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The Institute  
of Chartered  
Accountants of  
India  
(Set up by an act of  
Parliament)

# The Chartered Accountant **STUDENT**

Your monthly guide to CA news, information and events

SPECIAL ISSUE ON  
**FINANCIAL REPORTING**



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## || PRESIDENT'S COMMUNICATION



Dear Students,

Hearliest Greetings on the auspicious occasion of Foundation Day of the Institute, **Chartered Accountants Day on July 1, 2018** completing 69 years of its glorious existence. The forthcoming CA Day is more than special. This day our Institute will step into 70th year, i.e. Platinum Jubilee year, of its glorious existence. On this very day, our Institute was born in the year 1949. The occasion calls for befitting celebrations, which are set to be launched by none other than the first citizen of the country, Hon'ble President of India, Shri Ram Nath Kovind in a grand function in Delhi. During this journey, the profession has grown exponentially, to a strength of 2.85 Lakh members and about 8 Lakh students, becoming one of the most coveted professional qualifications. As we recount the contribution of our predecessors for our glorious past, we need to acknowledge and appreciate our esteemed colleagues for our illustrious present and must relentlessly work towards a bright future. You have to take the mantle of this prestigious profession forward, with your conscientious efforts and astute vision.

### ICAI: Partner in Nation Building

Since inception, the institute has worked hand in hand supporting the government in advisory role, working on forefront, assisting the policy makers in devising, formulating and implementing intricate norms and procedures. The story of ICAI has been a story of professional perseverance. The ICAI has always responded to the economic developments of our Country with absolute vitality. The tradition of submitting Pre-budget memorandum and Post-budget memorandum to the Finance Ministry that was started in the year 1964 still continues. Very recently also we have left no stone unturned in successful implementation of path-breaking transformation reforms. Be it GST, new Insolvency regime, Income Declaration Scheme, or Ind-AS implementation, we have contributed in the best interest and development of nation. Union Cabinet has recently identified the accounting and financial services as one of the 12 Champion Services sectors wherein many initiatives such as opening of Pilot Incubation Centres, Introduction of Foreign Language course in Spanish and German languages, and Organisation of Overseas Campus Placement programme have been taken to boost export of CA Services. ICAI is one of the partners for the initiative Women Entrepreneurship Platform (WEP) recently launched by the NITI Aayog with an objective to bring them together to realise their entrepreneurial aspirations.

### Thrust areas in Accounting

Growing change in the business practices and economic scenario requires skilled and technology savvy accounting professionals in the areas of Risk Assessment, Fraud Detection and Insolvency Code. As frequent mergers and acquisitions worth billions of dollars taking place all over the world, accounting professionals with a sound knowledge in Valuation are highly sought after, leading to outsourcing of accounting services and hiring of next generation international talent across the industry. This has created huge opportunities for such technically competent young professionals in these areas. As a budding accounting professional, you must try to gain an overview about these concepts to enhance your knowledge and employability to leverage opportunities globally.

### Overseas Placements

In order to provide global employment opportunities for our fresh as well as experienced CAs and promote international corporate entities in recruitment of Indian CAs, ICAI will be organising a Overseas Campus Placement Programme during August 24-26, 2018. I urge all of you, who have qualified OR just taken the CA Final exams and have completed their articleship, to participate in large numbers to avail benefit from this unique opportunity.

### Enhance your Knowledge

Board of Studies facilitates students not only in their studies, but also in preparation of their exams. In this endeavour, capsules on various subjects every month are provided which help them in quick understanding and revision of the subject during examination time. From this month, we will be starting series on subjects of Final level and accordingly, this issue carries the capsule on Paper-1: Financial Reporting. Since the syllabus of the paper covers mainly Ind AS, the capsule focuses on Asset based Ind AS. I believe that students will find the capsule useful and make optimum utilization of the same in their studies.

You must remember that the credibility of the profession depends upon ethical values of **independence, transparency, confidentiality, objectivity and integrity**. Hence, you should comprehend and exercise these to evolve into righteous professionals.

As a future professional, you must train yourself to accept challenges, which will help you to realize your true potential, exhort you to devise a pragmatic solution, and infuse self-confidence to confront difficult situations. Be honest, sincere, truthful, humble and polite. Be mindful of your thoughts and actions. Remember that you are respected for your character first and then for your achievements.

*Illuminate the sky of the profession with your brilliance.*

All the Best,

**CA. NAVEEN N. D. GUPTA**  
PRESIDENT, ICAI, NEW DELHI

# VICE PRESIDENT'S COMMUNICATION ||



**Dear Students,**

I am deeply honored to address you on the auspicious occasion of the Chartered Accountants' Day (July 1). It is a matter of great pride for our fraternity to celebrate this day with great enthusiasm and veneration. On this solemn occasion, I would like to urge you to uphold the pride of

this noble profession of Chartered Accountancy, as an article trainee render the best quality services involving different assignments of various clients and facilitate their advancement with knowledge sharing. You represent a highly reputed and noble profession with onerous duties towards the society, nation and also towards the firms where you are undergoing article ship. The success of our profession largely depends upon your conscientious efforts. During its nearly seven decades of existence, ICAI has achieved recognition as a premier accounting body not only in the country but also globally, for maintaining highest standards in technical and ethical areas and for sustaining stringent examination and education standards.

On this pious occasion of the Chartered Accountants' Day, I exhort each one of you to play a pivotal role in ensuring the integrated professional services to increase India's share in the global economy. With a stupendous growth in the economy, the profession of Accountancy is all set to unwind plethora of opportunities. I am quite

confident that all the students of the CA course will strive hard to excel in this gratifying and challenging profession.

Compared to other professions, the accountancy profession has been regarded as one of the most eminent and reputed professions. Moreover, the prestigious Chartered Accountancy Course offers you a lifetime opportunity to translate your dreams into reality. Along with multifaceted knowledge, you can mould your career by enriching your knowledge bank in the specialized areas of Accounting, Auditing, Corporate Finance, Corporate Laws, Corporate Governance, Information System, Taxation etc.

Board of Studies will be organizing various Students' Conferences and National Conferences during this month and in the upcoming months. I am quite sure that all of you will take part very actively in these conferences and derive benefits out of that. Conferences of this kind will provide you an opportunity to interact personally with your fellow students from various parts of the country apart from giving you best academic inputs. You will also get a chance to enter into bonds of friendship, which would help you in your journey in the professional career. I look forward to meeting you all in such conferences.

Yours Sincerely,

**CA. PRAFULLA P. CHHAJED**  
VICE PRESIDENT, ICAI, NEW DELHI

## CROSSWORD - JUNE 2018 SOLUTION

<sup>1</sup> R	<sup>2</sup> E	<sup>3</sup> L	<sup>4</sup> E	<sup>5</sup> G	A	<sup>6</sup> T	<sup>7</sup> E		<sup>8</sup> T	G	<sup>9</sup> I	<sup>10</sup> F
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	<sup>21</sup> R			<sup>22</sup> A	R	<sup>23</sup> C			<sup>24</sup> E	V	E	<sup>25</sup> N
<sup>26</sup> N	E	W	<sup>27</sup> S	R	E	A	<sup>28</sup> D	E	R			O
E	V		A	T		<sup>29</sup> C	R	R		<sup>30</sup> T	<sup>31</sup> A	B
T	E		H		<sup>32</sup> S	H	E	L	<sup>33</sup> L		P	A
	<sup>34</sup> N	<sup>35</sup> U	A	N	C	E	S		O		E	I
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G			T		<sup>45</sup> R	A	G			<sup>46</sup> O	U	T

## || CHAIRMAN'S COMMUNICATION



Dear Students,

**C**hartered Accountants Day (July 1) is a very memorable day to recount the glorious past and further strengthen our professional solidarity. On this day, in the year 1949, the Institute of Chartered Accountants of India was established. On this occasion, I would like to appeal all my young students to inherit the proud traditions crafted by our predecessors and work selflessly for the betterment of the society in general and the nation in particular. You are the leaders of tomorrow and the torch bearers of our noble profession. The responsibility of carrying CA profession forward with bright and solemn ideas is rested on your shoulders. On this day we should spend some time to contemplate and be grateful to our profession which has given us so much and demanded very little in return.

I convey my best wishes to all the students who have taken the recently concluded examinations. The results of Final Examinations and the CPT are expected this month. The ICAI endeavours to provide students the best infrastructure, educational opportunities and exposure that would increase their knowledge, hone their skills and mould them into excellent professionals.

As regards to the various career options available for the Chartered Accountants, I would like to mention that the various subjects in the curriculum are career choices in themselves. A subject may also offer you multiple options, for instance, under Taxation you have Direct Taxes, Appeals, International Taxation & Transfer Pricing. Under Audit you have Statutory Audit & Internal Audit and the likes. Many students passing the final examinations would be looking forward to building their careers. Career selection should be done after thorough analysis of personal strengths and improvement areas. To assist students to build their careers, the ICAI conducts campus placement programme at different centres across the country. Participate in placement programme to have job opportunities in various organisations.

### Assessment Test in Select Subjects

I am happy to inform that beginning from May, 2019 attempt, for students appearing in the Intermediate/IIPCE and Final Examinations under the Old and New Scheme of Education and Training, assessment in select subjects would be partially

based on objective type questions. An announcement in this regard has been hosted at the BoS Knowledge Portal on the Institute's website [www.icai.org](http://www.icai.org) and is also appearing in this edition of the Students Journal. In each of the said papers mentioned in the announcement, the weightage for objective type questions would be 30%. The remaining questions i.e. 70% of the paper would be as per the present pattern of assessment. The objective type questions will be in the nature of multiple choice questions. However, there will be no negative marking for wrong answers. I am sure that solving objective type questions would help to further hone your comprehension and analytical skills and enhance your professional competence at the point of qualification.

I would also like to advise the articled assistants completing their second year of article training to consider option of Industrial Training. This will facilitate them to get real life experience of office workings at industry and service organizations and will help to develop their professional acumen. Industrial Training is highly beneficial to articled assistants in terms of practical knowledge and learning of the corporate world.

### Practical Training Assessment

In order to assess the knowledge gained by the student during the course of practical training and his ability to apply his subject specific skills while undergoing his training in that particular area, the Board of Studies would be conducting online MCQ based tests for students after completion of first and second year of practical training. Students completing 1<sup>st</sup>/ 2<sup>nd</sup> year of practical training in a particular quarter would be eligible to register for this test in subsequent quarter i.e. students completing their 1<sup>st</sup>/ 2<sup>nd</sup> year of practical training during the second quarter of 2018, i.e. April-June, 2018 would be eligible to appear in these assessments during August-December, 2018 and so on. Grades would be assigned to the students on performance of test. These grades would appear on the final mark sheet of the student. In the test, Accounting and Auditing (including Corporate Laws) will be mandatory; students would be selecting one optional module out of Direct Tax, Indirect Tax and Internal Audit at 1<sup>st</sup> level test and two optional modules out of Direct Tax including International Taxation, Indirect Tax and Internal Audit at 2<sup>nd</sup> level test, related to their practical training specialisation area.

Investment in yourself is best investment, you will ever make. It will not only improve your life but will also improve the life of people around you. It is time to invest in your studies and career. The more and better you sow now; greater will be the harvest in your life later.

With best wishes

Yours truly,

A handwritten signature in black ink, appearing to read "Dhinal A. Shah".

**CA. DHINAL A. SHAH**  
CHAIRMAN, BOARD OF STUDIES, ICAI

# FINANCIAL REPORTING ||

## FINAL NEW COURSE PAPER 1- FINANCIAL REPORTING: A CAPSULE FOR QUICK REVISION

In a pursuit to provide quality academic inputs to the students to help them in grasping the intricate aspects of the subject, the Board of studies bring forth a crisp and concise capsule on Final new course Paper 1 : Financial Reporting.

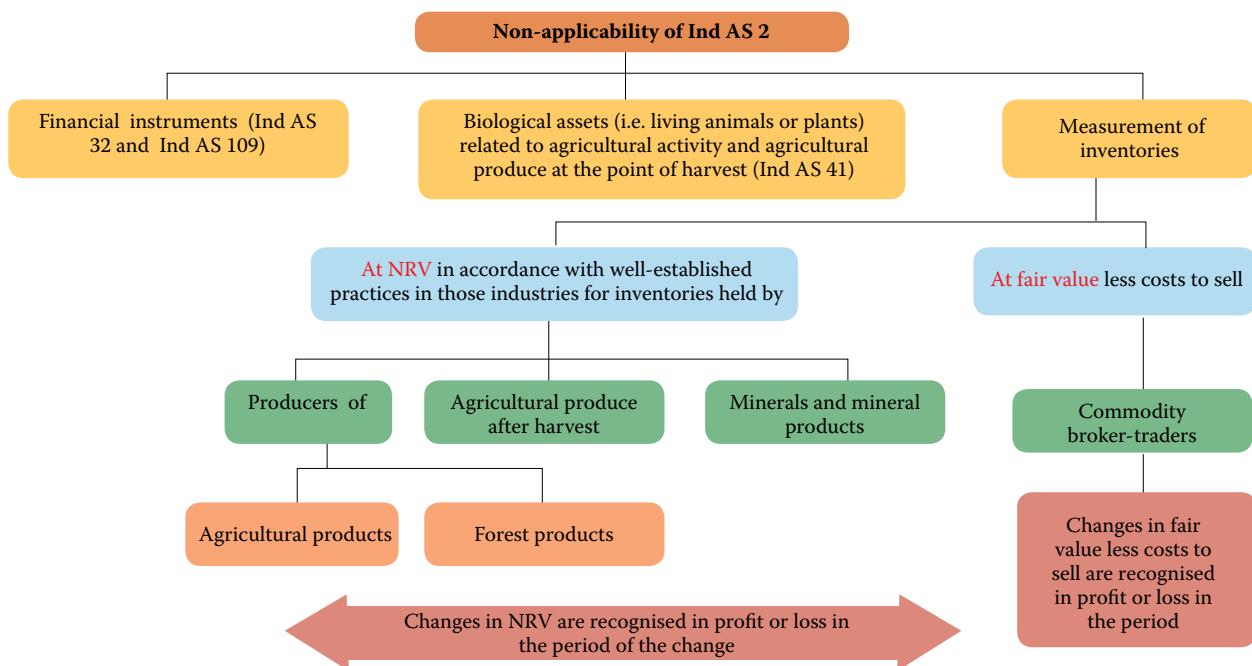
The syllabus of this paper largely covers almost all Indian Accounting Standards. However, in this capsule we have focussed only on 'Asset based Ind AS'. Significant provisions of these Ind AS have been presented through pictorial/tabular presentations for better understanding and quick revision.

Many of the standards contain certain exceptions. All the exceptions are not necessarily reflected in the charts/pictorial/table given in the capsule. Hence, students are advised to refer the study material or bare text of these Ind AS for comprehensive study and revision. Under no circumstances, this capsule substitute the detailed study of the material provided by the Board of Studies.

