



last day of preceding financial year of comparative of A's.



ILLUSTRATION # 11

ICAI STUDY MAT ILLUSTRATION 5

Company A is the parent company of a group Company A is an unlisted company having net worth of 60 crores as on 31 March 2014 Following are the other companies of the group

Name of the company	Relationship	Net worth as on 31 March 2014
Company B (Unlisted)	Subsidiary of Company A	600 Crore
Company C (Unlisted)	Subsidiary of Company B	150 Crore

Whether Ind AS be applicable to companies A, B and C?

Solⁿ :-
A → 60 Cr. ✓
B → 600 Cr. ✓ ✓
C → 150 Cr. ✓

H/S/JV/A. to also follow Ind As.
but any banking / Ins / NBFC will not follow it until Ind As applies to them. and in this case Company B whose Net worth crossed 500 Cr, hence it will be covered under phase I.

Also Ind As will be applicable to other companies of group i.e. Co. A & Co. C. irrespective of Net worth criteria.

As per the roadmap, Ind AS is applicable to Company X from the financial year 2017-18. Company X (non-finance company) is a subsidiary of Company Y (NBFC). Company Y is an unlisted NBFC company having net worth of 400 crores. What will be the date of applicability of Ind AS for company X and company Y? If Ind AS applicability date for parent NBFC is different from the applicability date of corporate subsidiary, then, how will the consolidated financial statements of parent NBFC be prepared?

Co. Y. (NBFC) (H) \Rightarrow 400 Cr.

↓

Co. X (IND AS)

if in any Co. Ind AS is applicable then its
T/S/IV/A. to also follow Ind AS.

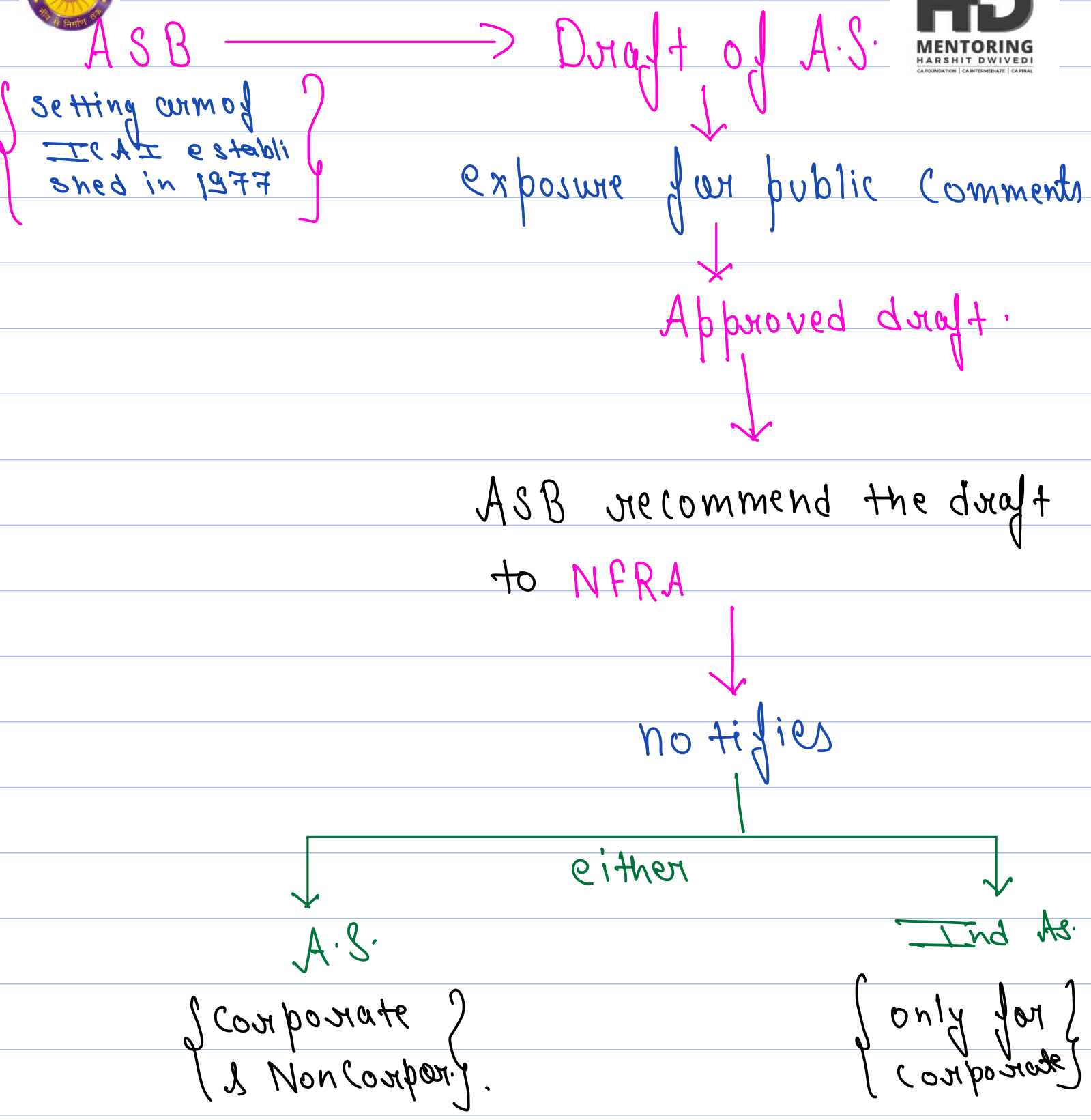
but any banking / Ins / NBFC will not
follow it until Ind AS applies to them. and

Ind AS gets applicable on NBFC under
phase I from 1-4-2019. hence in the
given Ind AS will be applied to Comp.
Y from 1-4-2019 as it is holding Co.
of Company X on which Ind AS
is applicable from 1-4-17.

For Consolidation purpose Co. Y will
prepare its individual f/s for
years 2017-18, 2018-19 as per
A.S. 21.



(X) How A.S. Drafted by ICAI



(xi) Indian Scenario prior to Ind AS.



A.S.



xii) Process of formulation of IND A.S.

9)

①

IASB issues new IFRS or updates the existing one

Issue of Exposure Draft for Public Comments

Consideration of comments received on the Exposure Draft and finalisation of final draft

②

Deliberation and consideration of draft Ind AS in line with IFRS by ASB

⑤

Incorporation of Comments from Council and outside bodies

Final draft submission to NFRA with recommendations

③

Circulation of Draft Ind AS to the Council members of ICAI and specified outside bodies

④

Meeting with the representative of the specified outside bodies to ascertain their views

NFRA (MCA) notifies Ind AS under Companies Act

- IASB issues updates on IFRS
- ASB considered & prepared Draft for Updates in IND AS.
- Circulate draft to council members.
- meeting with Rep. of bodies.
- incorp. comments of council & body
- Draft open for public comments.

→ incour. comm. of public.



→ Final Draft to NFRA.

