ORDINARY ACT

Operating Act.

ORDINARY ACTIVITIES

↓

Related to Business

Sale of Goods ✓

Rendering of service ✓

Sale / Purch of machine ✓

Insurance claim for fire / Earthquake / Flood ✗

↓

Extraordinary activities

→ Operating Activities

Normal

Exceptional

→ Any activity jiska
* nature, size, incidence
is such that a separate disclosure will help in better understanding of the financial statements.

→ 31·3·20 : closing stock (oil)

Cost }
NRV } lower

Loss = 4500 crore appx

↓

Business Related : Ordinary act.

↓

Exceptional item

Extraordinary Items : Not business related

Examples :- Insurance claim for fire
" " " Earthquake

Loss due to fire
" " " Earthquake

Loss due to theft of goods
Loss due to theft of cash
Abnormal loss during production
} Ordinary - Exceptional

Prior Period Items

L45

CFY
↓
Incomes / Expenses → Reason → Mistakes in preceeding FY while preparing FS.

Preceeding FY :- wrong calculation of salary.
wrong calculation of closing stock

CFY

management & employees union
↓
Decision
↓
Retrospective increase in salary for last 3 FYs.

Last 3 FY
↓
Salary Increase → Recorded in CFY.
↓
Expense Arise

Not a prior period item.
↓
because there were no errors/ommissions in prepration of FS of one or more prior periods.

Ordinary item
↓
Exceptional item
↓
Preceeding 3 FYs salary.

Normal item
Current FY salary

P/L Before Other Inc. , Int., Excpt. Items & Tax	6.26	8.04	23.11
Other Income	--	0.01	0.04
P/L Before Int., Excpt. Items & Tax	6.26	8.05	23.15
Interest	1.15	1.33	1.36
P/L Before Exceptional Items & Tax	5.11	6.73	21.79
Exceptional Items	--	--	--
P/L Before Tax	5.11	6.73	21.79
Tax	1.79	2.35	7.65
P/L After Tax from Ordinary Activities	3.32	4.38	14.14
Prior Year Adjustments	--	--	
Extra Ordinary Items	--	--	--
Net Profit/(Loss) For the Period	3.32	4.38	14.14
Equity Share Capital	100.00	100.00	100.00
Reserves Excluding Revaluation Reserves	--	--	50.21
Equity Dividend Rate (%)	--	--	--
EPS BEFORE EXTRA			

L4S

Disaster Response	[illegible]	[illegible]
Arts, Culture, Heritage and Urban Renewal	1	1
Total	**909**	**849**

(c) Out of note (b) above, ₹ 121 crore (Previous Year ₹ 289 crore) contributed to Reliance Foundation, ₹ 37 crore (Previous Year ₹ 41 crore) to Reliance Foundation Youth Sports and ₹ 229 crore (Previous Year ₹ 476 crore) to Reliance Foundation Institution of Education and Research which are related parties.

C = x loss MV = y → LOWER

Op. Act. → Loss

30.3 EXCEPTIONAL ITEMS

Except

AS-2

C = NRV

(a) COVID-19 has significant impact on business operations of the Company. Further, there is substantial drop in oil prices accompanied with unprecedented demand destruction. The Company based on its assessment has determined the impact of such exceptional circumstances on its financial statements and the same has been disclosed separately as 'Exceptional Items' of ₹ 4,245 crore, net of taxes of ₹ 899 crore in the Statement of Profit and Loss for the year ended March 31, 2020. (also read with Note C (I) of Critical Accounting Judgements and Key sources of Estimation uncertainty above)