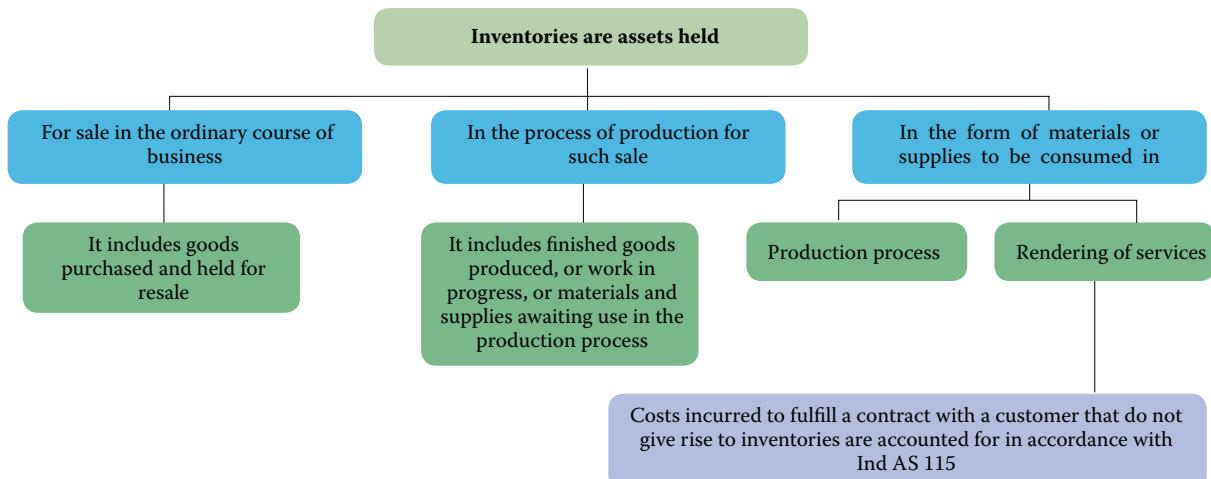
Further, students are advised to enhance their ability to address the issues and solve the problems based on Ind AS by working out the examples, illustrations and questions given in the study material, revision test papers and mock test papers.

### INDIAN ACCOUNTING STANDARD (IND AS) 2

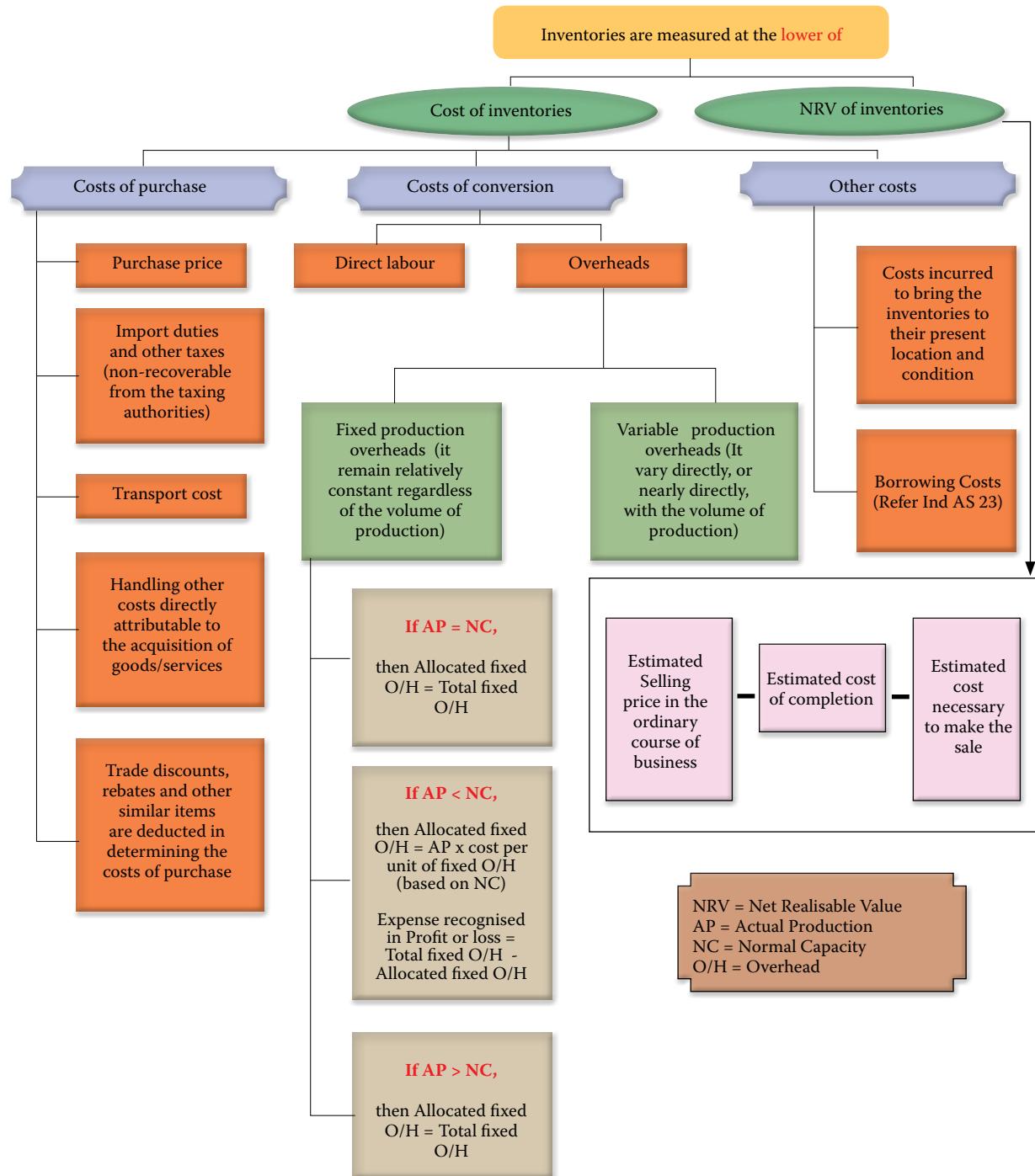
#### Scope of Ind AS 2



#### Definition of Inventories



## Measurement of Inventories

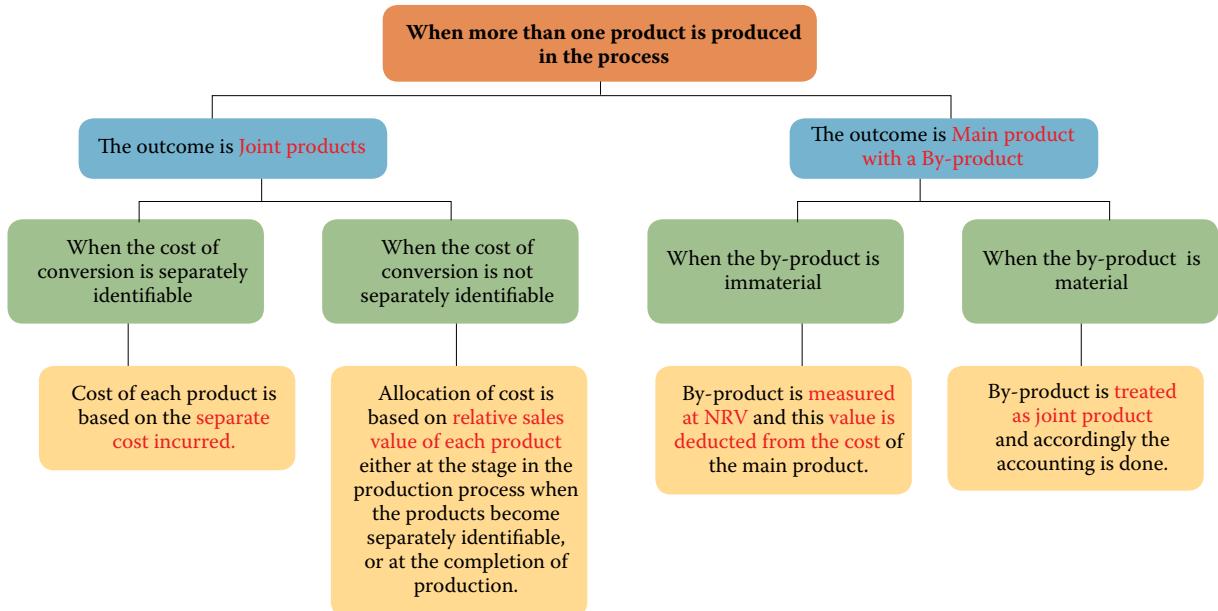


## Costs excluded from the cost of inventories and recognised as expenses

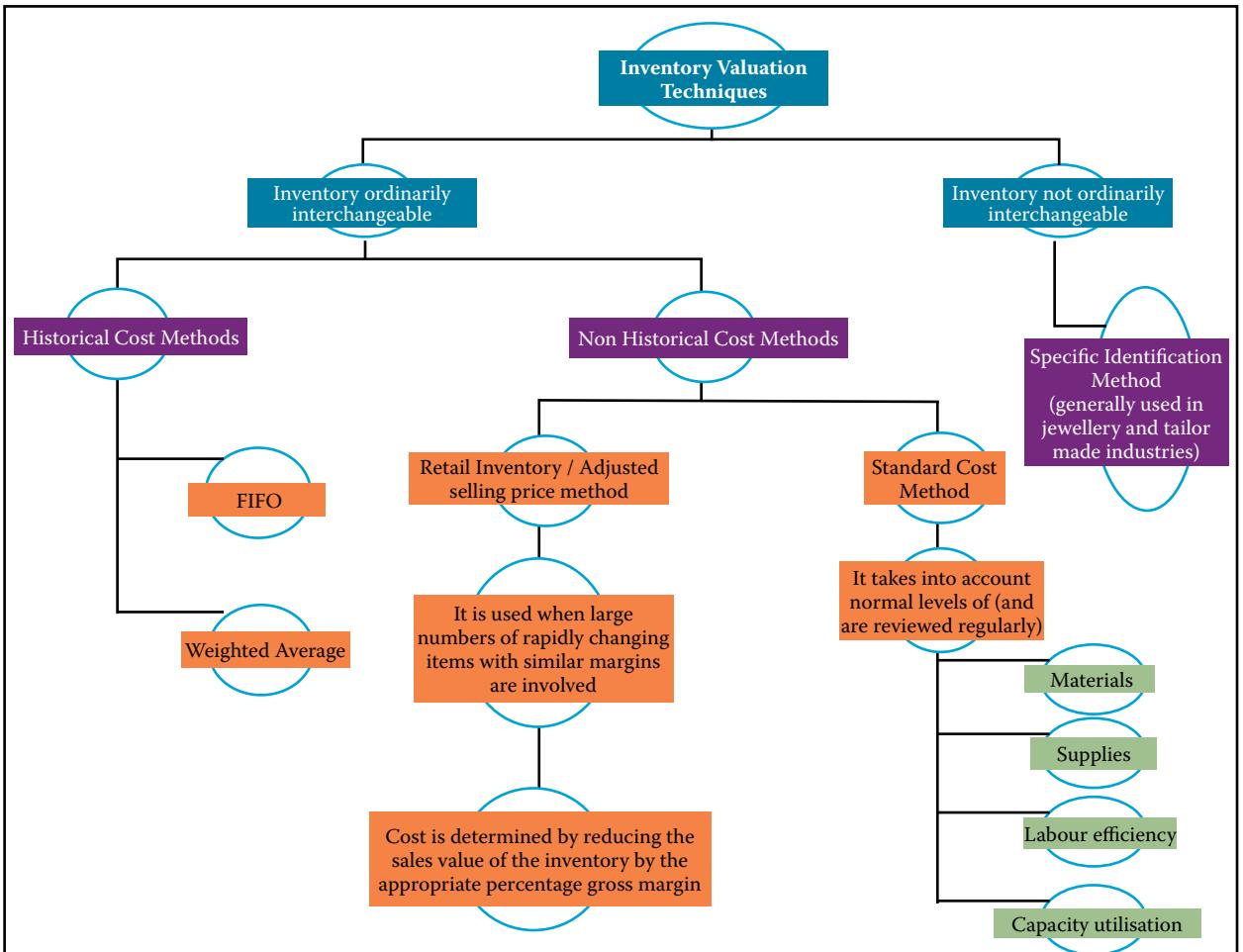
- Abnormal amounts of wasted materials, labour or other production costs.
- Storage costs (If those costs are not necessary in the production process before a further production stage).
- Administrative overheads that do not contribute to bringing inventories to their present location and condition.
- Selling costs.
- Interest expenses (financial element in deferred settlement terms).

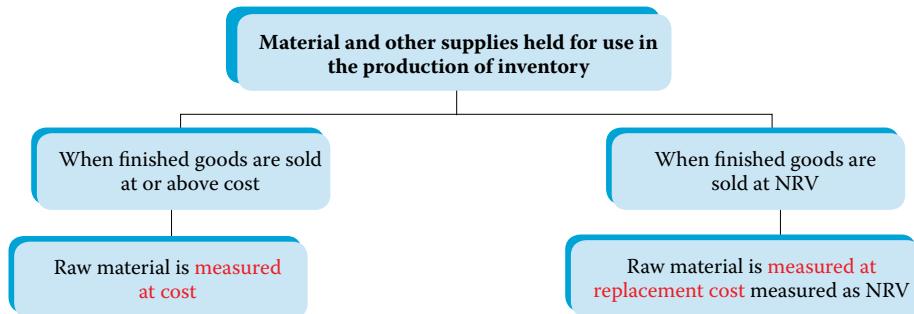
# FINANCIAL REPORTING ||

## Allocation of cost to joint products and by-products



## Cost Formulas

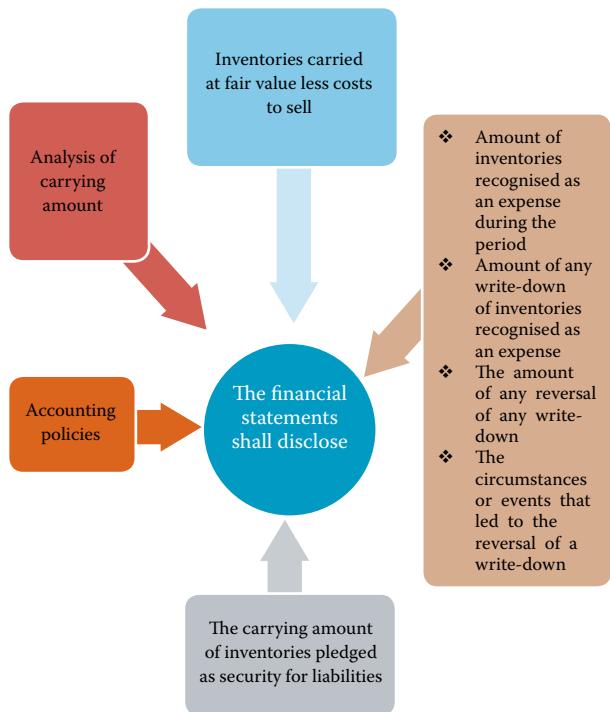




## Important points of Ind AS 2 to be remembered

NRV	<b>It is an entity specific value</b>
Inventories comprising agricultural produce that an entity has harvested from its biological assets	They are measured on initial recognition at their fair value less costs to sell at the point of harvest.
New assessment of NRV	<ul style="list-style-type: none"> <li>❖ A new assessment is made of NRV in each subsequent period.</li> <li>❖ When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in NRV, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down)</li> </ul>
Sale of inventories	<ul style="list-style-type: none"> <li>❖ When inventories are sold, the carrying amount of those inventories shall be recognised as an expense in the period the sale is recognised.</li> <li>❖ If NRV is less than cost, then the difference and all losses of inventories shall be recognised as an expense in that period.</li> <li>❖ When in later year, if NRV increases then difference to the extent of cost shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.</li> </ul>

## Disclosure



## 30 Hours training on GST for the students of Intermediate/IPCC and Final

Board of Studies and Indirect Taxes Committee are jointly organizing 30 hours (10 days X 3 hours per day) training course on GST Laws for the students of Intermediate/IPCC and Final (Old & New) Course through Virtual mode. The training course has been designed to teach the students the theoretical and practical aspects of GST Law so as to increase their employability in the job market.