→ NFRA notified

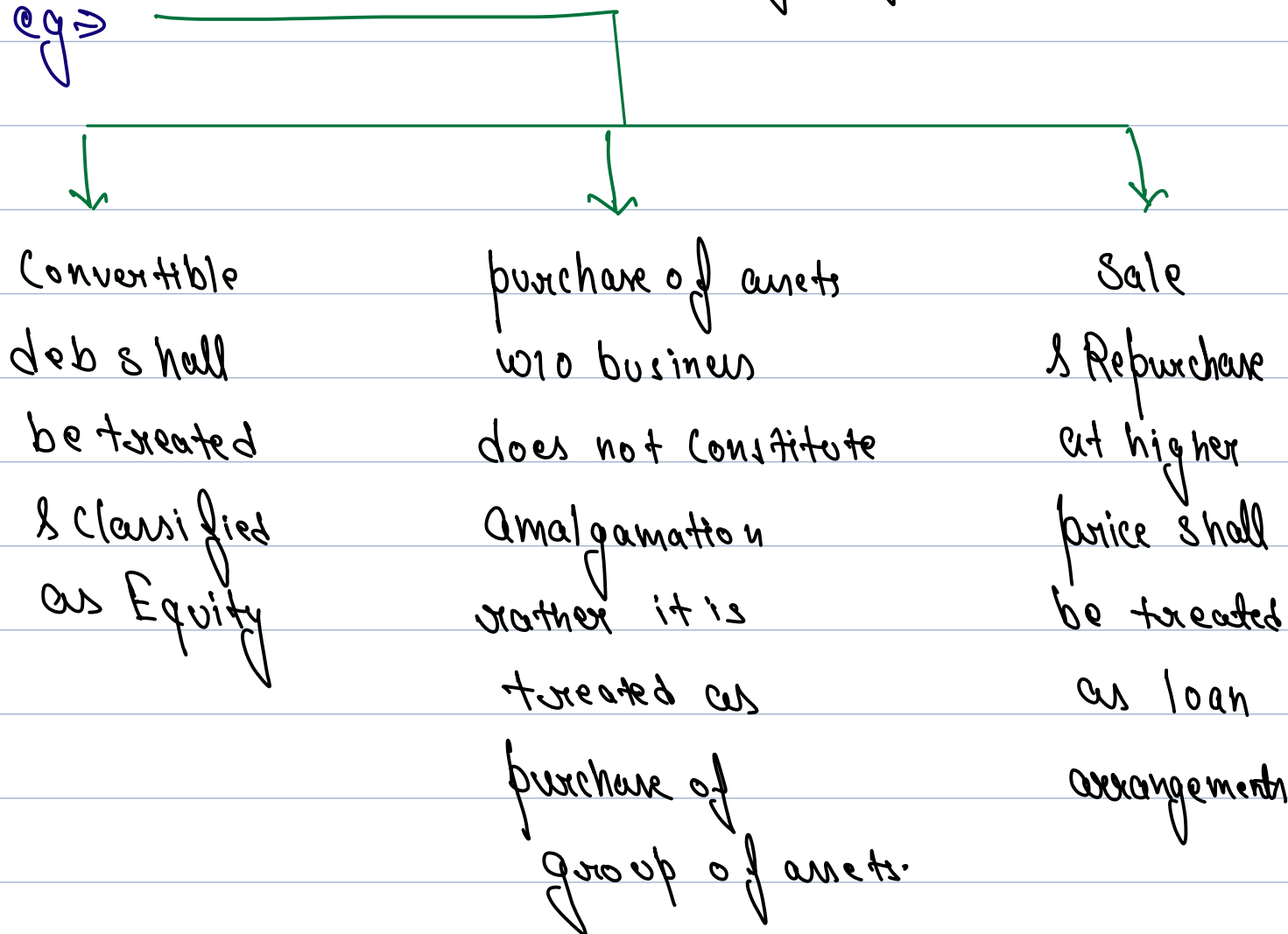


#6 Fundamentals of IND AS.

1) Substance over form

it means Substance (Reality) of transactions would prevail over its legal form.

eg →



2) Fair Value Pricing



It is defined under Ind AS 113



Note → Active market means where lot of buyers & sellers

Note :- 1) All Assets are recorded @ F.V.



bearing few exceptions which are discussed in Respective Ind As.



I. AS PER IND AS

I.R.

S.R.

ASSET	INITIAL RECOGNITION	REPORTING DATE MEASUREMENT
PPE ✓	Cost ✓	Cost to FV
Investment property ✓	Cost ✓	Cost ✓
Investment in securities ✓	FV ✓	FV ✓
Goodwill ✓	Cost	Cost subject to impairment check
Other intangible assets ✓	Cost ✓	Cost to FV ✓
Bearer plants ✓	FV less cost to SELL	FV less cost to sell
Trade receivable ✓	FV ✓	FV ✓
Loans ✓	FV ✓	Cost to FV ✓
Deferred tax ✓ (12)	Accounting value	Accounting value

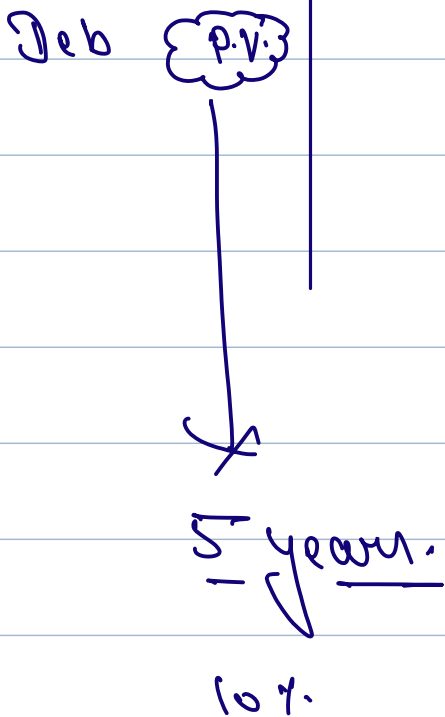
2) $FV \neq FV - T.P.$

3) Sometimes FV is calculated as per respective Ind As.

4) FV of liability = Exit price.

3) Concept of PV & Unwinding.

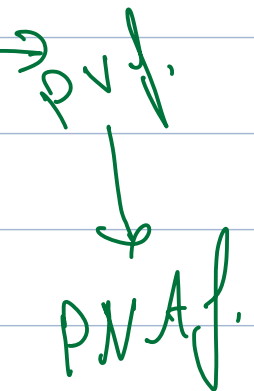
if any liability is settled or if any asset is to be realised in future after a fixed determinable manner



Rate of Int. = 10%

$$A = P \left(1 + \frac{R}{100} \right)^n$$

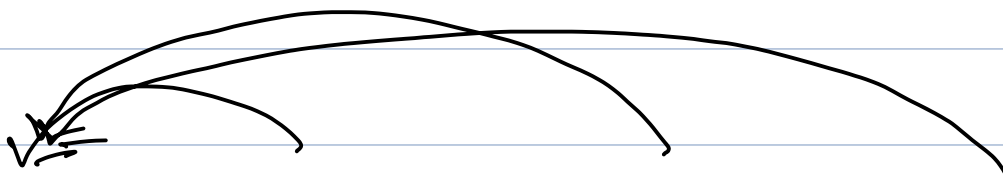
$\rightarrow (i)$

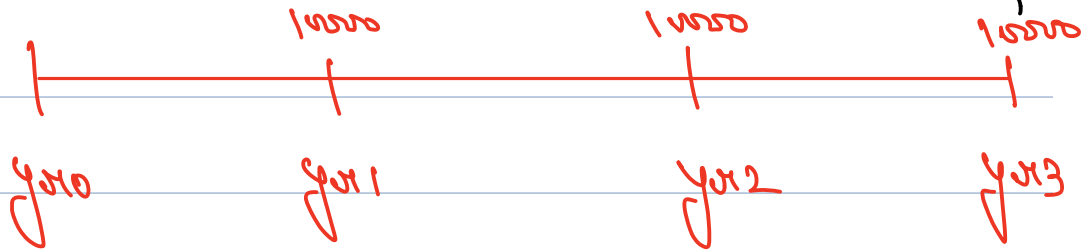


\Rightarrow if $R = 10\%$ then $i = \frac{10}{100}$

Suppose.