Oil = demand : 0 = Lower

	2019-20	2018-19
31. EARNINGS PER SHARE (EPS)		
FACE VALUE PER EQUITY SHARE (₹)	10	10
BASIC EARNINGS PER SHARE (₹) – BEFORE EXCEPTIONAL ITEM	55.45	55.48
BASIC EARNINGS PER SHARE (₹) – AFTER EXCEPTIONAL ITEM	48.75	55.48
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore) – Before Exceptional Item	35,148	35,163
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore) – After Exceptional Item	30,903	35,163
Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	6,33,91,12,980	6,33,76,24,192
DILUTED EARNINGS PER SHARE (₹) – BEFORE EXCEPTIONAL ITEM	55.44	55.47
DILUTED EARNINGS PER SHARE (₹) – AFTER EXCEPTIONAL ITEM	48.75	55.47
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore) – Before Exceptional Item	35,148	35,163
Net Profit after Tax as per Statement of Profit and Loss attributable to Equity Shareholders (₹ in crore) – After Exceptional Item	30,903	35,163
Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	6,33,93,96,408	6,33,90,37,425

blurbatch

L45

AS 5: NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS & CHANGES IN ACCOUNTING POLICIES

Statement of P&L - Presentation

STATEMENT OF P&L

Particulars	Note no.	Figures for the Current Reporting Period	Figures for the previous Reporting period.
Incomes			
I. Revenue from Operations			
II. Other Income			
III. Total revenue (I +II) Total Income			
IV. *Expenses*			
Cost of material Consumed			
Purchased of Stock-in-trade		Ordinary - Normal	
Changes in Inventories of Finished good, Work-in-progress & Stock- in-Trade			
Employees benefits Expenses			
Finance Costs			
Depreciation & Amortization Expenses			
Other Expenses Total Expenses			
V. Profit before Exceptional & Extraordinary items and Tax (III -IV)			
VI. Exceptional items		→ Ordinary Exceptional	
VII. Profit before Extraordinary items And Tax (V- VI)			
VIII. Extraordinary Items		→ Extra-ord activities	
IX. Profit Before tax (VII - VIII)			
X. Tax Expenses			
(a) Current Tax.			
(b) Deferred tax + Prior Period Items			
XI. Profit (loss) for the Period From Continuing Operations (VII- VIII)			
XII. Profit(loss) from Discontinuing Operations			
XIII. Tax expenses of Discontinuing Operations			
XIV. Profit (Loss) from Discontinuing Operations (After Tax) (XI-XII)			
XV. Profit (Loss) For the period (XI- XIV)			
XV. Earning per Equity Share.			
(1) Basic			
(2) Diluted			

STUDENT NOTES

CA Tejas Suchak

AS 5: NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS & CHANGES IN ACCOUNTING POLICIES

AS-1 what to do → Disclose

AS-5 when to do

STUDENT NOTES

CHANGE IN ACCOUNTING POLICIES → when

A change in accounting policy should be made only if:-

- ❑ required by the statute.
- ❑ compliance with a AS.
- ❑ It leads to more appropriate presentation of the F.S.

Following are not considered to be change in Accounting Policies.

- ➢ When an accounting policy is adopted for events or transactions that
- ➢ Differ significantly in substance from earlier events or transactions
- ➢ Did not occur earlier or were earlier immaterial.

CHANGE IN ACCOUNTING ESTIMATE → I&E

An estimate may have to be reverses if:-

- ❑ There is a change in the circumstances on the basis of which such estimate is made.
- ❑ The enterprise now possess new information, more experience.
- ❑ There have been subsequent development after the initial estimate was made.

NOTE: Such a revision is not treated as an Extra-ordinary item or a prior period item ↳ shown under the same heading in which the original estimate was shown.

NOTE: If sometimes it is difficult to distinguish between change in accounting policy or a change in accounting estimate. the entire change should be treated as a change in accounting estimate.

Depn — AP — R + M

FA — depn — SLM / WDV — Useful life, Rate of depn, usage pattern — Est.

Effect of Change in Accounting Estimate

- ➢ Effect of change in accounting estimate should be disclosed in
- ➢ The period of change, if its affect current period only.
- ➢ The period of change & the future periods, if it affects both.

Change in our Accounting Estimate ↓ Present it under the same heading in which the initial estimate was recorded → Ordinary / Extra-ord / Prior Period