The 30 hours sessions of Live Webcast will be held on weekends i.e. from 14th July to 12th August, 2018. The announcement with complete schedule of sessions date wise has been uploaded on the Institute's website at link: <https://resource.cdn.icai.org/50617bos40341.pdf>

Students may register and make online payment at link: <http://ccm.icai.org/?progid=1895>

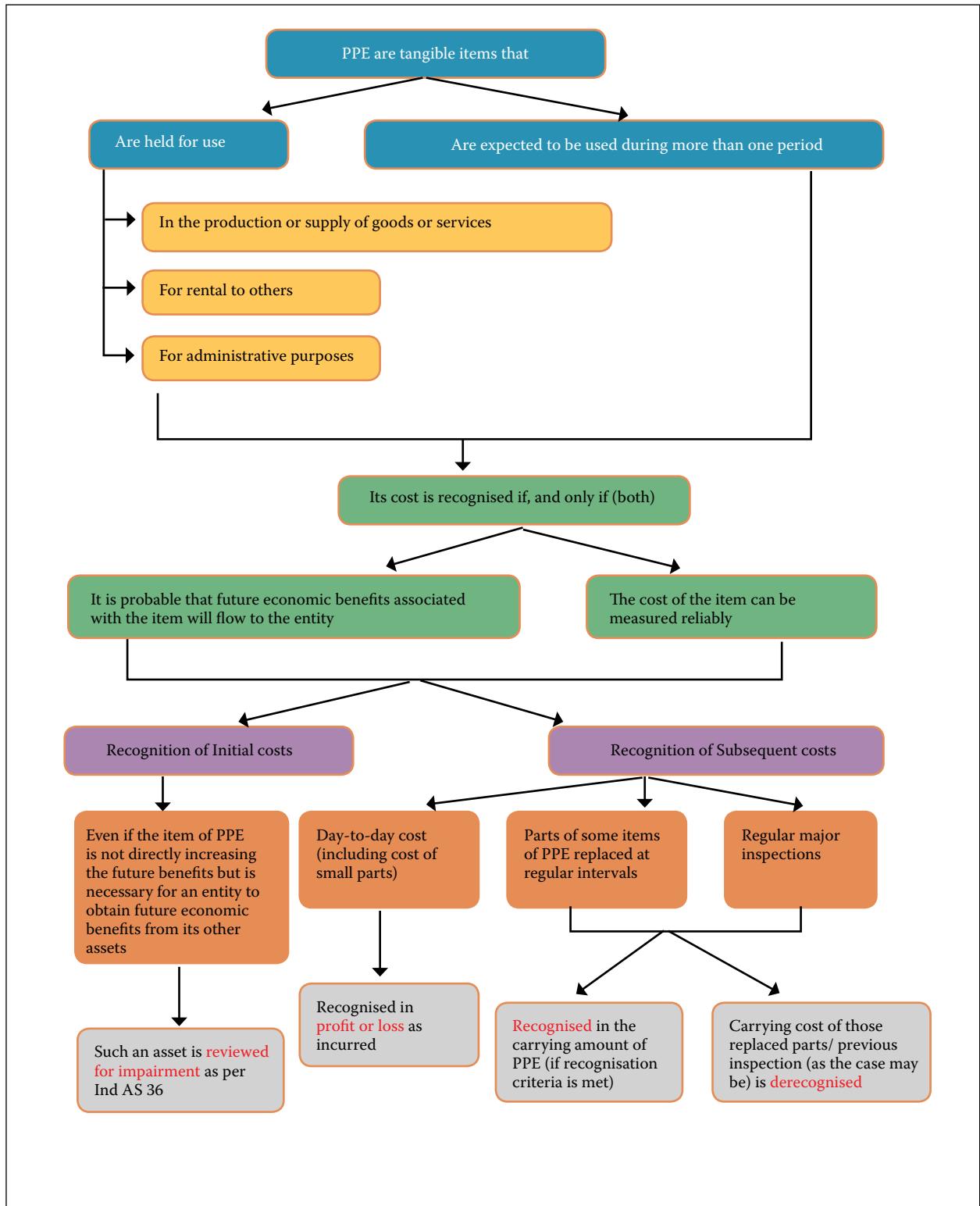
On successful completion of course, the students will be able to download participation certificate in soft form.

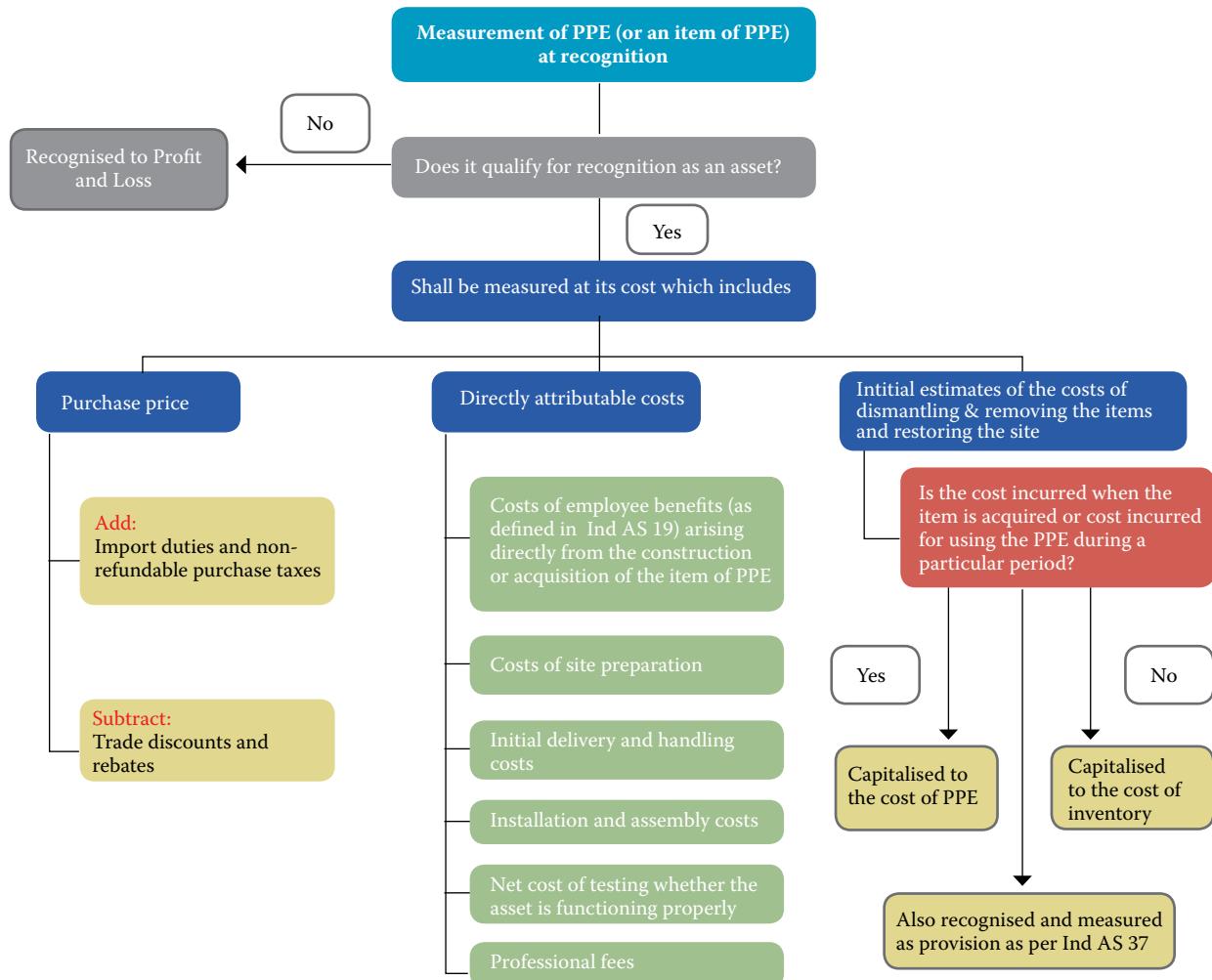
**Director, Board of Studies**

# FINANCIAL REPORTING ||

## INDIAN ACCOUNTING STANDARD (IND AS) 16 : PROPERTY, PLANT AND EQUIPMENT

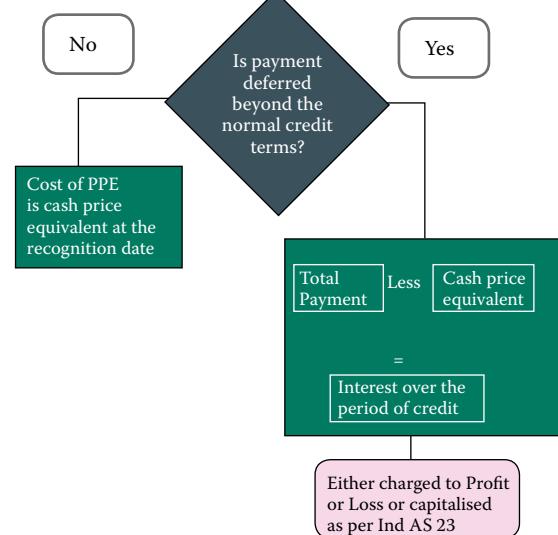
### PPE and its Recognition





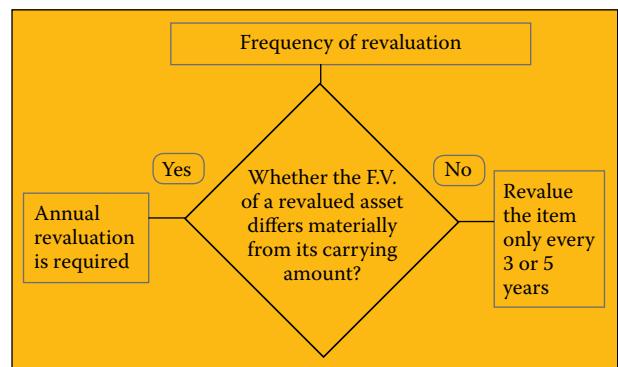
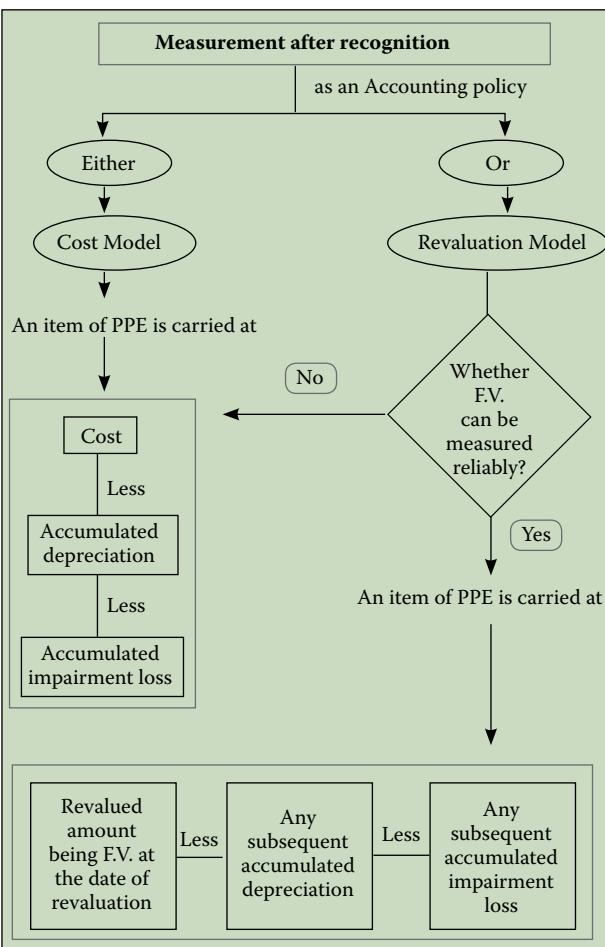
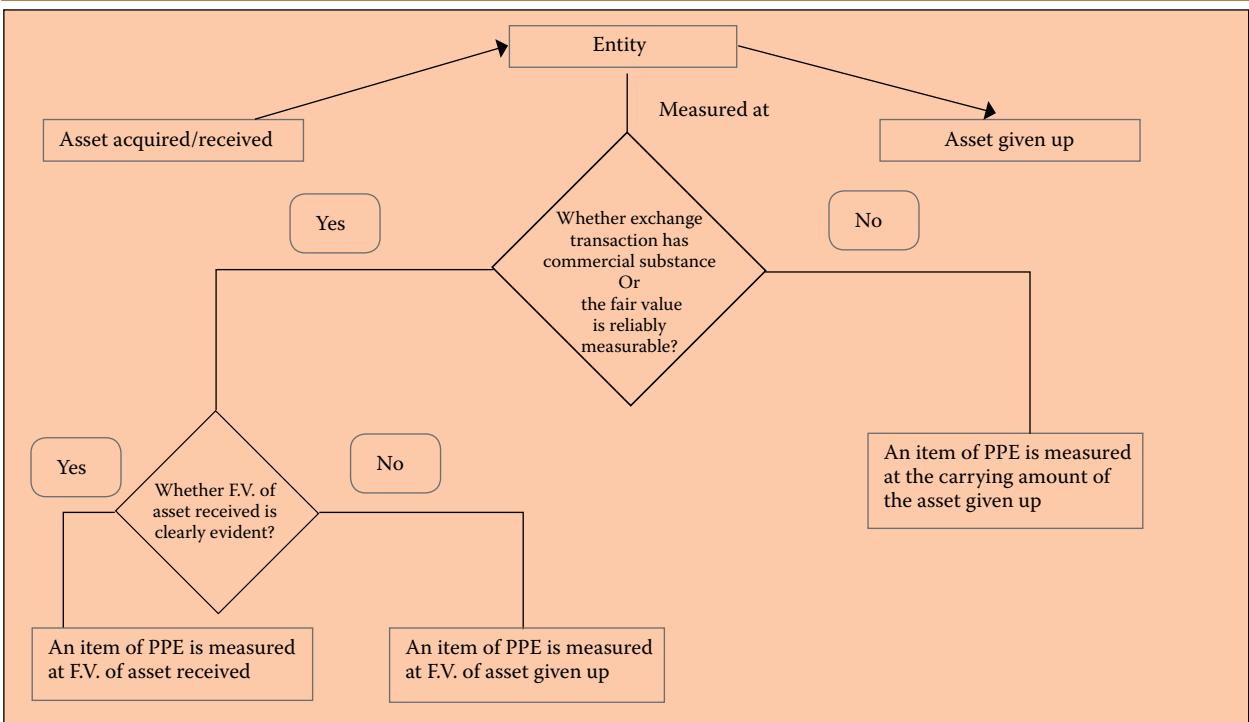
## Measurement of Cost

Payment deferred beyond normal credit terms



# FINANCIAL REPORTING ||

## Exchange of Assets



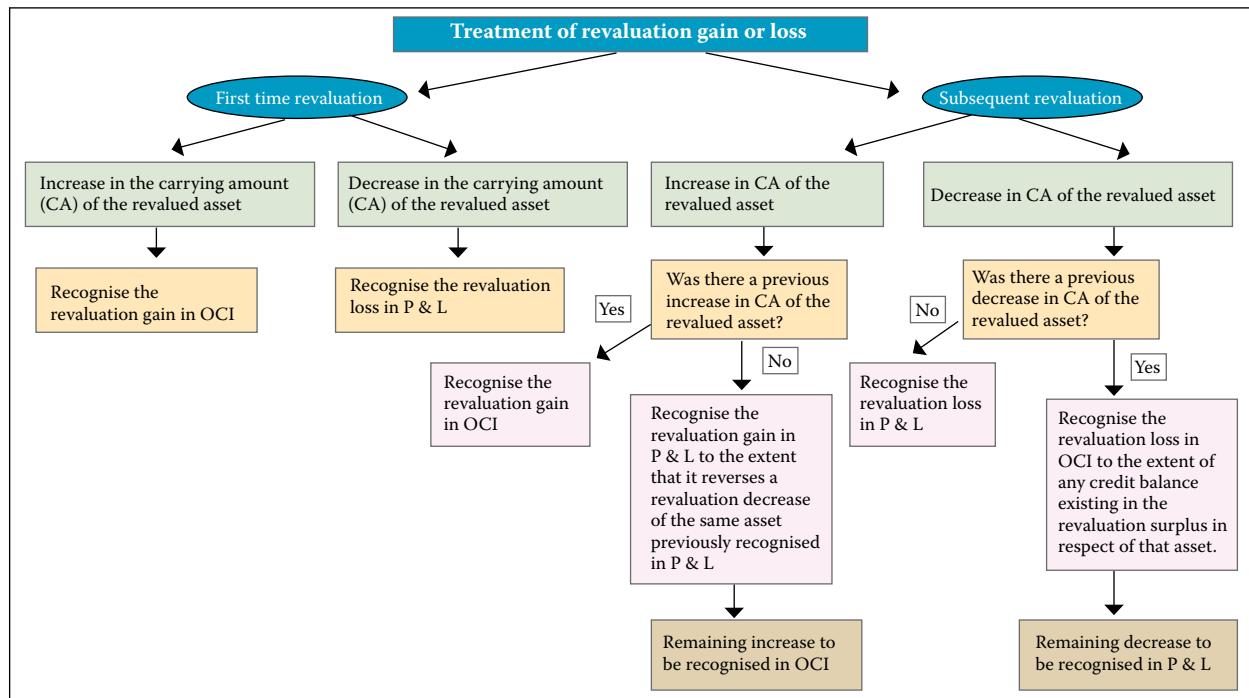
On applying revaluation model – the asset is treated in one of the following ways:

Either	Or
<ul style="list-style-type: none"> <li>The gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount.</li> <li>The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.</li> </ul>	<p>The accumulated depreciation is eliminated against the gross carrying amount of the asset.</p>

The amount of the adjustment of accumulated depreciation forms part of the increase or decrease in carrying amount that is accounted for.