A loan is repaid in 3 equal annual installments of ₹10000 each, R.O.I. = 10%.





Amount of loan = PV of all installments.
Calcⁿ of loan method



Yr.	Inst.	PVf.	PV
1	10000	0.9091	9091
2	10000	0.8264	8264
3	10000	0.7513	7513
			<u>24868</u>

loan = 24868

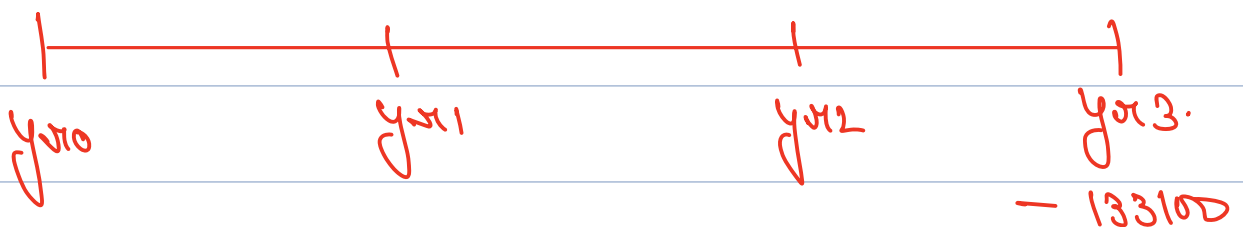
$$\begin{aligned} \text{loan} &= \text{Inst} \times \text{PVAf.} \\ &= 10000 \times 2.4869 \\ &= \underline{\underline{24869}} \end{aligned}$$

ILLUSTRATION # 14

Company is settle a financial liability after 3 years at ₹ 1,33,100. Effective Rate of Interest is 10%. Show accounting for 3 years.

Solⁿ

Step 1 loan amount



loan amount.



$$\begin{aligned}
 &= 133100 \times PV_f (10\% \text{ for } 3 \text{ yrs}) \\
 &= 133100 \times 0.7513 \\
 &= 100000
 \end{aligned}$$



Step 2 L A T

year (a)	Op. bal. (b)	+ Int @ 10% (c)	- Int. (d)	= cl. bal. (b+c-d)
1	100000	10000	0	110000
2	110000	11000	0	121000
3	121000	12100	133100	0

Step 3 Pricing

Year Bank Dr 100000
To F.L. 100000

Year 1 Int (PIL) Dr 10000
To FL 10000

Year 2 Int (PIL) Dr 11000
To FL 11000

Year 3 Int (PIL) Dr 12100
To FL 12100

FL Dr 133100

To Bank 133100

Unwinding of Int.

→ BIS → FIL = 110000

→ BIS → FIL → 121000

→ BIS → 0.



$$115000 = 12000 \times PVA_f (x\%, 3 \text{ years}) + 100000 \times PV_f (x\%, 3^{\text{rd}} \text{ year})$$



Using T & E method.

$$\text{Let } x = 10\%$$

$$\Rightarrow 12000 \times (10\%, 3 \text{ years}) + 1L \times (10\%, 3^{\text{rd}})$$

$$\Rightarrow 12000 \times 2.4868 + 100000 \times 0.7513$$

$$\Rightarrow 104972$$

We want PV to be 115000

but it is 104972

\therefore We need to \uparrow PV \therefore \downarrow in ROI

$$\text{Let } x = 6\%$$

$$= 12000 \times 2.6730 + 100000 \times 0.8396$$

$$= 116038$$

Using Interpolation method

$$\Rightarrow \text{L.R.} + \frac{HV - RV}{HV - LV} \times \Delta \text{ in ROI} \quad (\text{H.R.} - \text{L.R.})$$

$$\Rightarrow 6\% + \frac{116038 - 115000}{116038 - 104972} \times 4$$



⇒ 6.38%



Step 3 L.A.T.

Yr.	op. bal.	Int @ 6.38%	Install.	cl. bal.
1	115000	7337	12000	110337
2	110337	7040	12000	105377
3	105377	6623	112000	0

Bif.

Step 4 Pricing.

Yr 0	Inv in Deb Dr	115000	
	To Bank		115000

	Yr 1	Yr 2	Yr 3
Inv in Deb	7337	7040	6623
To Int (PIL)	7337	7040	6623

Bank Dr	12000	12000	12000
To Inv.	12000	12000	12000

Bank Dr	—	—	100000
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To invt in Deb.

105377



B/S \Rightarrow ~~Invt in Deb~~

110337

~~105377.~~

~~0~~

(A) OCI

\hookrightarrow already covered in SOP12

\downarrow
Refer page 21 of textbook.

c) Other comprehensive Income (OCI)	
i) Items that <u>cannot be reclassified in P/L</u> in subsequent years	NR
\rightarrow Revaluation reserve	
\rightarrow Measurement <u>loss/gain on Actuary</u>	
\rightarrow Fair value <u>changes on investment in equity</u>	
\rightarrow Share of <u>profit or loss</u> in <u>associates</u> and <u>subsidiaries</u>	
(ii) items which can be reclassified (when revenue is realised it will be <u>shown in P/L as Net gain from recycling</u>)	R.
\rightarrow Fair value <u>changes in Investment in debts</u>	
\rightarrow Cash <u>flow hedge reserve</u>	
\rightarrow Exchange <u>difference</u> in foreign operation	
\rightarrow Share of <u>profits</u> in <u>JV</u>	
\rightarrow Others ✓	
Tax effects on OCI	
Total comprehensive Income	

Accounting for changes in F.V. through P/L OR OCI.

ILLUSTRATION # 16

Investment purchased for ₹ 100 on 1.3.2018. its FV as on 31.3.2018 is ₹ 106. On 30.4.2018 these investments are sold for ₹ 110.

Show Accounting

FOUNDATION | CA INTERMEDIATE | CA FINAL

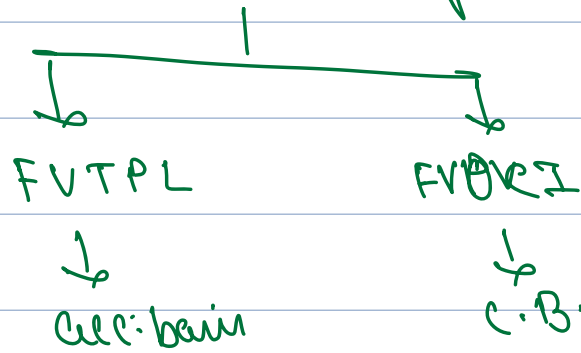
Date	Particulars	FV TPL	FVOCI(R)	FVOCI(NR)
1-3-18	purch.	Invnt Dr 100 To CIB 100	Invnt 100 To CIB 100	Invnt 100 To CIB 100
31-3-18	F.V. change	Invnt Dr 6 To P/L 6	Invnt 6 To OCI 6	Invnt 6 To OCI 6
30-4-18	Sold	CIB Dr 110 To P/L 4 To invnt 106	CIB Dr 110 To Invnt 106 To P/L 4 OCI Dr 6 To P/L 6	CIB Dr 110 To invnt 106 To P/L 4 ₹ 6 OCI bal. will be trsf. to <u>SOCI</u>

OCI (R) is nothing but
 Cash basis of accounting as we



transfer profit to P/L only when it is realised.

its not written anywhere.



HD Logic.

