

CA FINAL FINANCIAL REPORTING

NEW COURSE



Notebook style *multicoloured*
Book penned by CA SJ

Sure Shot Notes

Simple and Undiluted Concept Book

F.A.S.T.
first attempt success tutorials



CA Final FR

SureShot Notes



Author : CA.Sarthak Niraj Jain

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FINANCIAL REPORTING

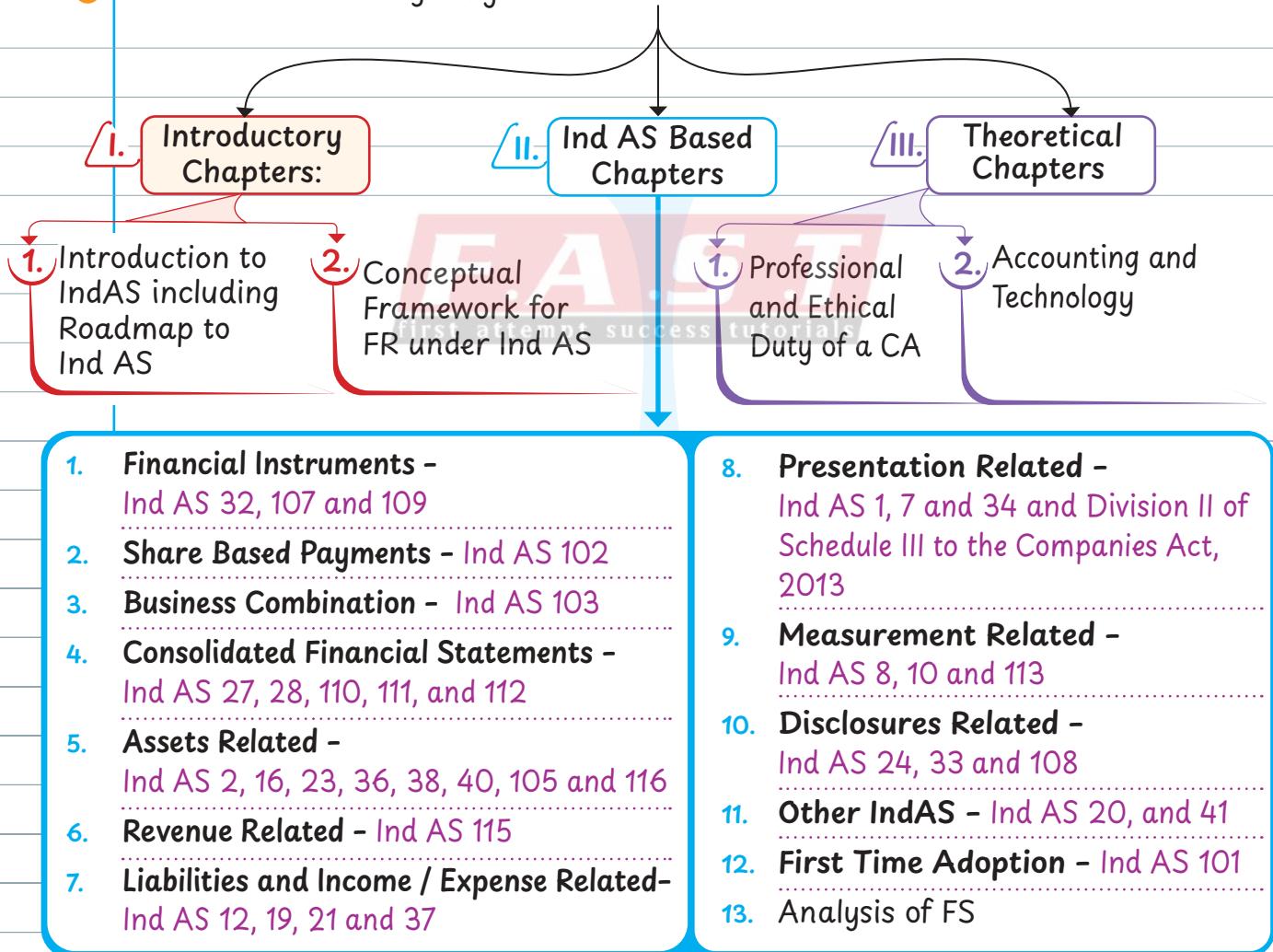
/(1) / Relevant for Students : CA FINAL / CMA FINAL