### Note:

- If an item of property, plant and equipment is revalued, the **entire class** of property, plant and equipment to which that asset belongs shall be revalued.
- Here a class of property, plant and equipment is a **grouping of assets of a similar nature** and use in an entity's operations.



**Note:**

- The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised. This may involve transferring the whole of the surplus when the asset is retired or disposed of.
- Some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.
- Transfers from revaluation surplus to retained earnings are not made through profit or loss.

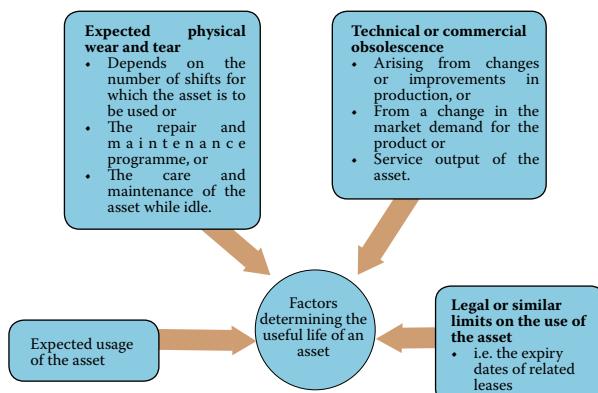
**Depreciation = (Cost of the Asset - Residual value)/Useful life of the asset**

Particular	Treatment
1 If the cost is significant in relation to total cost of PPE	Separate depreciation is computed for each item of PPE.
2 PPE given as an operating lease	Depreciate separately amounts reflected in the cost of that item that are attributable to favourable or unfavourable lease terms relative to market terms.
3 Grouping of items	If more than one significant parts of an item of PPE have similar useful life and depreciation method then such parts may be grouped in determining the depreciation charge.
4 Remainder insignificant parts of the item of PPE	If an entity has varying expectations for such parts, approximation techniques may be used to depreciate the remainder in a manner that faithfully represents the consumption pattern and/or useful life of its parts.
5 Commencement of depreciation	Depreciation of an asset begins when it is available for use.
6 Treatment of depreciation charge	The depreciation charge for each period shall be recognised in profit or loss if not included in the carrying amount of another asset.

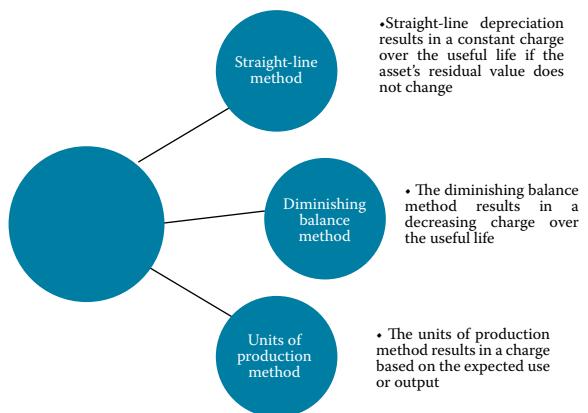
Particular	Treatment
7 Revision in residual value and the useful life of an asset	<ul style="list-style-type: none"> <li>❖ The residual value and the useful life of an asset shall be reviewed annually.</li> <li>❖ The change(s) in depreciation on account of revision, if any, shall be accounted for as a change in an accounting estimate as per Ind AS 8</li> </ul>
8 Land and Buildings	<ul style="list-style-type: none"> <li>❖ Land and buildings are separable assets and are accounted for separately, even when they are acquired together.</li> <li>❖ Land has an unlimited useful life and is not depreciated.</li> <li>❖ Buildings have a limited useful life and are depreciated.</li> <li>❖ An increase in the value of the land on which a building stands does not affect the determination of the depreciable amount of the building.</li> <li>❖ If the cost of land includes the costs of site dismantlement, removal and restoration, then that portion of the land asset is depreciated over the period of benefits obtained by incurring those costs.</li> <li>❖ In some cases, the land itself may have a limited useful life, in which case it is depreciated in a manner that reflects the benefits to be derived from it.</li> </ul>
9 Depreciation method	<ul style="list-style-type: none"> <li>❖ The depreciation method applied shall be reviewed annually.</li> <li>❖ If there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the method shall be changed to reflect the changed pattern otherwise the method is applied consistently from period to period.</li> <li>❖ Such a change shall be accounted for as a change in an accounting estimate as per Ind AS 8.</li> </ul>
10 Impairment	Apply Ind AS 36, <i>Impairment of Assets</i> .
11 Compensation for impairment	Compensation from third parties for items of PPE that were impaired, lost or given up shall be included in profit or loss when the compensation becomes receivable.

# FINANCIAL REPORTING ||

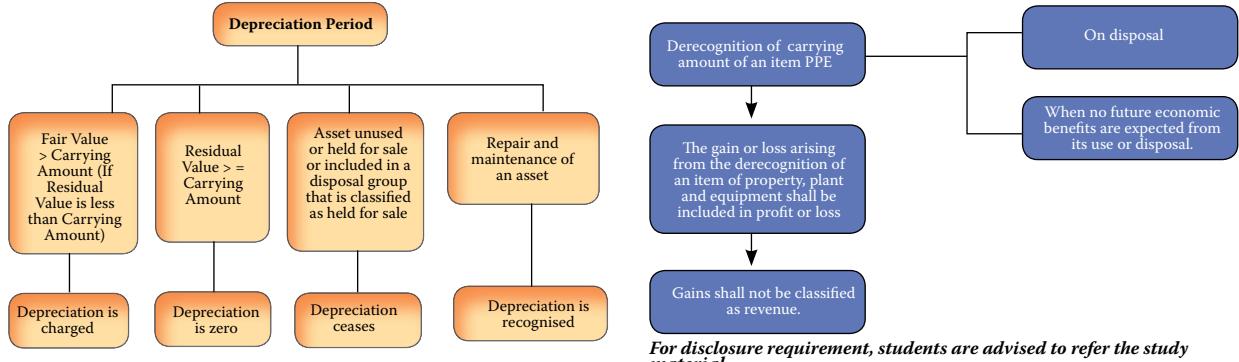
## Factors determining the Useful Life of an Asset



## Depreciation Method

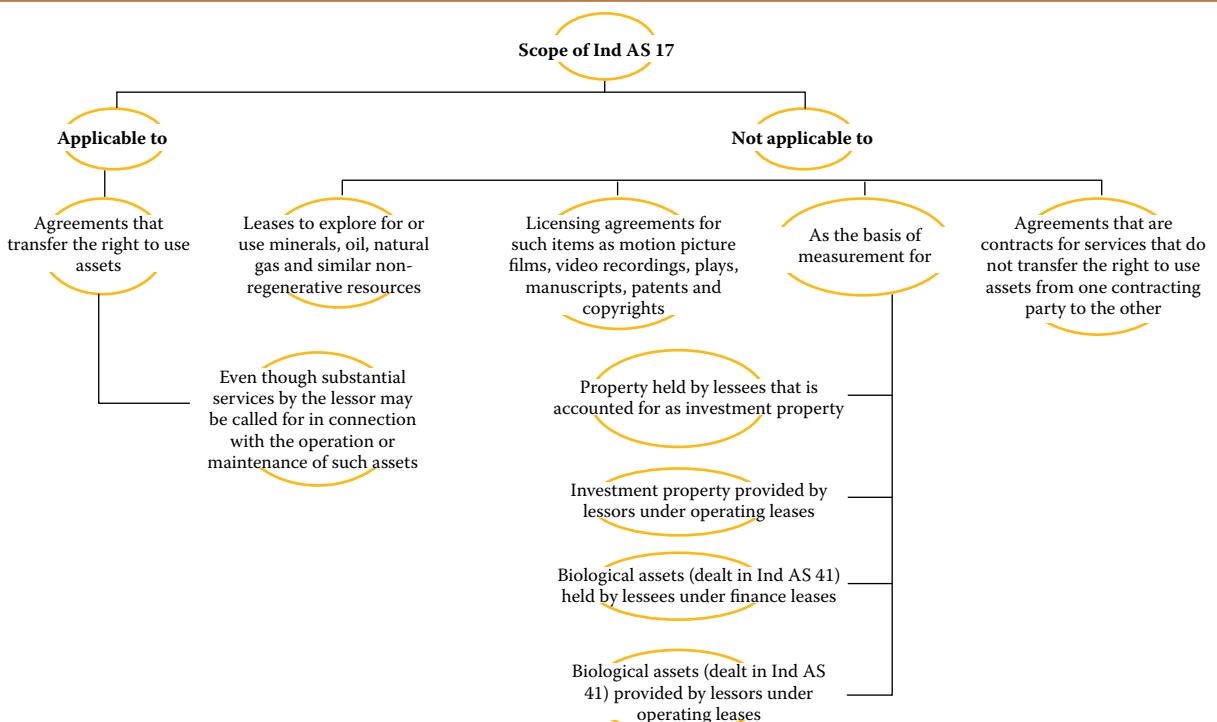


## Derecognition of PPE

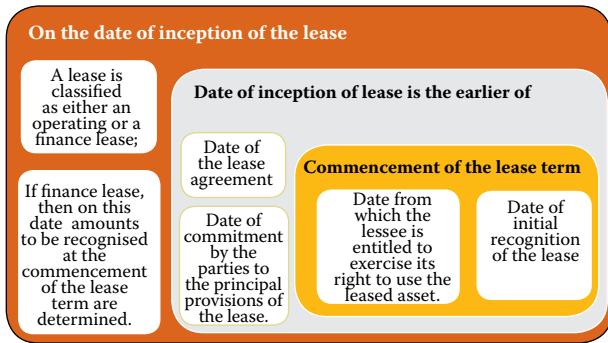


## INDIAN ACCOUNTING STANDARD (IND AS) 17 : LEASES

### Scope



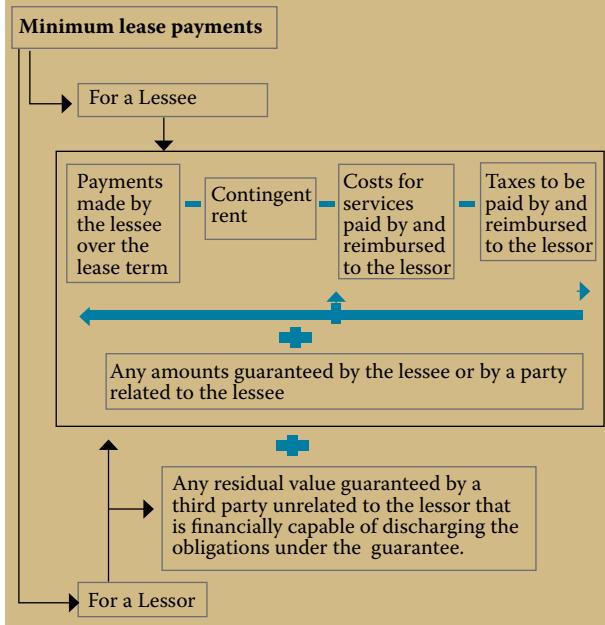
# FINANCIAL REPORTING



$$\begin{array}{rcl} \text{Net investment in the lease} & = & \text{Gross investment in the lease} \\ & \xrightarrow{\quad\quad\quad} & \text{Discounted at the interest rate implicit in the lease} \end{array}$$
  

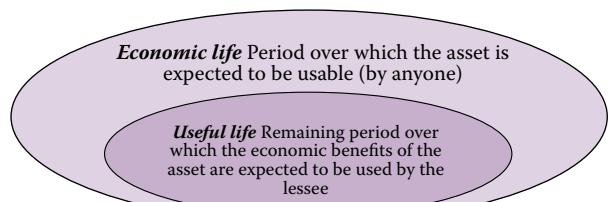
$$\begin{array}{rcl} \text{Unearned finance income} & = & \text{Gross investment in the lease} - \text{Net investment in the lease} \end{array}$$

## Definition



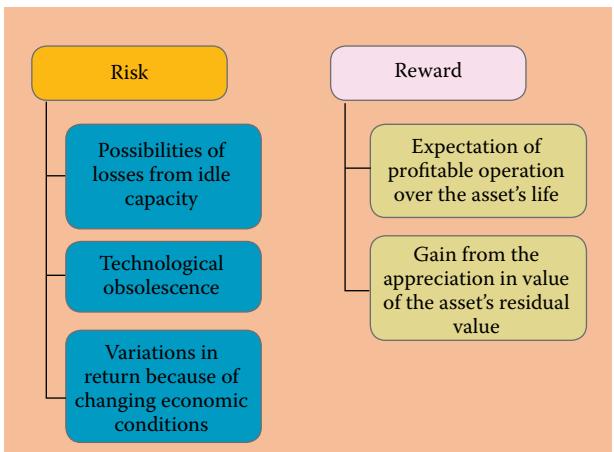
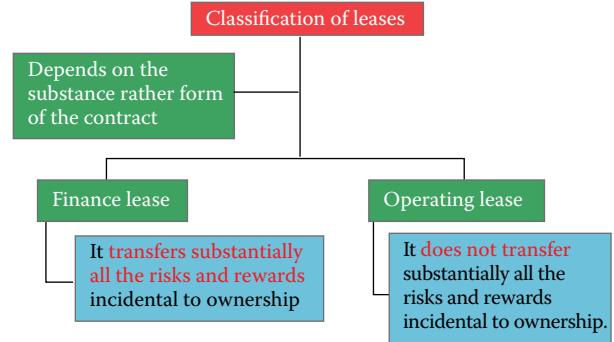
### Note:

If the lessee has an option to purchase the asset at a price that is expected to be sufficiently lower than fair value at the date the option becomes exercisable for it to be reasonably certain, at the inception of the lease, that the option will be exercised, the minimum lease payments comprise the minimum payments payable over the lease term to the expected date of exercise of this purchase option and the payment required to exercise it.



$$\begin{array}{rcl} \text{Minimum lease payments receivable by the lessor under a finance lease,} & + & \text{Unguaranteed residual value accruing to the lessor} \\ & = & \text{Gross investment in the lease} \end{array}$$

## Classification of Leases

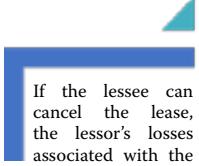
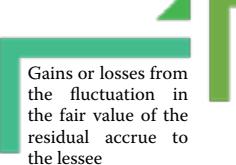
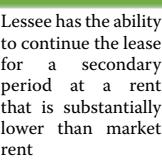


## Primary indicators of a Financial Lease

- The lease transfers ownership of the asset to the lessee by the end of the lease term
- The lessee has the option to purchase the asset at a price lower than the fair value at the date the option becomes exercisable
- The lease term is for the major part of the economic life of the asset even if title is not transferred
- At the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications

# FINANCIAL REPORTING ||

## Additional Indicators of a Financial Lease

 <p>If the lessee can cancel the lease, the lessor's losses associated with the cancellation are borne by the lessee</p>	 <p>Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee</p>	 <p>Lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent</p>
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### Note:

1. Lease classification is made at the inception of the lease.
2. If at any time the lessee and the lessor agree to change the provisions of the lease, other than by renewing the lease, that would have result in a different classification of the lease, the revised agreement is regarded as a new agreement over its term. However, changes in estimates or changes in circumstances, do not give rise to a new classification of a lease for accounting purposes.