ILLUSTRATION # 17

PPE purchased ₹ 10,000 with life 10 years was revalued at ₹ 12,000 at end of Y2. Sold in year Y4 end for ₹ 7,000
Show Accounting

Solⁿ :-

Yr0 PPE Dr 10000
To CIB 10000

Yr-3 PPE Dr 4000
To OCI (NR) 4000

Yr1 Dep. Dr 1000
To PPE 1000

Yr3 Dep Dr 1500
To PPE 1500
($\frac{12000}{8}$)

Yr2 Dep. Dr 1000
To PPE 1000

Yr4 Dep. Dr 1500
To PPE 1500



Now C.A. = 8000

F.V. = 12000

Rev. Res. 4000

Yr 4 CIB Dr 7000

PIL Dr 2000 (B1)

To PPE 9000

∴ OCI (NR) ⇒ ₹ 4000
will be transf.
to OCI (R).

5) Reclassification → always prospective effect.

blw equity &
Liability

blw Cost &
FV

L to E

E to L

FV to Cost

Cost to FV

C.A. of Liability will
become C.A. of equity

L. Dr
To Equity.

then C.A. will remain
same & FV becomes
new cost.

then C.A. should
be F.V. on
the date of
Reclassification
& diff is transf.
to OCI/PIL.



then convert equity to Liability
@ F.V. of liability &
diff. shall be adj. in
Res. (O.E.) or P/L.



Equity Dr
O/E/P/L Dr.
To L.

6) Retrospective Restatement.

As per IND AS, if there is R.O.E. or Δ in
accounting policy then, IND AS requires Co.
to restate (Revise) previous years Op. bal.
of A/L/E. instead of accounting for diff. due
to Retrospective Δ in C.Y.

ILLUSTRATION # 19

An Entity made an FD with SBI on 01.04.2015 for ₹ 1,00,000. Interest is ₹ 10,000 per annum simple interest. In 2018-2019 the company realised that it has not recognised interest income on above FD at all.

Show Accounting ✓

Error is 3 years int. income on F.D. was
not acted i.e. ₹ 10,000 x 3 years = 30,000 of



years 15-16, 16-17, 17-18.

∴ 30000 acc. int. income should be
added in C.Y. 2018-19, apart from
recording C.Y. income.



As per AS-5

a) Journal.

Acc. int. Dr 40000
 To Int. 40000

b) SPL.

Particulars	18-19	17-18
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Incomes

O.I.	10000	
------	-------	--

Exps.

PBT	xxx	
-----	-----	--

+ PPI (AS-5)	30000	
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c) BIS.

Assets.	18-19	17-18
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Acc. int.	40000	
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113 As per IND AS.



a) Journal.

Acc. Int. Dr	30000	
To Int. (17-18)		10000
To R. E. (15-16, 16-17)		20000

b) SPL

Particulars	18-19	17-18
Interest Inc.	10000	10000

c) BIS.

Asset.	31-3-19	31-3-18	1-4-17
Acc. int.	40000	30000	20000

Liabilities.

O.E.

R. Res. in.	xxx	↑ 30000	↑ 20000
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d) SOCI E.

	18-19	17-18
Op. Bal.	↑ 30000	xxx



+ Restated.

Rev.
+ C.Y. profit.

—
30000
+10000
40000 ✓

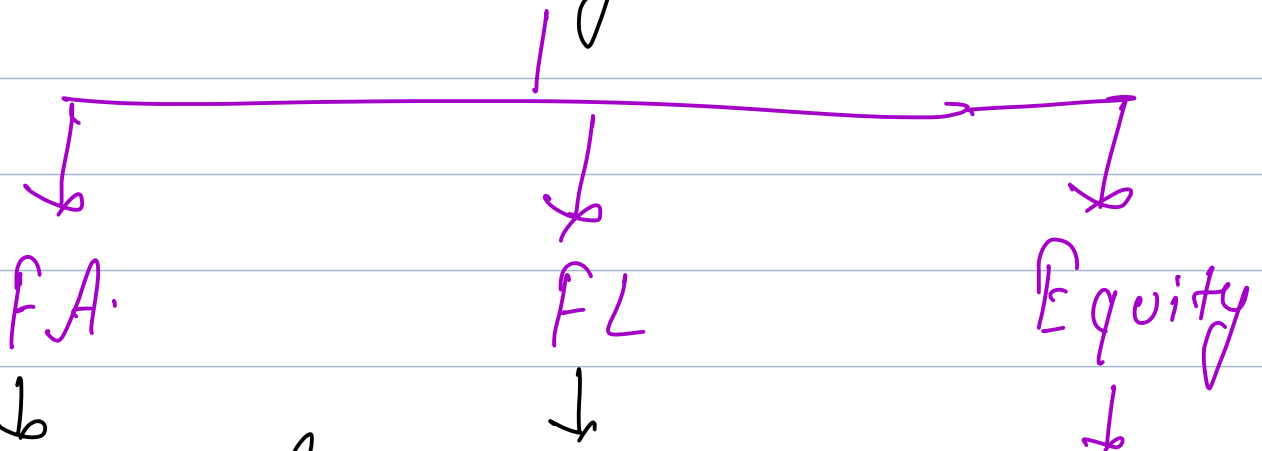
+20000
20000
+10000
30000



7) Financial Instrument



is a contract which gives rise to F/A for one entity & F/L / Equity to other entity.



any contractual asset which gives right to receive cash. or Equity sh.

eg → Cash, inv. in eq. sh. etc.

Contractual obligation to pay cash or other F.A.

Residual int.

It will discuss later in detail under Ind AS 32, 109.



8) Impairment

↳ decrease in value of asset.
(Other than dep. & Rev.)

↓
defined in Ind AS 36

if $R.A. < C.A.$

then $C.A. - R.A. = I.L.$

R.A. is higher of.

a) FV LCD

or

b) VIU

Journal.

R.R.
P/L

Dr.
Dr

} imp. loss

To Asset.

It will discuss in details under Ind As 36

ILLUSTRATION # 20

Cost of asset is ₹ 56 lacs with useful life of 10 years. Upward Revaluation done last year of ₹14 lacs. Carrying amount at the beginning of the year is ₹27.3 lacs and recoverable amount was ₹12 lacs with life remaining 3 years.

Calculate IL and depreciation for Current year

Solⁿ :-

C.A.	27.3.	(₹ in lacs)
R.A.	<u>12.</u>	
I.L.	<u>15.3</u>	

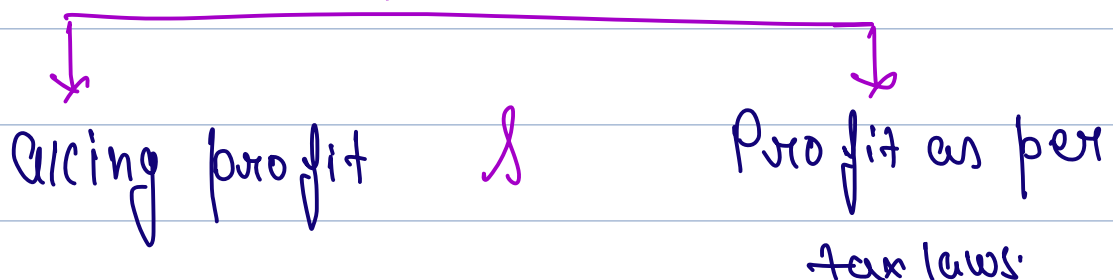
RR.	Dr	14	
PIL	Dr	1.3.	
	To	Anet	15.3.

Revised c.A. = 12. lacs.

$$\text{Dep.} = \frac{12}{3} = ₹ 4. \text{lacs.}$$

g) Deferored Tax { in detail we will discuss under }
IND As 12 Income taxer.

→ Tax on diff. blw.