/(2) / Coverage

Book covers all Ind AS, excepts certain Ind AS that have been **excluded** from syllabus (**IndAS 29, 104, 106 and 114**). It also covers other chapters like Introduction to Ind AS, Conceptual Framework, Accounting and Technology, Ethics, have been included.

/(3) / Course Overview:

- The ICAI study material divides the course in a total of 17 Chapters (with multiple units under several chapters), grouped in 5 modules.
- The course can be logically divided as follows:



* Syllabus also includes comparison of few Ind AS with AS.

(5) Exam Pattern:

- ▶ 70 Marks Descriptive questions, 30 marks MCQ (15 MCQs of 2 mark each with one correct answer and no negative marking)
- ▶ **Time Duration:** 3 hours + 15 minutes reading time

(6) How to write answers to Descriptive Questions**Start with the end in the mind: Is FR a Descriptive Paper or Numerical one?**

- ▶ Good question to answer at the beginning! Usually a descriptive question in exam requires student to give one or more of the following in their answers:
 - ‘Computation’, or ‘Accounting treatment’, ‘Accounting entries’, ‘Reporting’, ‘Advise’, ‘Analyze’, ‘Recommend’, ‘Explain’
- ▶ Where some of these terms mean the same, some have different expectations, summarised below. (These are base on ICAI Suggested Answers)

Question Demands	How to Solve	Whether Explanation needed?	Whether JE needed?
Calculate, Compute, Determine	Just numerical based solution needed. One line explanation may be needed where accounting is conditional like substantial modification of CF, computation of weighted average tax rate, etc.	No	No
Accounting Entries	Provide JE with narrations.	No	Yes
How to present in FS / Prepare Report	<ul style="list-style-type: none"> ‘As per Ind AS’ explanation needed. BS / SPL Extract given 	Yes, if relevant	No
Give Opinion / Advise Accounting treatment / Analyze and Recommend / Discuss	<ul style="list-style-type: none"> Brief treatment as per IndAS with FACTS - EXPLANATION-ACCOUNTING. ‘IndAS states....’ if relevant be given Correct Accounting treatment to be given. No JE needed (Advise accounting treatment is not like give accounting entries) 	Yes, if relevant	No
Explain, Evaluate & Explain	<ul style="list-style-type: none"> Explanation given like ‘As per IndAS ...’ needed. Accounting treatment suggested. No JE needed 	Yes, if relevant	No

Legend : JE - Journal Entries

Intro

Introduction to Ind AS

INDEX

Applicability of Ind AS (Roadmap)

[Based on Companies (Ind AS) Rules, 2015]

- 1 Accounting in India
- 2 Which "Cos." Follow Ind AS & Which to follow AS?
- 3 Non-NBFC: Roadmap
- 4 NBFC: Roadmap
- 5 Net worth
- 6 Date of Threshold limits
- 7 Comparatives
- 8 Terms Used
- 9 Rules References
- 10 Ind AS Vs IFRS
- 11 Section 8 & Government Co.
- 12 Companies Ind AS Rules, 2015

Schedule III - Division II: Ind AS based FS and Guidance Note

- 1 Basics (Section 129 of Companies Act, 2013)
- 2 Structure of Sch 3 D2
- 3 Formats
 - A. Part I - Balance Sheet
 - B. Statement of Changes in Equity (SOCIE)
 - (A) Equity Share Capital
 - (B) Other Equity
 - C. Part II - Statement of Profit and Loss (SPL)

Student Notes

Applicability of Ind AS (Roadmap)

[Based on Companies (Ind AS) Rules, 2015]

1.