## Leases of Land and Buildings

1. When a lease includes both land and buildings elements, an entity assesses the classification of each element as a finance or an operating lease separately. In determining whether the land element is an operating or a finance lease, an important consideration is that land normally has an indefinite economic life.
2. Whenever necessary in order to classify and account for a lease of land and buildings, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and buildings element of the lease at the inception of the lease.
3. If the lease payments cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease if both elements are not classified as operating leases.
4. For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings may be treated as a single unit for the purpose of lease classification and classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

## Leases in the financial statements of lessees

<b>A. Accounting by Lessees in case of Finance Leases</b>	<b>1. Initial Recognition</b> <b>In Balance Sheet recognise :</b> <ul style="list-style-type: none"> <li>❖ leased asset as an asset and</li> <li>❖ obligation to pay future rentals as a liability.</li> </ul> <b>Amount to recognise :</b> <p>Lower of</p> <ul style="list-style-type: none"> <li>❖ fair value of the leased asset</li> <li>❖ the present value of the Minimum Lease Payments.</li> </ul> <b>Note:</b> <ol style="list-style-type: none"> <li>1. Any initial direct costs of the lessee are added to the amount recognised as an asset.</li> <li>2. The liabilities for leased assets should not be presented in the financial statements as a deduction from the leased assets.</li> </ol>
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	<b>2. Subsequent Measurement</b> <ol style="list-style-type: none"> <li>a. Minimum lease payments are apportioned between the <b>finance charge</b> and the <b>reduction of the outstanding liability</b>.</li> <li>b. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.</li> <li>c. Contingent rents are <b>recognised as expenses</b> in the periods in which they are incurred.</li> <li>d. A finance lease gives rise to <b>depreciation expense</b> for depreciable assets as well as <b>finance expense</b> for each accounting period.</li> <li>e. If there is <b>reasonable certainty</b> that the lessee will obtain ownership by the end of the lease term, the period of <b>expected use is the useful life of the asset</b> to which it is depreciated.</li> <li>f. If there is <b>no reasonable certainty</b> that the lessee will obtain ownership by the end of the lease term, the asset shall be fully <b>depreciated over the shorter of the lease term and its useful life</b>.</li> </ol>
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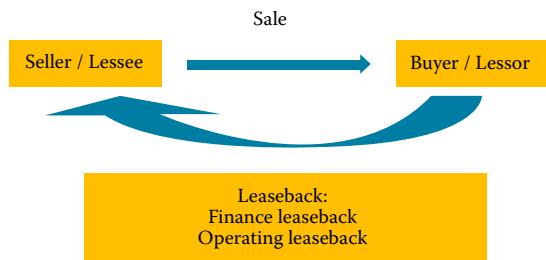
<b>B. Accounting by Lessees in case of Operating Leases</b>	<ol style="list-style-type: none"> <li>1. Lease payments (excluding costs for services such as insurance and maintenance) under an operating lease shall be <b>recognised as an expense on a straight-line basis</b>, even if the payments are not on that basis, over the lease term.</li> <li>2. If another systematic basis is more representative of the time pattern of the user's benefit (even if the payments to the lessors are not on that basis), then operating lease shall be recognised as an expense on that other systematic basis.</li> <li>3. If the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, then operating lease shall be recognised as an expense on that structured basis.</li> </ol>
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## Leases in the financial statements of lessors

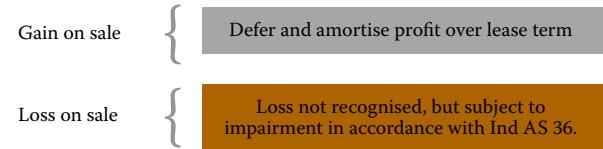
<b>A. Accounting and Disclosure by Lessors in case of Finance Leases</b>	<b>Initial Recognition</b> <ol style="list-style-type: none"> <li>a. Lessors shall <b>recognise assets</b> held under a finance lease in their balance sheets and present them as a receivable at an amount equal to the net investment in the lease.</li> <li>b. For finance leases other than those involving manufacturer or dealer lessors, <b>initial direct costs</b> are included in the initial measurement of the finance lease receivable and <b>reduce the amount of income recognised</b> over the lease term.</li> </ol>
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	<p><b>Subsequent measurement</b></p> <ul style="list-style-type: none"> <li>a. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.</li> <li>b. Estimated unguaranteed residual values are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of amounts accrued is recognised immediately.</li> </ul>
	<p><b>Accounting by Manufacturer and Dealer Lessor</b></p> <ul style="list-style-type: none"> <li>a. Manufacturer or dealer lessors shall recognise selling profit or loss in the period, in accordance with the policy followed by the entity for outright sales.</li> <li>b. If artificially low rates of interest are quoted, selling profit shall be restricted to that which would apply if a market rate of interest were charged.</li> <li>c. Costs incurred by manufacturer or dealer lessors in connection with negotiating and arranging a lease shall be <b>recognised as an expense when the selling profit is recognised</b>.</li> </ul>
<p><b>B. Accounting by Lessors in case of Operating Leases</b></p> <ul style="list-style-type: none"> <li>❖ Lease income from operating leases (excluding amounts for services such as insurance and maintenance) shall be <b>recognised in income on a straight-line basis</b> over the lease term.</li> <li>❖ If another systematic basis is more representative of the time pattern of the user's benefit (even if the payments to the lessors are not on that basis), then operating lease shall be recognised as an income on that other systematic basis.</li> <li>❖ If the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, then operating lease shall be recognised as an income on that structured basis.</li> <li>❖ <b>Costs, including depreciation, incurred in earning the lease income are recognised as an expense.</b></li> <li>❖ <b>Initial direct costs</b> incurred by lessors in negotiating and arranging an operating lease shall be <b>added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.</b></li> </ul>	

## Sale and Leaseback Transaction



## Finance Leaseback



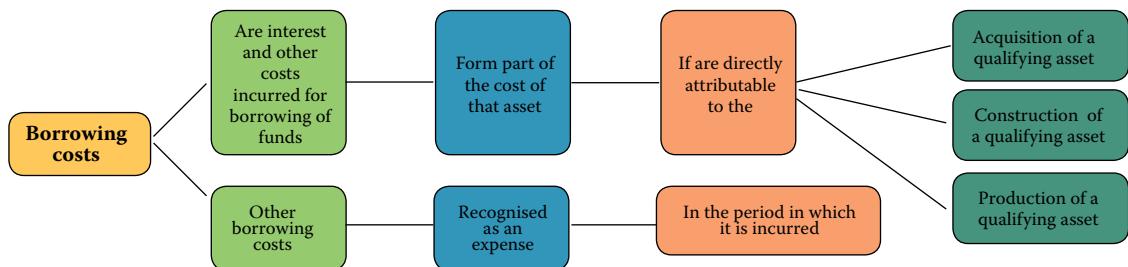
## Operating Leaseback



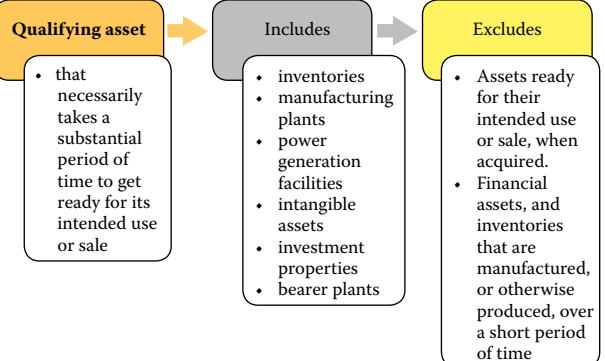
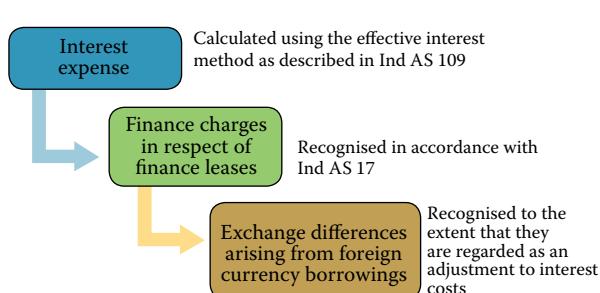
*For disclosures in the books of Lessee and Lessor for finance or operating lease, refer the study material.*

# FINANCIAL REPORTING ||

## INDIAN ACCOUNTING STANDARD (IND AS) 23 : BORROWING COSTS



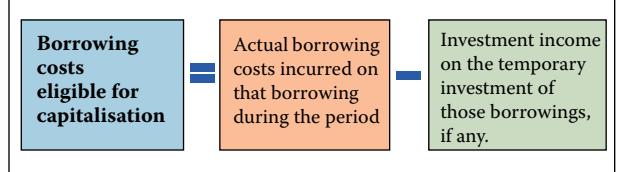
### Borrowing Costs includes



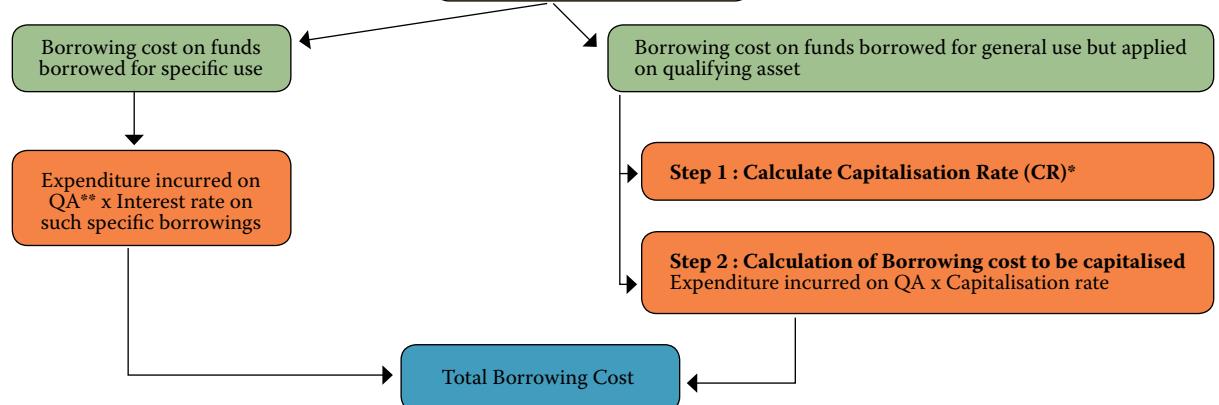
#### Note:

With regard to exchange difference required to be treated as borrowing costs:

- The adjustment amount should be equivalent to the exchange loss not exceeding the difference between the cost of borrowing in functional currency vis-a-vis the cost of borrowing in a foreign currency.
- The realised or unrealised gain to the extent of the unrealised exchange loss previously recognised as an adjustment should also be recognised as an adjustment to interest.



### Calculation of Borrowing Cost



\*CR =

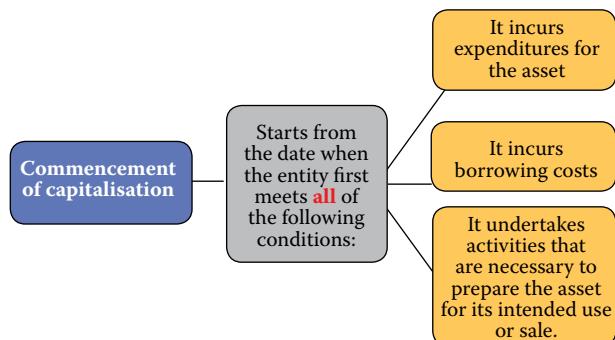
Weighted average borrowing costs on outstanding borrowings of the entity (excluding specific borrowing costs)

Total outstanding borrowings of the entity during the period (excluding specific borrowings)

\*\*QA = Qualifying Asset

#### Note:

- The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.
- In some circumstances, it is appropriate to include all borrowings of the parent and its subsidiaries when computing a weighted average of the borrowing costs; in other circumstances, it is appropriate for each subsidiary to use a weighted average of the borrowing costs applicable to its own borrowings.



**Note:**

Expenditures on a qualifying asset include only those expenditures that have resulted in

- payments of cash,
- transfers of other assets or
- the assumption of interest-bearing liabilities.

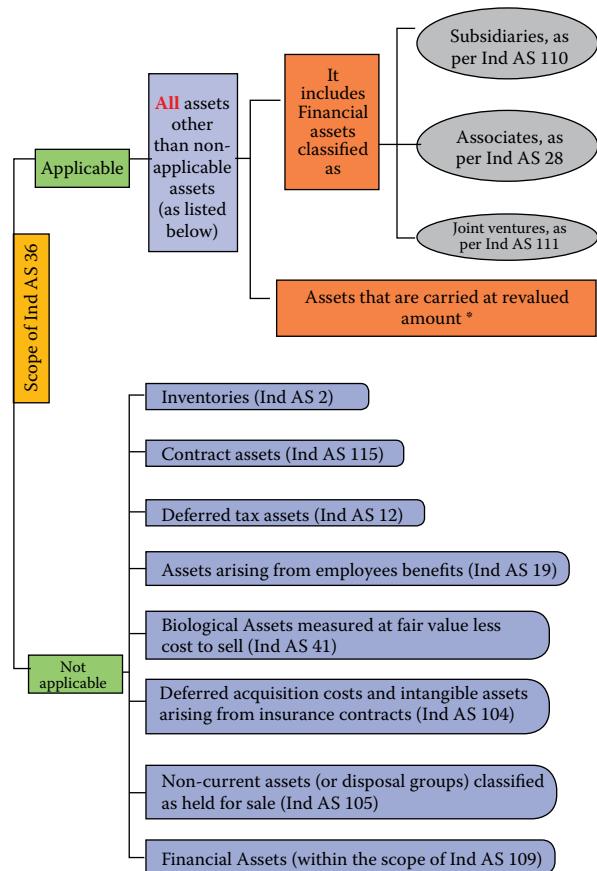
Expenditures are reduced by

- any progress payments received and
- grants received in connection with the asset

## POINTS TO REMEMBER:

Particular	Detail
1 Suspension of capitalisation	<ul style="list-style-type: none"> <li>• It is done when active development of a qualifying asset is suspended.</li> <li>• Suspension is not done when an entity carries out substantial technical and administrative work.</li> <li>• An entity does not suspend capitalising borrowing costs when a temporary delay is a necessary part of the process of getting an asset ready for its intended use or sale.</li> </ul>
2 Cessation of capitalisation	<ul style="list-style-type: none"> <li>• When substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.</li> <li>• An asset is normally ready for its intended use or sale when the physical construction of the asset is complete even though routine administrative work might still continue.</li> </ul>
3 When construction of qualifying asset is completed in parts	<ul style="list-style-type: none"> <li>• If each part is capable of being used while construction continues on other parts, the entity shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale.</li> </ul>

## INDIAN ACCOUNTING STANDARD (IND AS) 36 : IMPAIRMENT OF ASSETS



\*Note: If the disposal costs are not negligible, then the revalued asset will be impaired if its value in use is less than its revalued amount.

### Important definitions:

Cash-generating unit	<ul style="list-style-type: none"> <li>• It is the smallest identifiable group of assets</li> <li>• This group of asset generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets</li> </ul>
Corporate assets	They are assets other than goodwill that contribute to the future cash flows of both the cash-generating unit under review and other cash-generating units.
Costs of disposal	Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash-generating unit, <b>excluding finance costs and income tax expense</b> .
Value in use	Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.