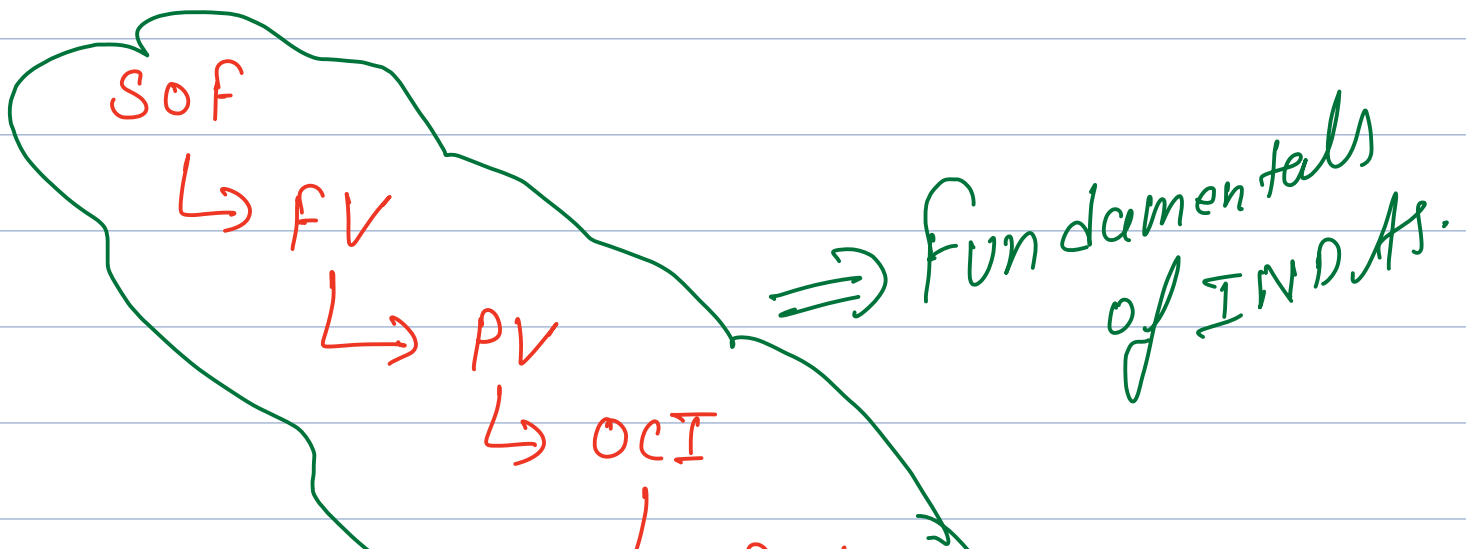
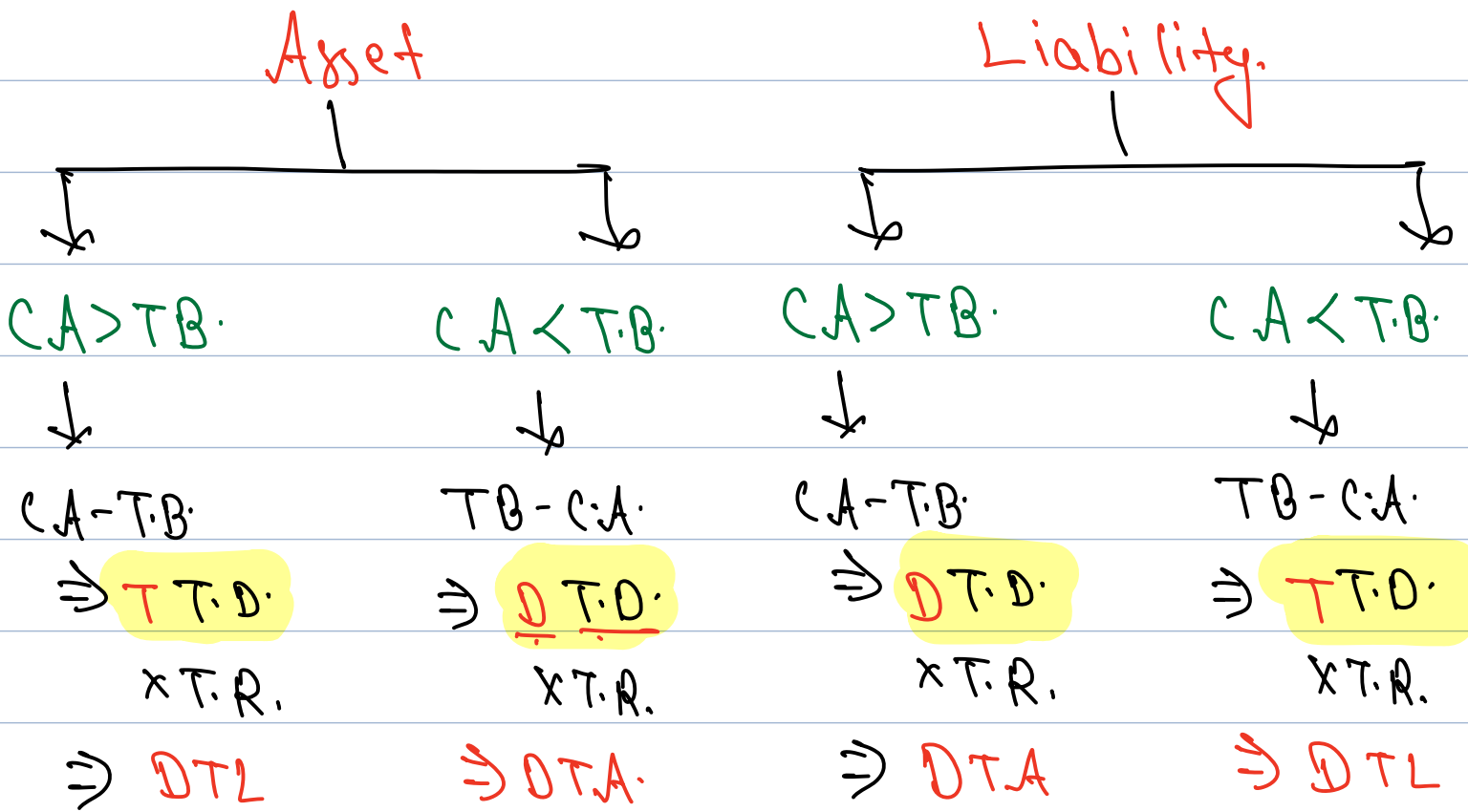


→ IND As follows BIS approach to calculate

D.T.



- C.A. — Tax base = Temp. diff. (T.D.)
- T.D. x Tax rate = DTA/DTL
- C.A. means value of A/L as per B.O.A.
- T.B. means value of A/L as per tax laws





↳ Recl.

↳ RR.

↳ F.I.

↳ Imp

↳ D.T.



#7 Framework for presentation of FIS.