Accounting in India

Based on standards of accounting

Indian AS or Ind AS

Issued by MCA ICAI

Applicable only on companies

AS

Issued by MCA

Applicable on companies

Issued by ICAI

Applicable on non-corporate entities, LLPs, Partnership, Prop, Trust, Society etc.

2.

Which "Cos." Follow Ind AS & Which to follow AS?

- (a) Bank or Insurance Co. - Follow AS only (not Ind AS)
- (b) Mutual Fund - Ind AS only
- (c) Others to follow AS, unless covered under Ind AS:

Non-NBFC ← Phase wise applicability
NBFC ← Phase wise applicability

Current status: Mandatory applicability on

- > All LISTED Cos,
- > Unlisted Cos with NW \geq 250 crores and their H/S/JV/A

3.

Non-NBFC: Roadmap

01
A/cing period commencing on or after

1.4.2015

→ Voluntarily

1.4.2016

→ Mandatorily -

- a) Listed or unlisted with net worth \geq 500 crore seen on 31st March of any preceding FY starting from 31.03.2014
- b) And → H/S/JV/A of above Cos.*

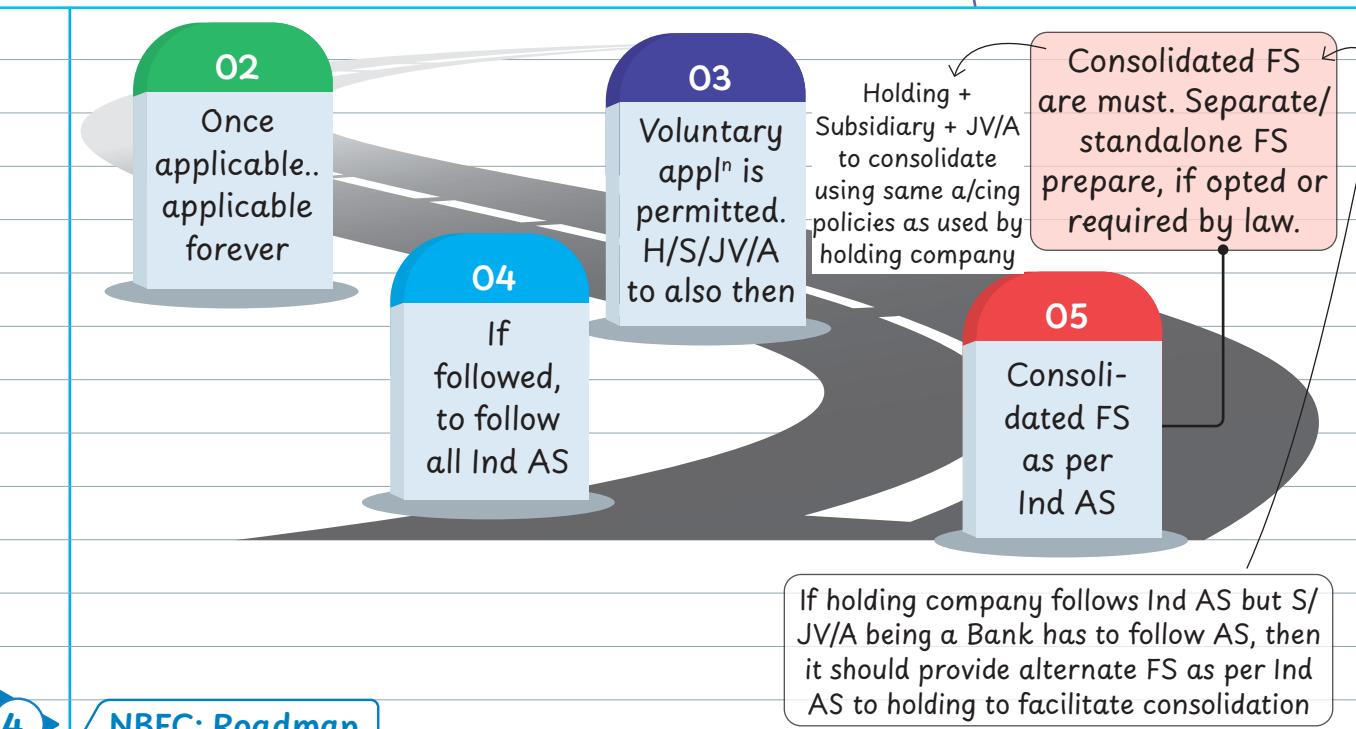
1.4.2017

→ Mandatorily -

- a) Listed Cos. (irrespective of NW) or
- b) Unlisted cos. with NW \geq 250 crore.
- c) And → H/S/JV/A of above Cos.*

* Excl. Bank/Insurance/NBFC

Why Study old road map now?
Ans. Part of ICAI-SM also asked in May-2024



4.

NBFC: Roadmap**Same provisions as non-NBFC except:**

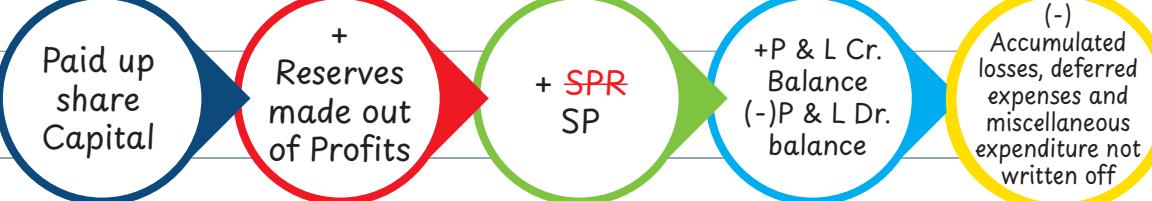
(a)

Applicability deferred by 2 years(means NW 31.3.2016 से check means NW > 500 cr... Ind AS from 1.4.18 but listed or NW > 250 cr < 500 cr... from 1.4.19 and accordingly H/S/JV/A to also follow.

(b)

No voluntary application permitted for NBFC.

5.

