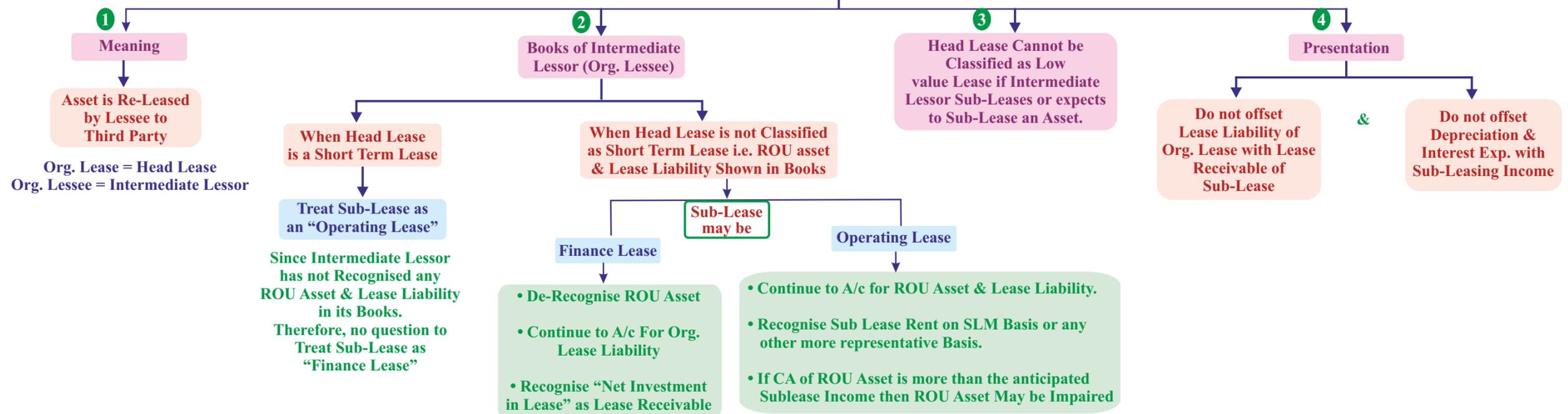
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Part - 5 BOOKS OF LESSOR



Part - 6 SUB - LEASES



Diff. => P&L

IND AS 116 - LEASES

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Part - 7 SALE & LEASE BACK

Treatment of Sale Transaction

Control is Passed i.e.
Sale / Purchase Transaction

Seller Lessee

Buyer Lessor

- Recognise ROU Asset at this value -
 $CA \times \frac{PV \text{ of LP}}{FV \text{ of Asset}}$
 $1300000 \times \frac{6.5}{22}$

- De-Recognise the Main Asset at CA
- Recognise Lease Liab. at PV of LP
- Recognise the Gain/Loss on Sale as Under-

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

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

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

2000000
384091
1300000
650000
493181

2 loan
4.5%
Payout of L. Rent is treated as repayment of loan

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

Buyer - Lessor

- 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

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

SP ⇒ 20 lacs
 FV ⇒ 22 lacs
 Gain ⇒ 7 lacs
 CA ⇒ 13 lacs
 Total life ⇒ 15 yrs.
 Lease term ⇒ 5 yrs.
 PV-F
 LP ⇒ 6.5 lacs

$700000 \times \frac{650000}{2200000}$
 Gain = 206819



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IMPORTANT ITEMS OF OCI

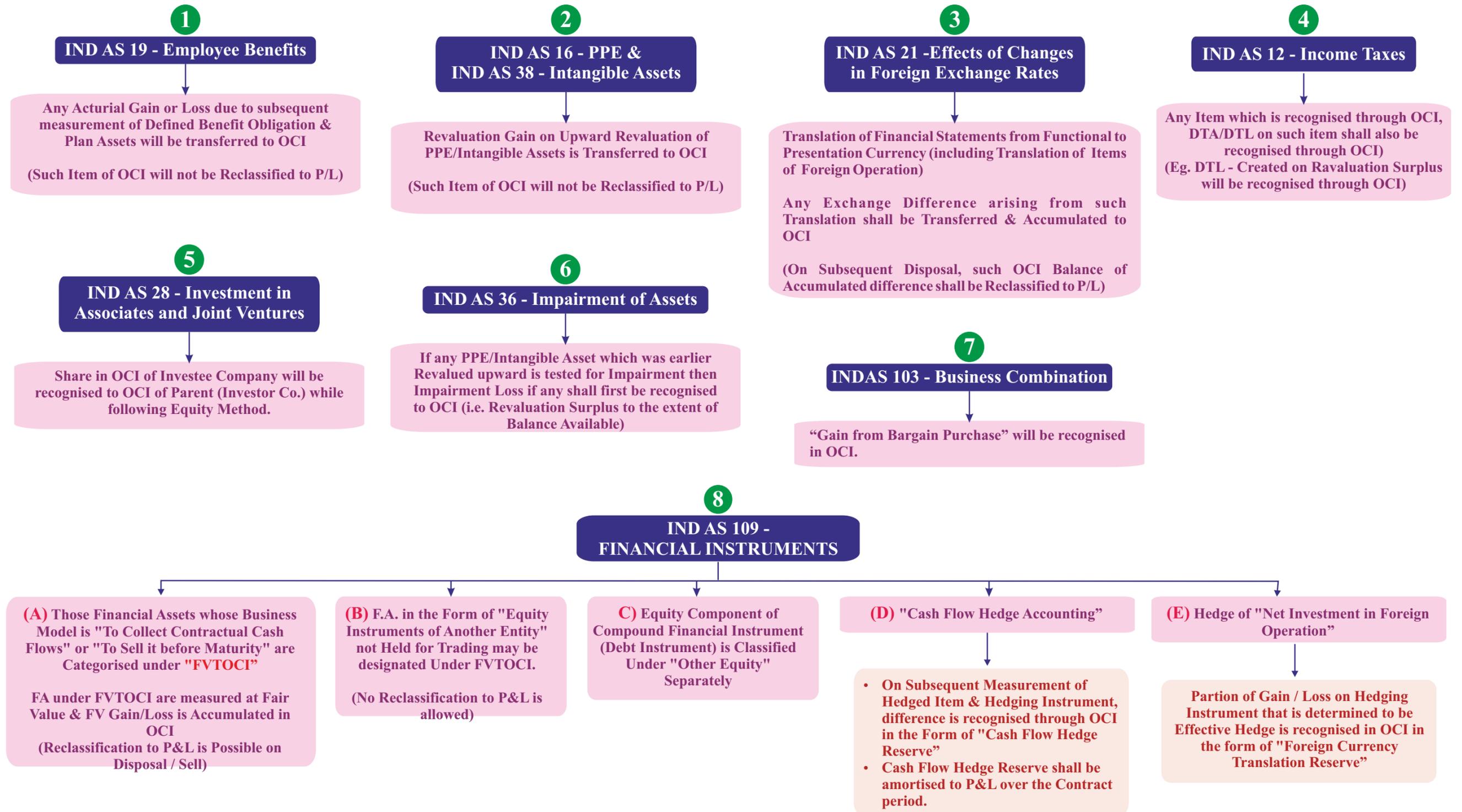
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IMPORTANT CARVE OUTS (INDAS vs IFRS)

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