Concept of Capital



Here our objective is to calculate growth under 3 possibilities.



at

historical
cost



at

Current
cost



at

physical
product cost.

$$\text{Growth} = \text{Cl. Cap} - \text{op. cap.}$$

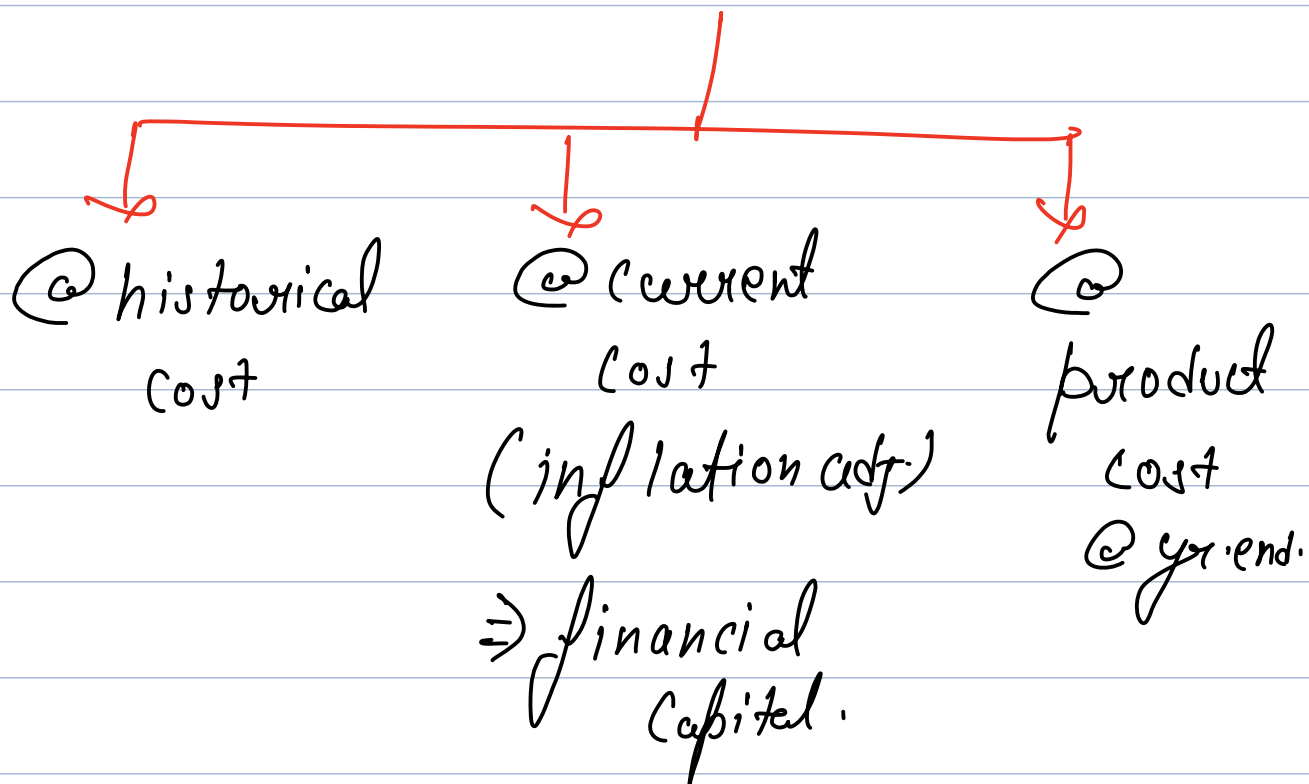
Steps to calculate growth.



Step 1 \rightarrow Calculate growth (profit)
 $(S.p.v. - C.p.v.) \times \text{units produced.}$

Step 2 \rightarrow Calculate C.I. Capital.
Op. Capital.
@ historical cost + profit - Drawings

Step 3 \rightarrow Cal. of Op. Capital.



Step 4 growth / R.E.



Step 2 → Step 3.



eg → Op. Capital = 12000 (6000 units @ ₹2)
Sold all units @ ₹3.

Drawings = ₹6000

Δ in price level = 100 to 120

avg. cost p.u. @ yr. end = 2.5

Solⁿ

Step 1 Cal. of profit.

$$= (\text{₹}3 - \text{₹}2) \times 6000$$
$$= \text{₹}6000$$

Step 2 Cl. Cap. @ historical cost

Op. Cap. + profit - Drawings.

$$= 12000 + 6000 - 6000$$
$$= 12000$$

Step 3 Calⁿ of op. Capital



@ his.
cost

12000

@ C.I.

$$\Rightarrow 12000 \times \frac{120}{100}$$

$$\Rightarrow 14400$$

@ prev.
cost

$$6000 \times 2.5$$

$$\Rightarrow 15000$$



Step 4. growth.

	1	2	3.
C.I.	12000	12000	12000
Op.	<u>12000</u>	<u>14400</u>	<u>15000</u>
	<u>0</u>	<u>(2400)</u>	<u>(3000)</u>

\downarrow
Nominal growth.
 \downarrow
inflation

\downarrow
Real.
growth
 \downarrow
in reality

Mr. Unique commenced business on 1/04/17 with ₹ 20,000 represented by 5,000 units of the product @ ₹4 per unit. During the year 2017-18, he sold 5,000 units @ ₹5 per unit. During 2017-18, he withdraw ₹4,000.

- 31/03/18 : Price of the product @ ₹4.60 per unit
- Average price indices : 1/4/17 : 100
& 31/3/18 : 120

Find out:

Solⁿ :-

Step 1 Calⁿ of profit

$$(\text{₹}5 - \text{₹}4) \times 5000 = \text{₹}5000$$

Step 2 Cl. Capital

$$= 20000 + 5000 - 4000$$

$$= 21000$$

Step 3 Op. Capital

$$\begin{array}{ccc} \downarrow & & \downarrow \\ 20000 & & 20000 \times \frac{120}{100} \\ & & \downarrow \\ & & 5000 \times 4.6 \end{array}$$

$$\Rightarrow 24000$$

$$\Rightarrow 23000$$

Step 4.

Cl.	21000	21000	21000
Op.	20000	24000	23000
	<u>1000</u>	<u>(3000)</u>	<u>(2000)</u>

#8

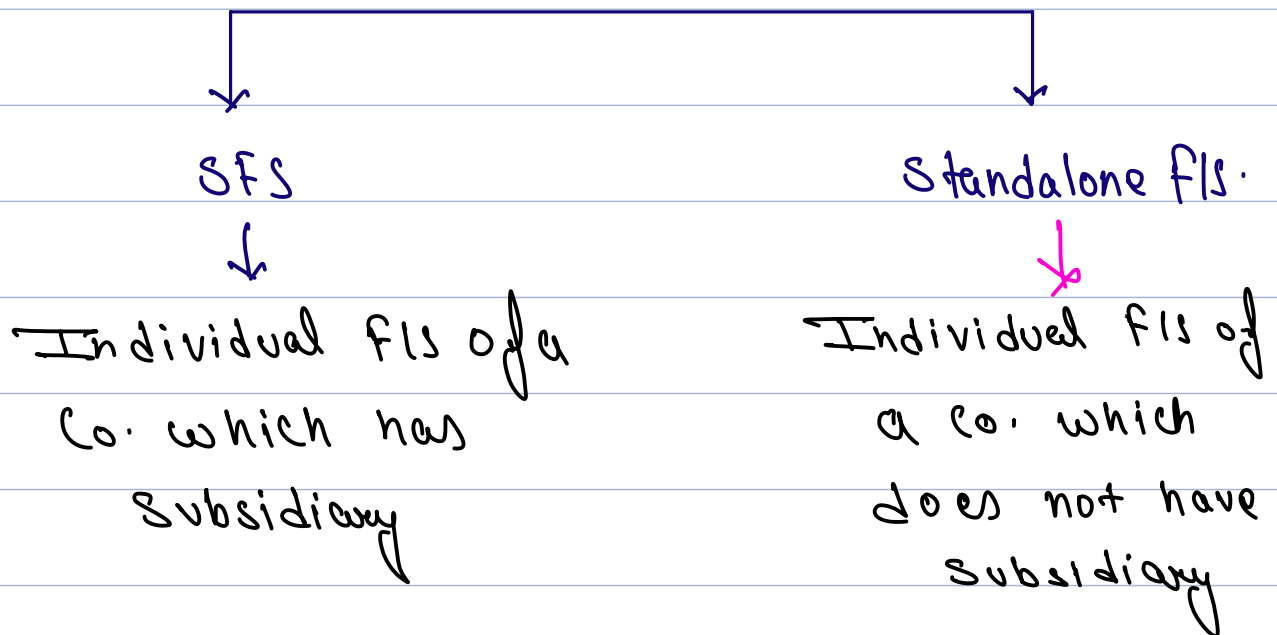
IND AS 1

Presentation of FIs.



i) Applicability.