Net worth (Section 2 (57) of Companies Act, 2013): (as per audited BS)

- Includes :** ESC, PSC, GR, P&L (cr), ESOS Reserves, Capital Grants forming part of net worth
- Excludes:** Revaluation Reserve, Capital Reserve on Amalgamation, Write back of Depreciation

Net worth is to be checked on last day of preceding F.Y. as per its audited Standalone FS (but not before 31.03.14 / for NBFC – 31.03.16)

6.

Date of Threshold limits

- NW - 31 March of P.Y. (Starting 31.3.14 non NBFC/31.3.16 for NBFC)
- H/S/JV/A } Any point of time
- Listing

7.

Comparitives

Ind AS 101: First Time Adoption states, when a co. is covered under Ind AS it should also restate its comparative figures and present it as per Ind AS.

8.

Terms Used**Defined**

- (a) **Listing** Cos. (Ind AS) Rules, 2015
- (b) **NW** As per S.2(57) of CA 13
- (c) **H/S/JV/A** As defined in S.2 of CA 13
- (d) **NBFC** Cos (Ind AS) Rules, 2015

How?

- See point (1)
- Given earlier
- As per Cos. Act
- RBI classified NBFC + Specified other cos. under rules treated as NBFC for Ind AS applicability see point (2)

(1) Listing:

(i)

(ii)

(iii)

Listed or to be listed (i.e. Application for listing in India or abroad) Debt or Equity
 filed for listing but listing is pending Outside India (i.e. Debentures
 on Recognised stock exchange) or Equity Shares)

Excludes: Companies listed on SME & ITP without Initial Public offer. (ITP - Institutional Trading Platform now known as Innovator's Growth Platform)

(2) NBFC's: As per:**RBI - Section 45 I(f)**

Income > 50% from Financial Nature Income, &
 → **Assets** > 50% assets being Financial Assets