Assessment of impairment shall be done **annually** of following assets irrespective of whether there is any indication of impairment:



**Note:**

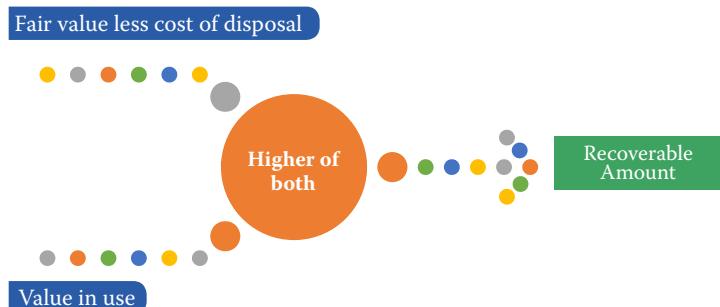
- 1 The concept of materiality applies in identifying whether the recoverable amount of an asset needs to be estimated.
- 2 If previous calculations show that an asset's recoverable amount is significantly greater than its carrying amount and **no significant event had occurred** which will change the difference, there is **no need for annual assessment of impairment**.
- 3 If indication of impairment exists than **remaining useful life, the depreciation (amortisation) method or the residual value** for the asset should be **reviewed and adjusted**, even if no impairment loss is recognised for the asset.

# FINANCIAL REPORTING ||

## Indicators for impairment

External sources of information	Internal sources of information	Dividend from a subsidiary, joint venture or associate
Significant decline in market value (more than normal decline)	Obsolescence or physical damage of an asset	Carrying amount of investment (in separate financial statements) > Carrying amounts of investee's net assets (including associated goodwill) in the consolidated financial statements
Significant changes in technology, market, economic or legal environment with adverse effect on entity	Significant changes in use or expected use of an asset with adverse effect on entity	Dividend > Total Comprehensive Income of investee
Increase in market interest rates or rate of returns	Internal reporting indicating worse economic performance of asset than expected	
Carrying amount of net assets of entity is more than its market capitalisation		

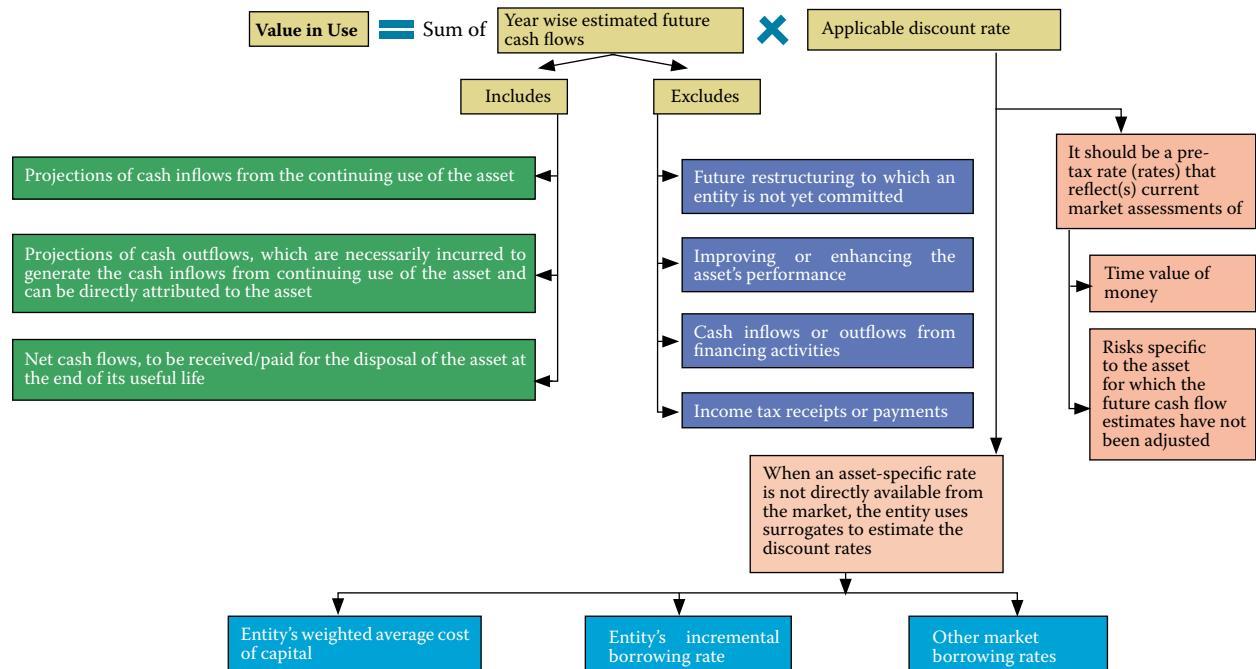
## Measurement of Recoverable Amount



### Circumstances in which it is not necessary to calculate both an asset's fair value less costs of disposal and its value in use

- If either of these amounts exceeds the asset's carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.
- When fair value less costs of disposal would not be possible to be measured due to various reasons, the entity may use the asset's value in use as its recoverable amount.
- In case of an asset held for disposal, the asset's fair value less costs of disposal may be used as its recoverable amount.

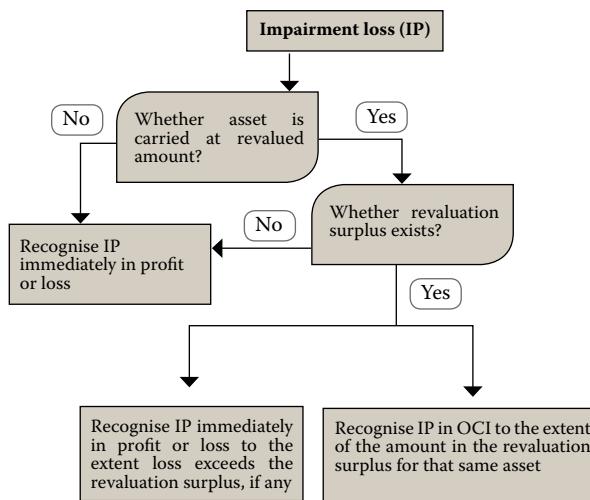
## Value in Use



### Note:

Future cash flows are estimated in the currency in which they will be generated and then discounted using a discount rate appropriate for that currency. An entity translates the present value using the spot exchange rate at the date of the value in use calculation.

## Recognising and Measuring an Impairment Loss other than Goodwill



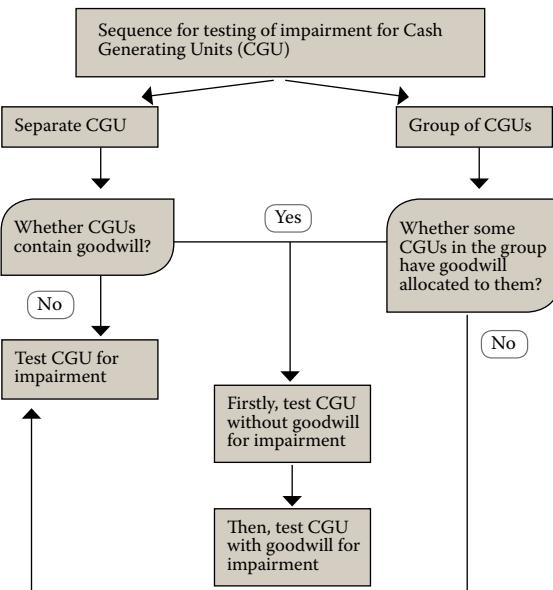
### Note:

- Any impairment loss of a revalued asset (increased earlier) shall be treated as a revaluation decrease as per other standard.
- When the amount estimated for an **impairment loss is greater than the carrying amount** of the asset to which it relates, an entity shall **recognise a liability**, if required.
- After the recognition of an impairment loss, the **depreciation** (amortisation) charge for the asset **shall be adjusted in future periods** to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.
- If an impairment loss is recognised, any related **deferred tax assets or liabilities are determined** in accordance with Ind AS 12 by comparing the revised carrying amount of the asset with its tax base.

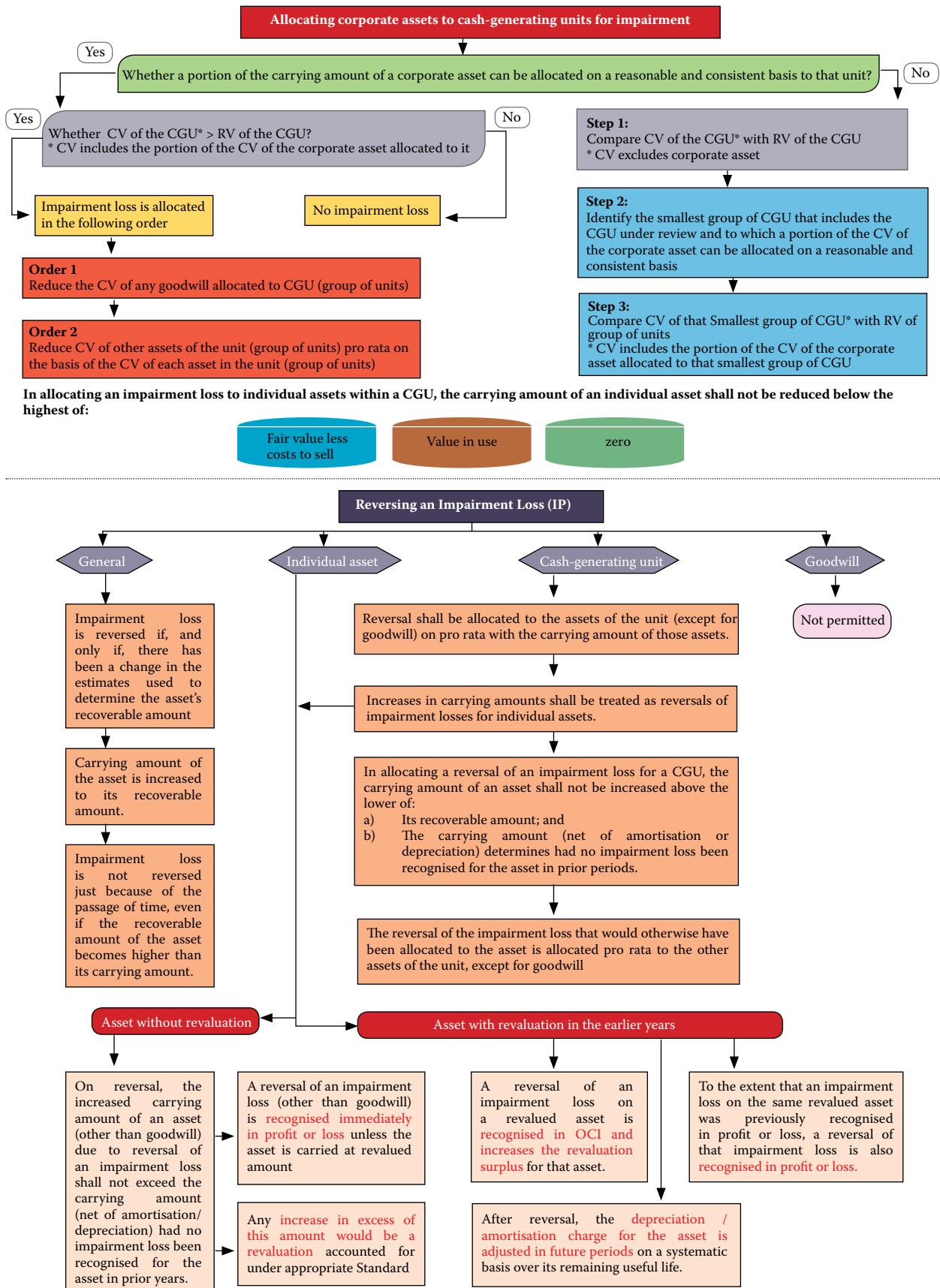
## Recognition and Measurement of an Impairment Loss for a Cash-generating Unit and Goodwill

S.No.	Particular	Guidance under Ind AS 36
A.	Identification of cash generating units	<ul style="list-style-type: none"> <li>Firstly, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity is required to determine the recoverable amount of the cash-generating unit to which the asset belongs (ie. the asset's cash-generating unit).</li> <li>The recoverable amount of an individual asset cannot be determined if:           <ol style="list-style-type: none"> <li>the asset's value in use cannot be estimated to be close to its fair value less costs of disposal; and</li> <li>the asset does not generate cash inflows that are largely independent of those from other assets.</li> </ol> </li> <li>In such cases, value in use and recoverable amount, can be determined only for the asset's cash-generating unit.</li> <li>If recoverable amount cannot be determined for an individual asset, an entity identifies the lowest aggregation of assets that generate largely independent cash inflows.</li> <li>If an active market exists for the output produced by an asset or group of assets, that asset or group of assets shall be identified as a cash-generating unit, even if some or all of the output is used internally.</li> <li>Cash-generating units shall be identified consistently from period to period for the same asset or types of assets.</li> </ul>

S.No.	Particular	Guidance under Ind AS 36
B.	Allocation of assets and liabilities to CGUs	<ul style="list-style-type: none"> <li>The carrying amount of a cash-generating unit:           <ol style="list-style-type: none"> <li>includes the carrying amount of only those assets that can be attributed directly, or allocated on a reasonable and consistent basis, to the cash-generating unit and will generate the future cash inflows used in determining the cash-generating unit's value in use; and</li> <li>does not include the carrying amount of any recognised liability, unless the recoverable amount of the cash-generating unit cannot be determined without consideration of this liability.</li> </ol> </li> <li>Subtract the carrying amount of the liability to determine both the cash-generating unit's value in use and its carrying amount to perform a meaningful comparison between the carrying amount of the cash-generating unit and its recoverable amount.</li> </ul>
C.	Allocating goodwill to cash-generating units	<ul style="list-style-type: none"> <li>For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the acquirer's cash-generating units, or groups of cash-generating units.</li> <li>The above allocation shall be irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.</li> <li>Goodwill does not generate cash flows independently of other assets or groups of assets and, therefore, it will always be tested for impairment as part of a CGU or a group of CGUs.</li> <li>If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be:           <ol style="list-style-type: none"> <li>included in the carrying amount of the operation when determining the gain or loss on disposal; and</li> <li>measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained, unless the entity can demonstrate that some other method better reflects the goodwill associated with the operation disposed of.</li> </ol> </li> </ul>
D.	Timing of impairment tests	<ul style="list-style-type: none"> <li>Impairment test for a cash-generating unit to which goodwill has been allocated shall be performed annually.</li> <li>If some or all of the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period.</li> </ul>



# FINANCIAL REPORTING ||



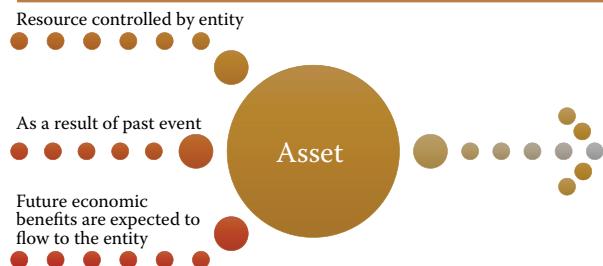
For disclosure requirements of Ind AS 36 refer the study material.