It is applicable on



It is not applicable on interim FIs
(IND AS 34)

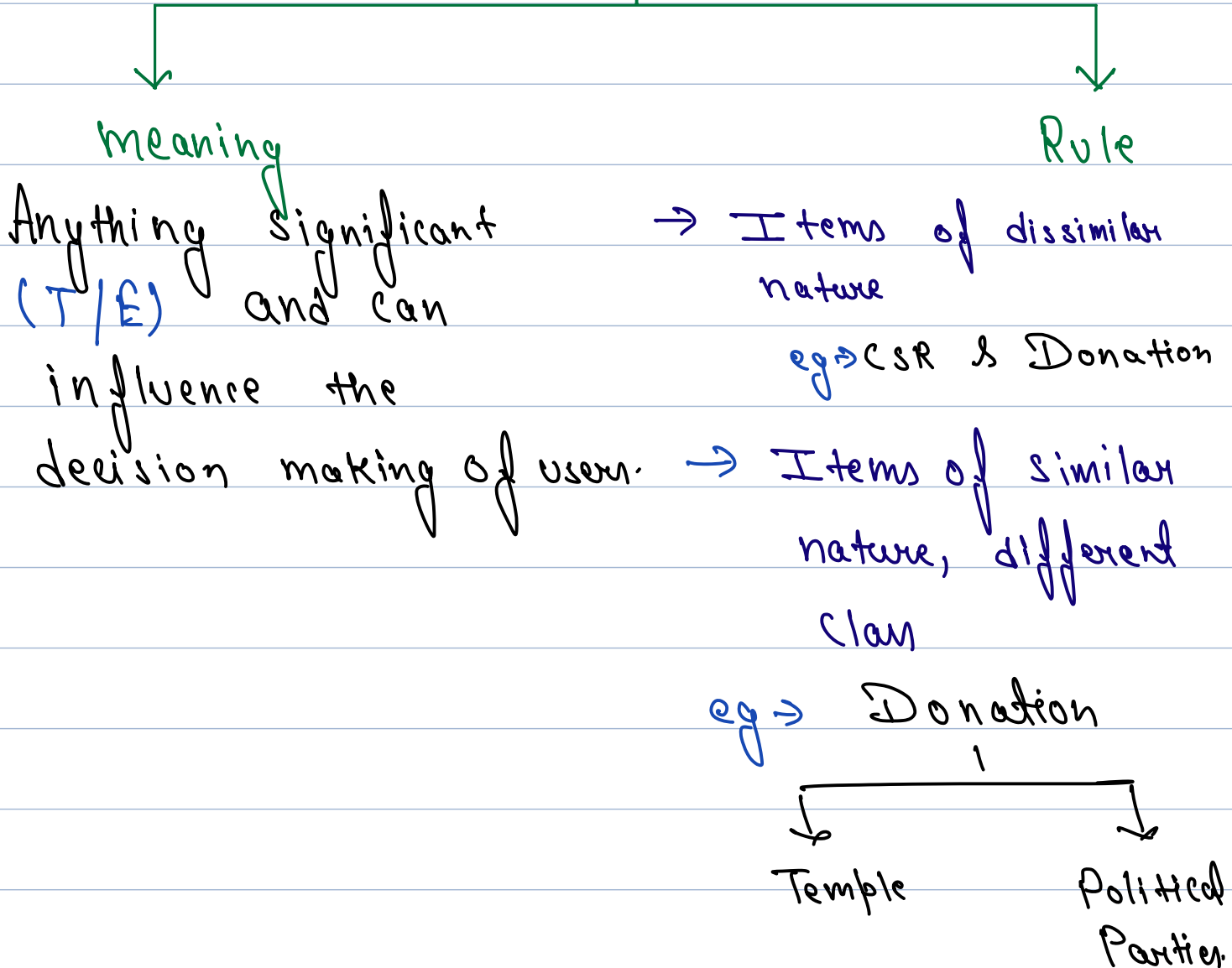
It is applicable to sec-8 Co. which can change names
like → Surplus for profit,
Statement of ISE
instead of SPL.



2) General Instruction: i- To be followed in preparation of f/s.



a) materiality



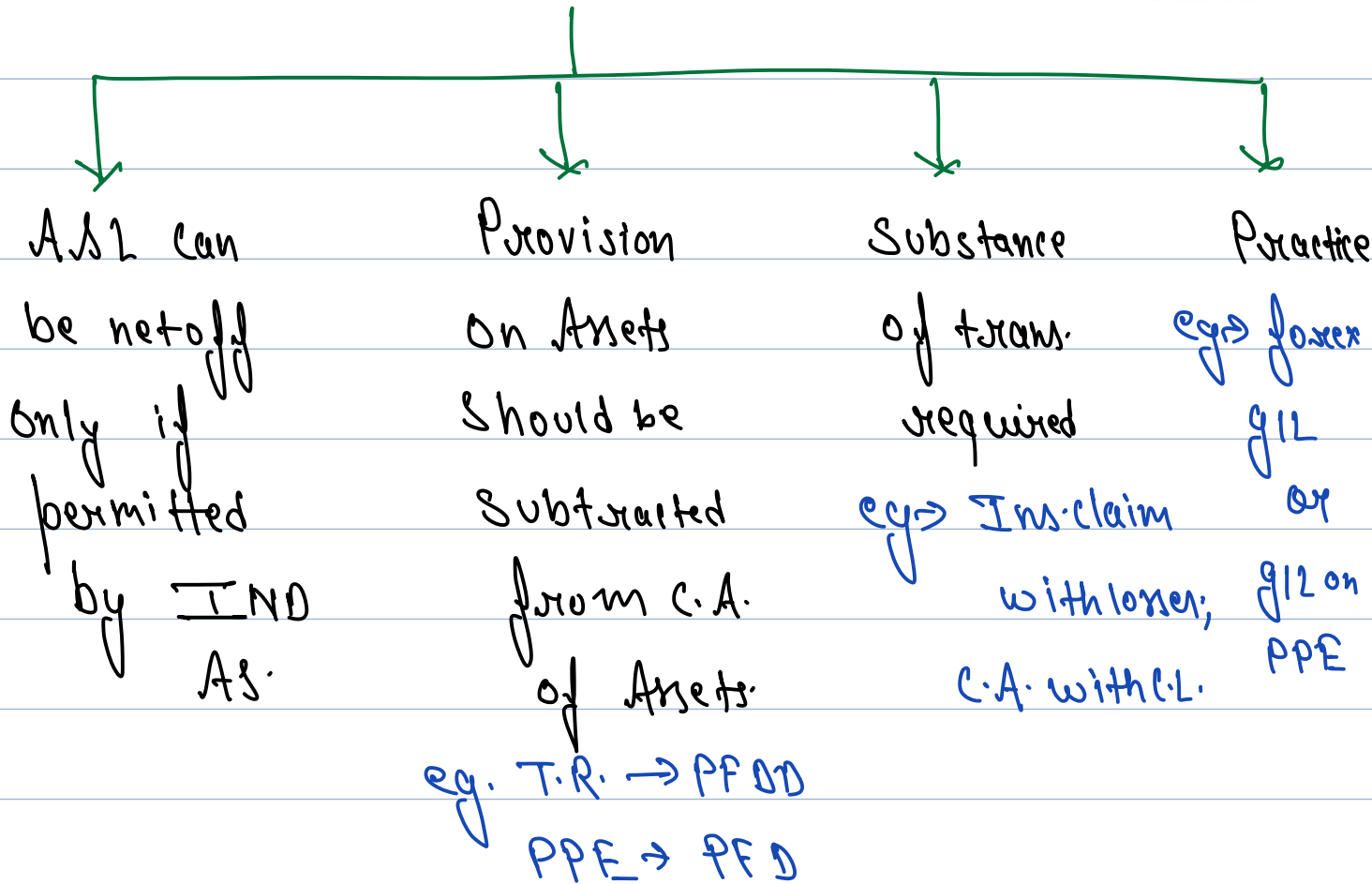
Should not be clubbed.