Certain Category of Business have been excluded from NBFC like MFs, VCFs, Nidhi Co., Chit Fund Co., Stock Brokers etc by RBI

Companies (Ind AS) Rules, 2015**NBFC INCLUDES:**

Core Investment Company, Companies that are Housing Finance companies, Merchant Banking Companies, Micro Finance, Mutual Benefit, Venture Capital Fund, Securitisation & Reconstruction, Mortgage Guarantee, Pension Funds, Asset Mgt Company, Stock Brokers or Sub-Brokers, Chit Fund and Nidhi Company + NBFC as per RBI, Section 45-I(f) of RBI Act, 1934

9.

Rules References

- (i) Ind AS applies on Cos. covered under limits given under rule 4 of Cos. (Indian AS Rules, 2015 (CIAR))
- (ii) Cos. not covered under Ind AS to follow AS - Rule 3 of CIAR, 2014
- (iii) AS followed as specified Cos. (AS) Rules, 2021

But ICAI module still quotes 2006 hence
striker के soln also mention 2006.



Exam में लिखना →

As per Cos. (AS) Rules, 2006 revised & reissued as Co. (AS) Rules, 2021.

10.

Ind AS Vs IFRS

(a) Convergence or Conversion?

Answer - Convergence

(b) Carve In/Outs: Are Ind AS 100% as per IFRS?

No, there are differences that can be categorised in 3 parts

1. Terminology Changes
2. Restriction of Options given in IFRS
3. Conceptually different from IFRS
4. Add-ons in Ind AS

Differences not leading
to carve-outs

CARVE-OUTs

CARVE-INS

(c) Numbering

IASC → IAS 1 to 41 → Ind AS 1 to 41
 ↘ reframe
 ↗ IASB → IFRS 1 to 17 → Ind AS 101 to 117

(d) IFRS interpretations → IFRIC
 IAS interpretations → SIC

Incorporated in

Ind AS itself.

11.

Govt. Co./S. 8. Cos. also until be covered in Ind AS Roadmap

Student Notes

12.

Companies Ind AS Rules, 2015 to be quoted in answers



List out the entities which were covered under Phase I & II under the Companies (Indian Accounting Standards) Rules 2015 as notified by the MCA along with the specific date of coverage with its exclusions, if any.

[May-2024]

Ans.

MCA has notified the Companies (Indian Accounting Standards) Rules, 2015. Accordingly, it has notified 39 Ind AS and has laid down mandatory Ind AS transition roadmap for companies and non-banking finance companies excluding banking companies and insurance companies under following two phases:

→ Phase I

Following companies were covered under Phase I for accounting periods beginning on or after 1st April 2016, with the comparatives for the periods ending on 31st March 2016:

- a) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of rupees five hundred crore or more;
- b) companies other than those covered by sub-clause (a) above and having net worth of rupees five hundred crore or more;
- c) holding, subsidiary, joint venture or associate companies of companies covered by sub-clause (a) and sub-clause (b) as mentioned above.

→ Phase II

Following companies were covered under Phase II for accounting periods beginning on or after 1st April 2017, with the comparatives for the periods ending on 31st March 2017:

- a) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than rupees five hundred crore;
- b) companies other than those covered in sub-clause (a) above i.e. unlisted companies having net worth of rupees two hundred and fifty crore or more but less than rupees five hundred crore.
- c) holding, subsidiary, joint venture or associate companies of companies covered by sub-clause (a) and sub-clause (b) as mentioned above.

→ Exclusions:

The roadmap shall not be applicable to companies whose securities are listed or are in the process of being listed on SME or ITP without initial public offering in accordance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Ind AS would not be applicable to companies other than listed companies whose net worth is less than ₹ 250 Crores and they will continue to follow AS. However, they can voluntary adopt Ind AS any time.

SJ
Tips!

In ans when we mention a co. is required to prepare FS as per Ind AS from....

Mention also with comparatives

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