## INDIAN ACCOUNTING STANDARD (IND AS) 38 : INTANGIBLE ASSETS

### Scope of Ind AS 38

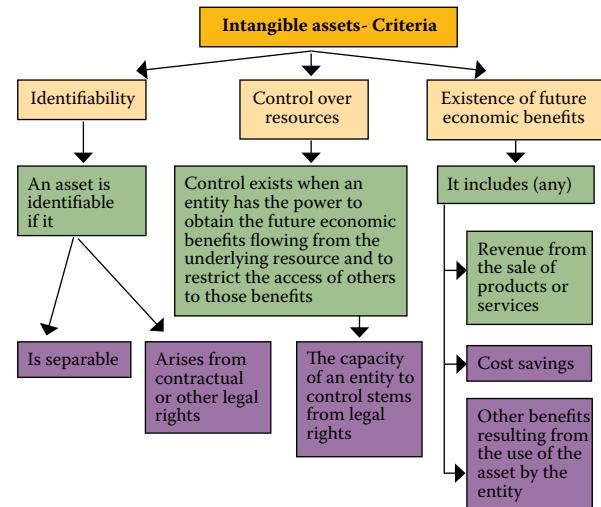
Applicability	Non-Applicability
<input type="checkbox"/> Intangible assets other than included in the list of non-applicability	<input type="checkbox"/> Financial assets (Ind AS 32)
<input type="checkbox"/> Expenditure on advertising, training, start-up, research and development activities	<input type="checkbox"/> Recognition and measurement of exploration and evaluation assets (Ind AS 106)
<input type="checkbox"/> Rights under licensing agreements for items such as motion picture films, video recordings, plays, manuscripts, patents and copyright	<input type="checkbox"/> Expenditure on the development and extraction of minerals, oil, natural gas and similar non-regenerative resources
<input type="checkbox"/> Other intangible assets used (such as computer software), and other expenditure incurred (such as start-up costs), in extractive industries or by insurers.	<input type="checkbox"/> Intangible assets held by an entity for sale in the ordinary course of business (Ind AS 2)
	<input type="checkbox"/> Deferred tax assets (Ind AS 12)
	<input type="checkbox"/> Leases (Ind AS 17)
	<input type="checkbox"/> Assets arising from employee benefits (Ind AS 19)
	<input type="checkbox"/> Goodwill acquired in a business combination (Ind AS 103)
	<input type="checkbox"/> Deferred acquisition costs and intangible assets, arising from an insurer's contractual rights under insurance contracts (Ind AS 104)
	<input type="checkbox"/> Non-current intangible assets classified as held for sale (or included in a disposal group that is classified as held for sale) (Ind AS 105)
	<input type="checkbox"/> Assets arising from contracts with customers (Ind AS 115)
	<input type="checkbox"/> Amortisation of the intangible assets arising from service concession arrangements in respect of toll roads

### Definition of Asset

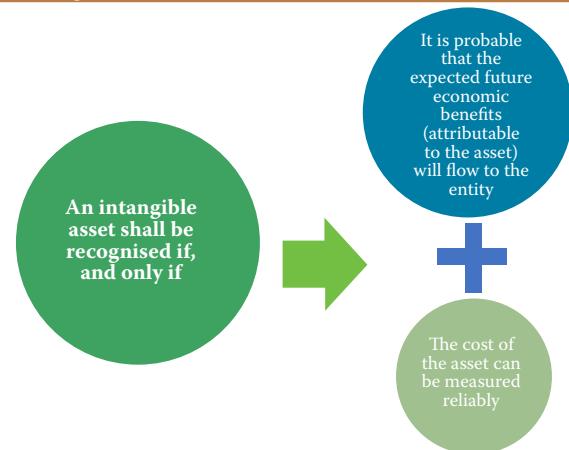


### Definition of Intangible Asset

Intangible Assets		
Identifiable	Non-monetary asset	Without physical substance



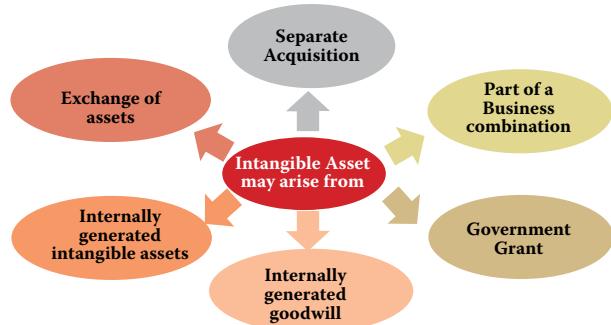
### Recognition of Intangible Assets – General Principles



Note: Probability of future economic benefits will exist if the entity expects there to be an inflow of economic benefits, though there is uncertainty about the timing or the amount of the inflow.

### Measurement of Intangible Asset

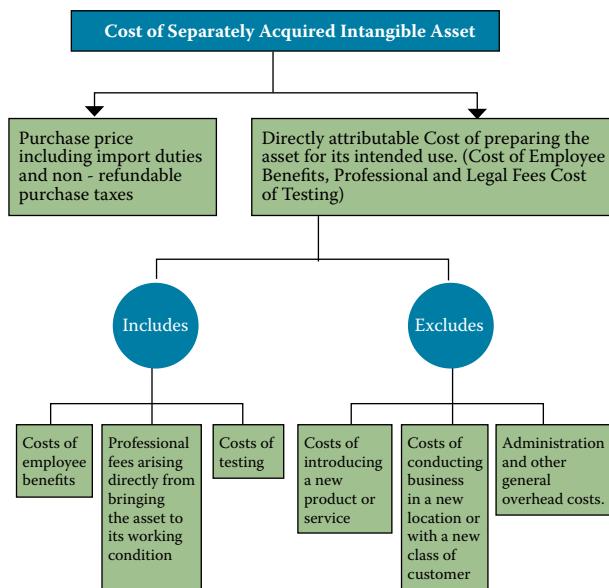
Intangible assets may be acquired or can be self generated. The below diagram reflect the method and mode by which Intangible assets may arise:



# FINANCIAL REPORTING ||

A. Recognition and Measurement for intangible assets acquired separately	
<b>Recognition for intangible assets acquired separately</b>	<ul style="list-style-type: none"> <li>The probability recognition criterion is always considered to be satisfied for separately acquired intangible assets.</li> <li>The cost of a separately acquired intangible asset can usually be measured reliably. This is particularly so when the purchase consideration is in the form of cash or other monetary assets.</li> </ul>

## Measurement of Cost for Intangible Assets Acquired Separately

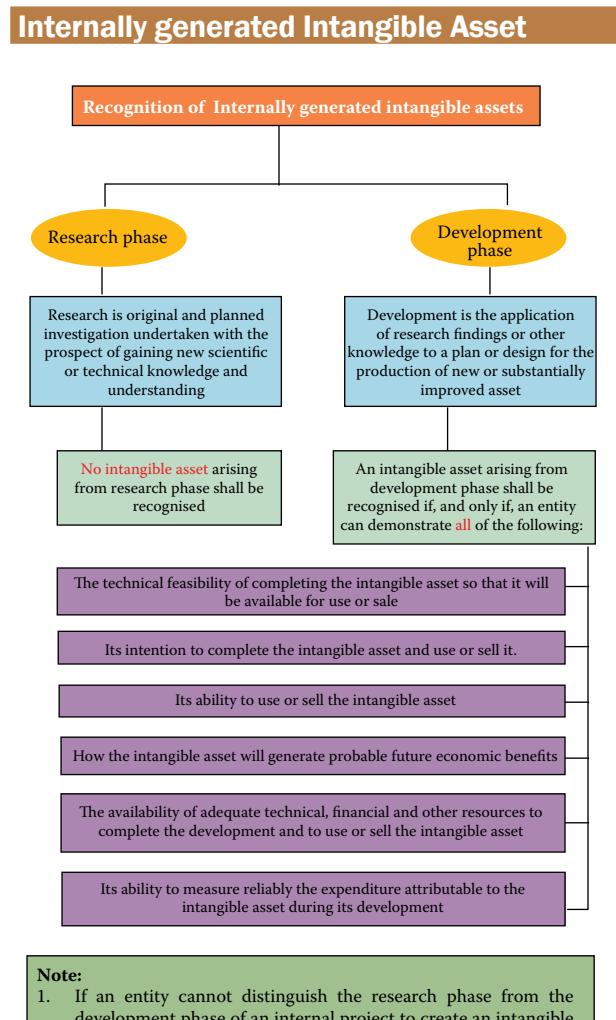


### Note:

- Costs incurred in using or redeploying an intangible asset are **not included in the carrying amount** of that asset.
- Incidental operations not necessary to bring an asset to the condition necessary for it to be capable of operating in the manner intended by management, the income and related expenses of incidental operations are **recognised immediately in profit or loss**.
- If payment for an intangible asset is deferred beyond normal credit terms, its cost is the cash price equivalent. The difference between this amount and the total payments is **recognised as interest expense over the period of credit** if not capitalised as per Ind AS 23.

B. Acquisition as part of a business combination	
<b>Recognition criteria for intangible assets acquired as part of a business combination</b>	<ul style="list-style-type: none"> <li>The probability recognition criterion is always considered to be satisfied for intangible assets acquired in business combinations.</li> <li>The reliable measurement criterion is always considered to be satisfied for intangible assets acquired in business combinations.</li> <li>The acquirer may recognise a group of complementary intangible assets as a single asset provided the individual assets have similar useful lives.</li> </ul>
<b>Measuring fair value</b>	<ul style="list-style-type: none"> <li>If an intangible asset is acquired in a business combination, the cost of that intangible asset is its fair value at the acquisition date.</li> </ul>
C. Acquisition by way of a government grant	
<b>Recognition</b>	If an intangible asset is acquired free of charge, or for nominal consideration, by way of a government grant, an entity <b>recognises both the intangible asset and the grant initially at fair value</b> as per Ind AS 20.

D. Exchanges of assets	
<b>Measurement</b>	<ul style="list-style-type: none"> <li>One or more intangible assets may be acquired in exchange for a non-monetary asset or assets, or a combination of monetary and non-monetary assets.</li> <li>If an entity is able to measure reliably the fair value of either the asset received or the asset given up, then the fair value of the asset given up is used to measure cost unless <b>the fair value of the asset received</b> is more clearly evident. (Refer chart on "Exchange of Assets" given in Ind AS 16)</li> </ul>
E. Internally generated goodwill	
<b>Recognition</b>	<ul style="list-style-type: none"> <li>Internally generated goodwill shall not be recognised as an asset.</li> <li>Internally generated goodwill is not recognised as an asset because it is not an identifiable resource controlled by the entity that can be measured reliably at cost.</li> </ul>



### Note:

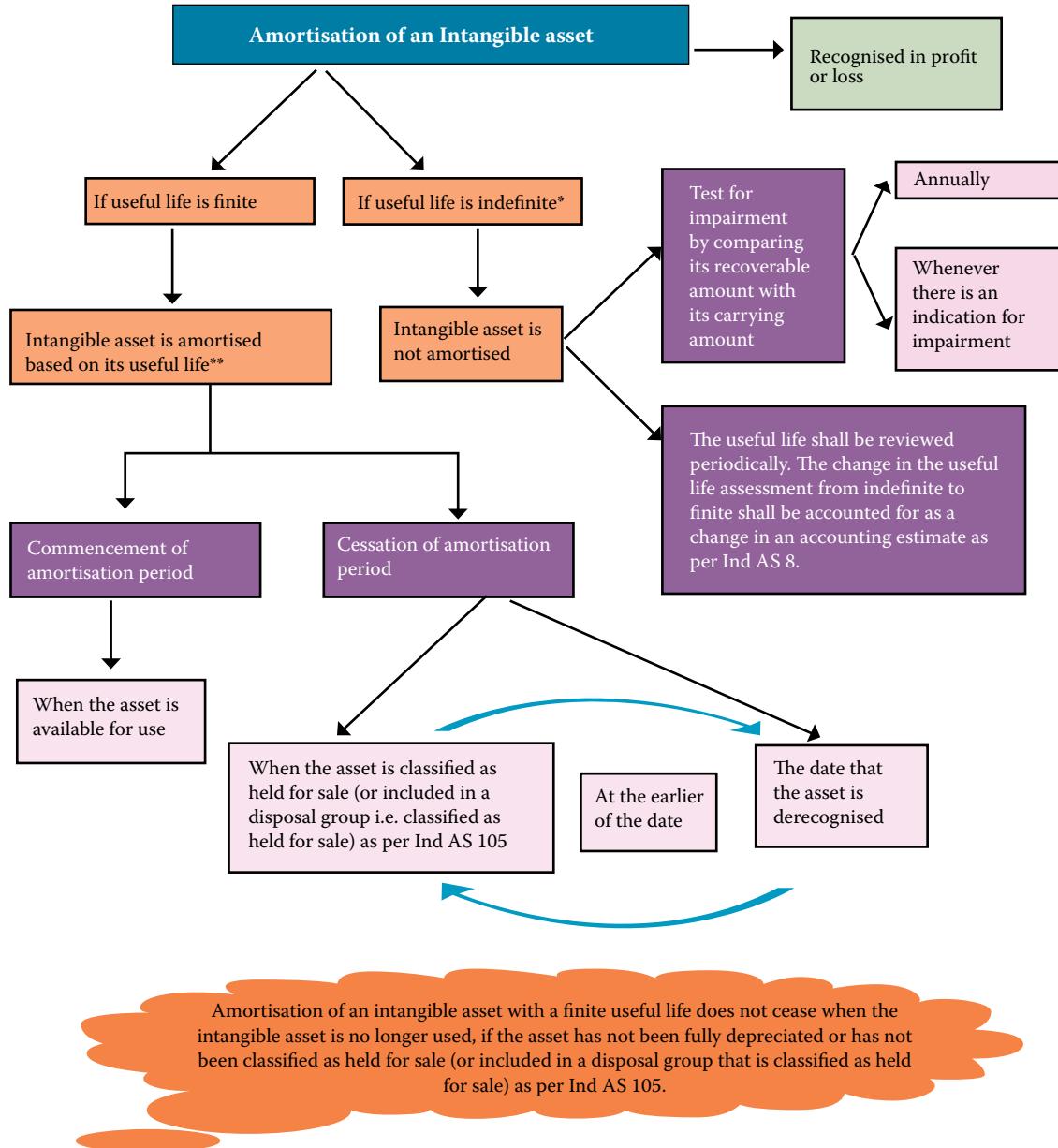
- If an entity cannot distinguish the research phase from the development phase of an internal project to create an intangible asset, the entity treats the expenditure on that project as if it were incurred in the research phase only.
- Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance shall **not** be recognised as intangible assets.
- The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria.
- Standard prohibits reinstatement of expenditure previously recognised as an expense.

## Measurement after Recognition and Revaluation

Refer the charts for 'Measurement after recognition,' 'Frequency of revaluation,' 'Treatment on application of revaluation model' and 'Treatment of revaluation gain or loss' given in Ind AS 16. Same charts hold goods for Ind AS 38 also.

### Additional important points to be remembered in case of revaluation of intangible asset

- ❖ If an intangible asset in a class of revalued intangible assets cannot be revalued because there is no active market for this asset,
  - the asset shall be carried at its cost less any accumulated amortisation and impairment losses.
- ❖ If the fair value of a revalued intangible asset can no longer be measured by reference to an active market,
  - the carrying amount of the asset shall be its revalued amount at the date of the last revaluation by reference to the active market less any subsequent accumulated amortisation and any subsequent accumulated impairment losses.
- ❖ The fact that an active market no longer exists for a revalued intangible asset may indicate that the asset may be impaired.