→ Do not mix/club material inf. with immaterial inf.



b) off-setting

Rules



c) Explicit unreserved statement.

All IND AS are followed (Not selective)

ILLUSTRATION # 22

SIMILAR TO ICAI STUDY MATERIAL ILL 1

Company makes a statement in FS that it has complied with all Ind AS except Ind AS 7 Cash Flow Statement. Comment. An entity shall not describe financial statements as complying with Ind AS unless they comply with all the requirements of Ind AS. There may be disagreement of the Company with the auditor on applicability of any Ind AS or particular requirement of any Ind AS and accordingly auditor may qualify the audit report. Even in such a situation, the financial statements will be assumed to be Ind AS compliant.

In instant case the company cannot issue EUS because of selective application



1) Disclosure req. for A in
acing policy along with
its financial effect.



g) FIs should be atleast reported annually.
h) Follow accrual basis

i) GRIC

↳ if uncertain then disclose the facts.

↳ if certain that No more GRIC then
follow IND AS 105

↳ if GRIC is not followed, all AS2
should be shown at Realisable value.

J) Disclose Restatement and Reclassification

3) Disclosures → Refer textbook.



A. Disclose significant Accounting Policies regarding

1. Basis of Measurement (Cost/FV) ✓
2. Other Accounting Policies ✓
- Changes in Accounting Policies {See Consistency} ✓
- Deviation from Ind AS {See EUS} ✓
- Significant judgements of Managements {Materiality, Impracticability; Going Concern etc} ✓

f Dis.

B. Disclose any material uncertainty/Estimates involving significant uncertainty to be disclosed providing information on

Management Policies

1. Qualitative Aspects of Capital ✓
2. Quantitative Aspects of Capital ✓
3. External imposed restriction on capital and violation of it. ✓

C. Puttable FI {Refer Ind AS – 32} →

D. Other Disclosures

1. Proposed Dividend
2. Arrears of Preference Dividend
3. Other
Legal Form + Domicile (Registered at) + Registered Address
Holding and Ultimate holding company name
Nature of Operation
If it has any specified life, then disclose it.

f ✓

ILLUSTRATION # 24

particulars	₹
Assets	
Non-Current Asset – PPE	65,000
Current Asset	
– Inventories	30,000
– Financial Assets	
(a) Trade Receivables	20,000
(b) Other Assets	10,000
(c) Cash and Cash Equivalent	5,000
	1,30,000
Equity and Liabilities	
Equity	
– Share Capital	60,000
– Other Equity – P/L Account 25,000	25,000
Non-Current Liability	
– 10% loan 35,000	35,000
Current Liabilities	

– Financial Liabilities		
(a) Trade Payables	10,000	
	1,30,000	

Additional Information

- The remaining life of PPE is 5 years. The pattern of use is even. The NRV of PPE as on 31.03.2012 is ₹ 60,000
- The traders purchase and sales in 2011-2012 amounted ₹ 4,00,000 and ₹ 4,50,000 respectively
- The cost and NRV of Inventories as on 31.3.2012 were ₹ 32,000 and ₹ 40,000 respectively
- Employee benefit expense for the year amounted to ₹ 14,900
- Other asset is written off equally over 4 years
- Trade receivables on 31.03.2012 is ₹ 25,000, of which ₹ 2000 is doubtful. Collection of another ₹ 4,000 depends on successful re-installation of certain product supplied to the customer
- Cash balance on 31.3.2012 is ₹ 37,100 before deduction of interest paid on loan
- There is an early repayment penalty for loan of ₹ 2,500
- Trade payables 12,000

Show SPL and BS of the trader in 2 cases

- Assuming going concern is followed
- Assuming going concern is not followed

Solⁿ :- B/S.

Particulars	Gr	Not Gr.	WN-1 PPE.	
			Gr	NGr
Assets.				
NCA - PPE. (WN-1)	52000	60000	PPE	65000 65000
C.A.			- Dep ($\frac{65000}{5}$)	<u>(13000)</u> <u>(5000)</u>
Inventory	32000	40000		<u>32000</u> <u>6000</u>
F.A.			WN-2	TIR.
TIR. (WN-2)	23000	19000		Gr NGr
O. Assets.	7500	—	TIR.	25000 25000
C.S.C.F. { $\frac{37100}{-3500}$ }	33600	33600	P.F.D.D.	<u>(2000)</u> <u>(6000)</u>
<u>Total</u>	<u>148100</u>	<u>152600</u>		<u>23000</u> <u>19000</u>

Equity & Liability.



Share Capital
O.E.

60000	60000
41100	43100



(PIL + N.P.)

NCL.

WN-3: Δ in SIT

10% loan.

35000	37500
-------	-------

Gr. NGr.

C.L.

op. st.	30000	30000
---------	-------	-------

F.L.

Cl. stock.	32000	40000
------------	-------	-------

T.P.

12000	12000
-------	-------

inc.	(2000)	(1000)
------	--------	--------

Total

148100	152600
--------	--------

SPL.

WN-4: Dep. & Am.

Particulars.

Gr.	No. Gr.
-----	---------

Gr.	NGr.
-----	------

Incomes

Revenue

450000	450000
--------	--------

PPE	13000	5000
-----	-------	------

Total (A)

450000	450000
--------	--------

O.A.	2500	10000
------	------	-------

15500	16000
-------	-------

Expenses

WN-5: Finance Cost

Purchase.

400000	400000
--------	--------

Gr.	NGr.
-----	------

Δ in S.I.T. (WN-3)

(2000)	(1000)
--------	--------

Int. on loan	3500	3500
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PBE

14900	14900
-------	-------

prep. p.	—	2500
----------	---	------

Dep. & Am. (WN-4)

15500	15000
-------	-------

3500	6000
------	------

Finance Cost (WN-5)

3500	6000
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Other expy. (PFOD)

2000	6000
------	------



Total (B)	433400	431900
Profit (A-B)	16100	18100

**ILLUSTRATION # 25****ICAI STUDY MAT (OLD SYLLABUS)**

Entity A is having inventory amounting ₹ 1,00,000 in total with the details as below

NAME	₹
Spare parts	30,000 ✓
Finished goods 25,000 ✓	25,000
Work in progress 40,000	40,000 ✓
<u>Tools</u>	5,000
	1,00,000

Materiality limit has been assessed ₹ 30,000 based on the management's estimation pertaining to annual profit basis.

What should be the presentation requirement under the Materiality Criteria ?

Solⁿ:-

- a) entity has a materiality of ₹ 30000, so
∴ any thing beyond or above should disclosed separately.
- b) entity needs to show inventory as below in notes to ac.

Spare parts.	30000
WIP.	40000
F.G. (incl. Tools)	30000
	<u>100000</u>