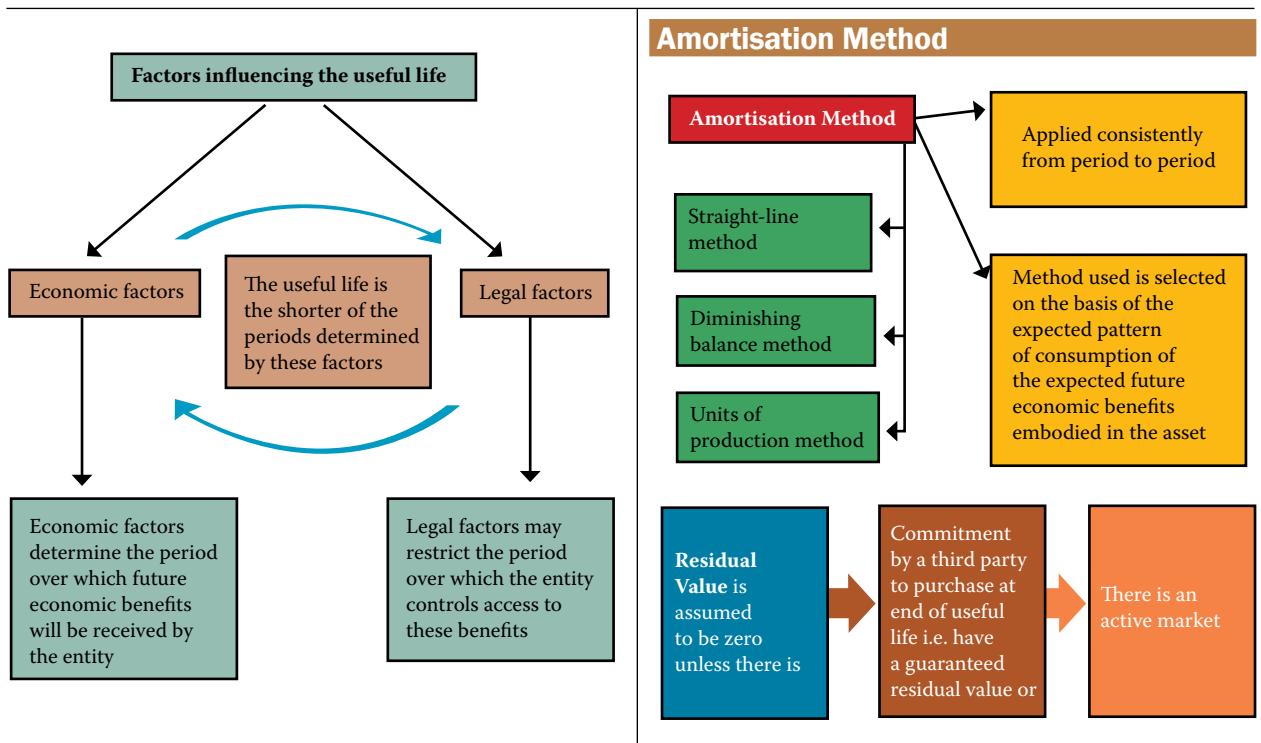
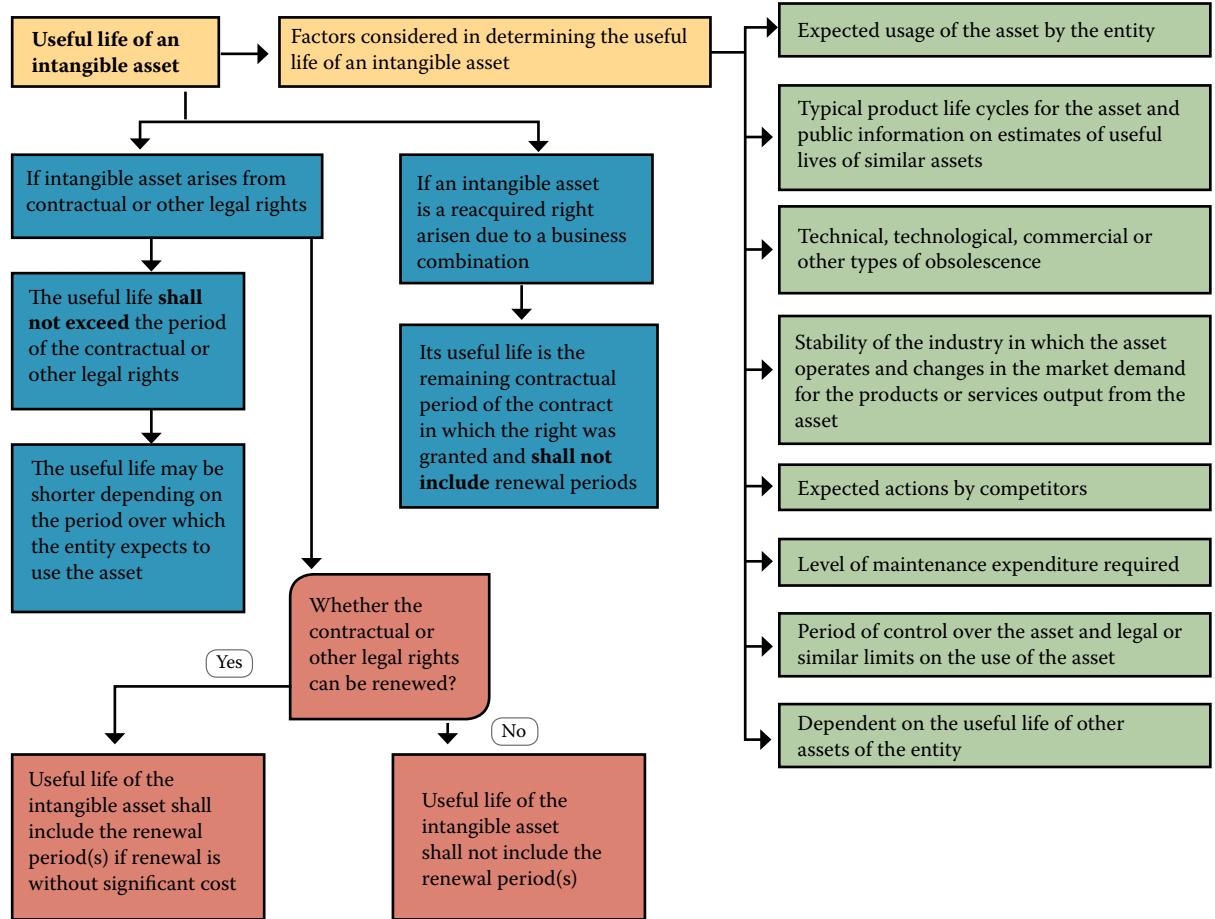


\*The term 'indefinite' does not mean 'infinite.'

\*\*Useful life is equivalent to the length of, or number of production or similar units.

# FINANCIAL REPORTING ||

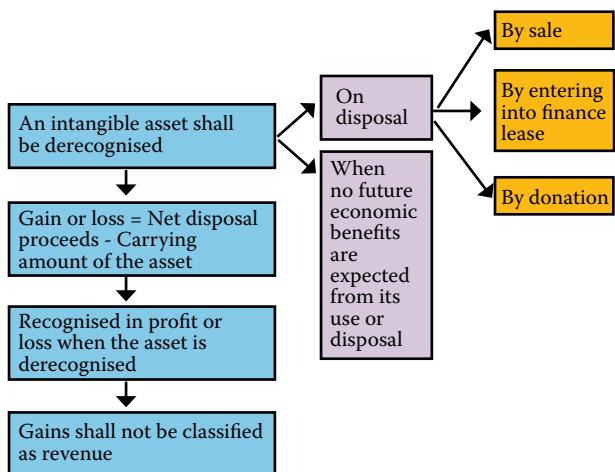
## Useful Life of an Intangible Asset



Note:

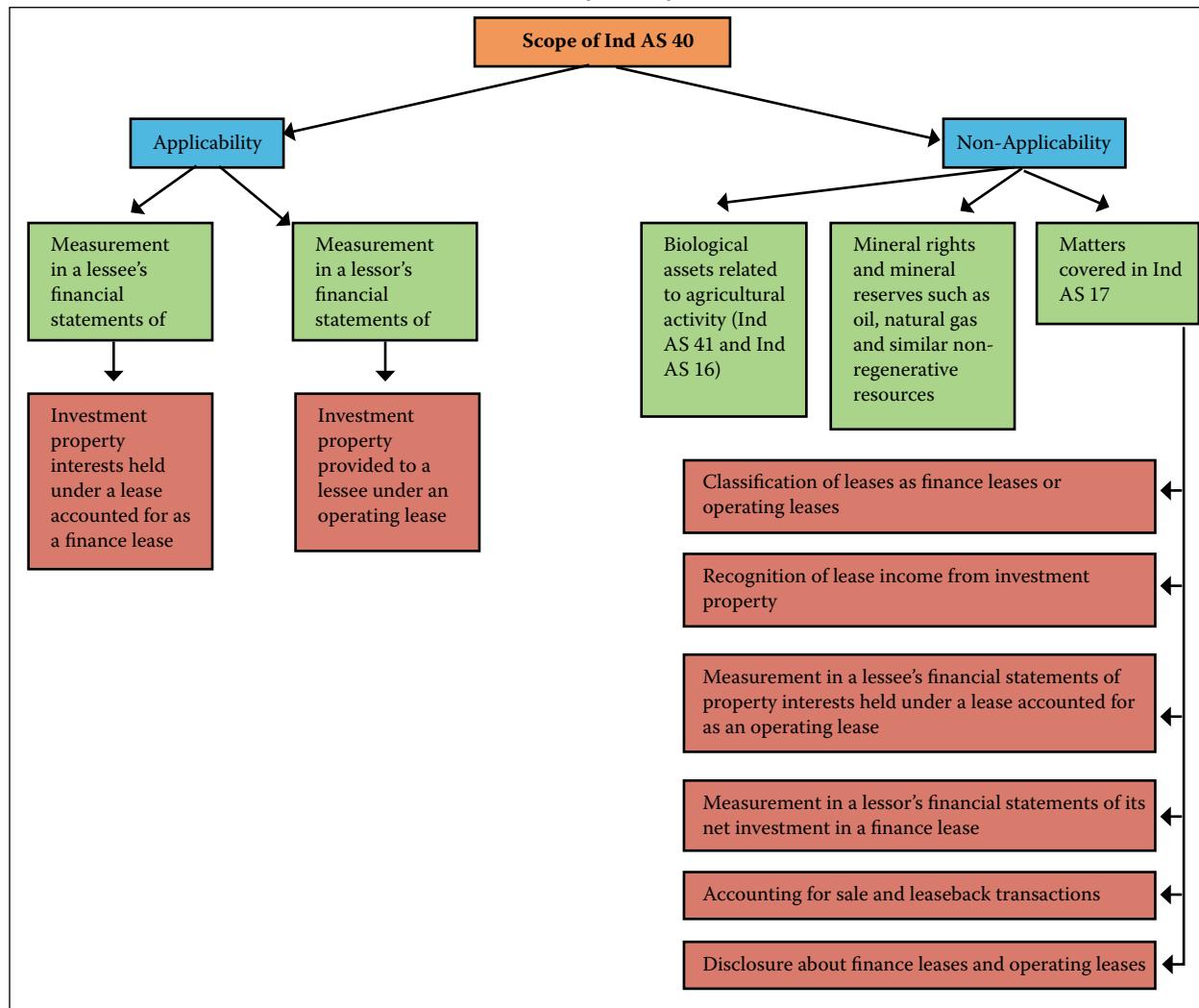
Particular	Details
Residual value other than zero	It implies that an entity expects to dispose of the intangible asset before the end of its economic life
Review of residual value	The residual value is reviewed at least at each financial year-end
Change in the asset's residual value	A change in the asset's residual value is accounted for as a change in an accounting estimate as per Ind AS 8
Increase in residual value to an amount equal to or greater than the asset's carrying amount	In such a situation, the asset's amortisation charge is zero unless and until its residual value subsequently decreases to an amount below the asset's carrying amount
Review of amortisation period and amortisation method	Reviewed at least at each financial year-end
Change in expected useful life	Amortisation period shall be changed
Change in the expected pattern of consumption of the future economic benefits	Amortisation method shall be changed to reflect the changed pattern
Accounting for changes in amortisation period/method	Such changes shall be accounted for as changes in accounting estimates in accordance with Ind AS 8

## Retirements and Disposals of Intangible Assets

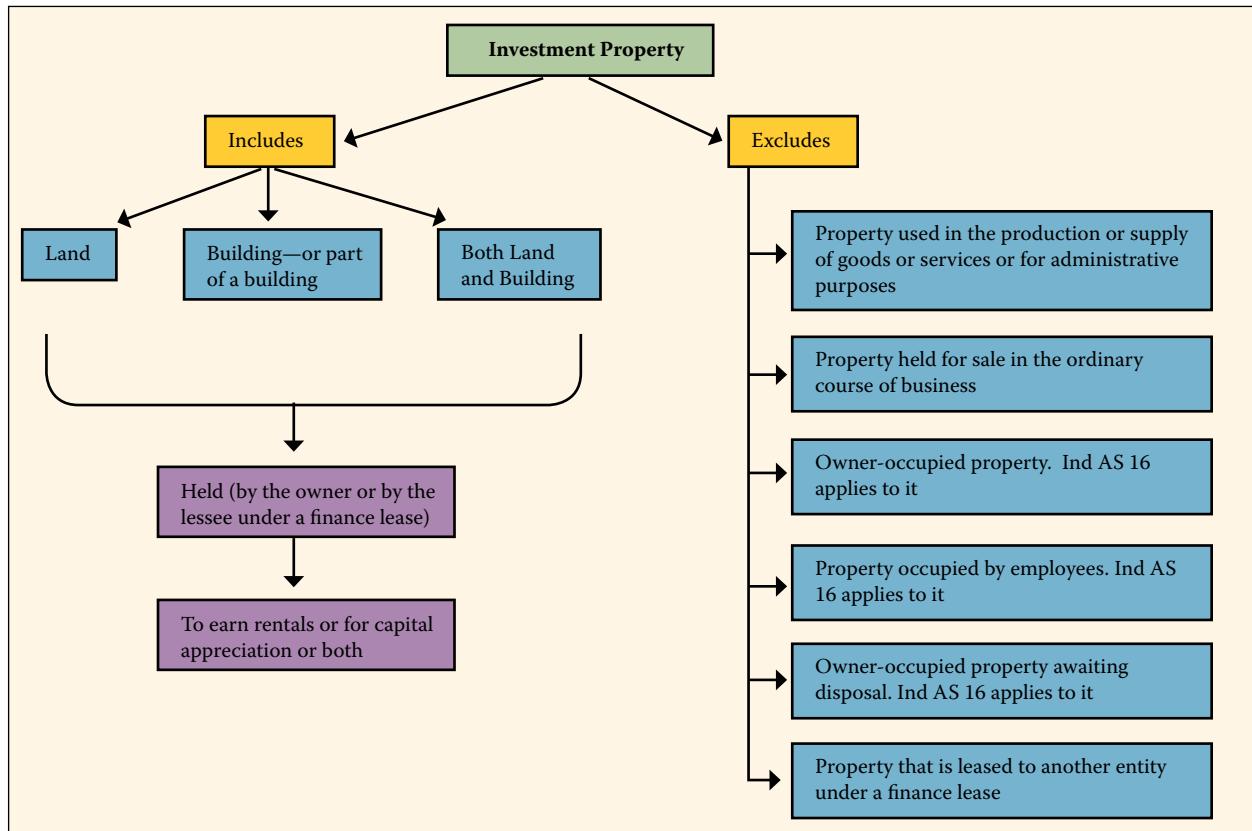


*For disclosure requirements of Ind AS 38 refer the study material.*

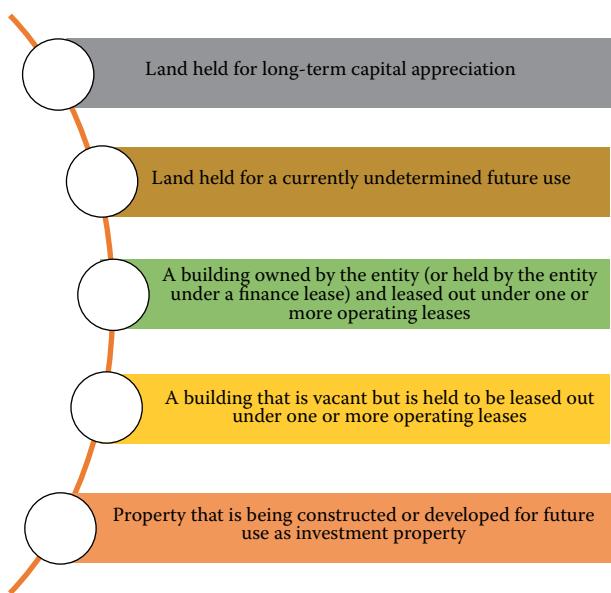
## INDIAN ACCOUNTING STANDARD (IND AS) 40 : INVESTMENT PROPERTY



# FINANCIAL REPORTING ||



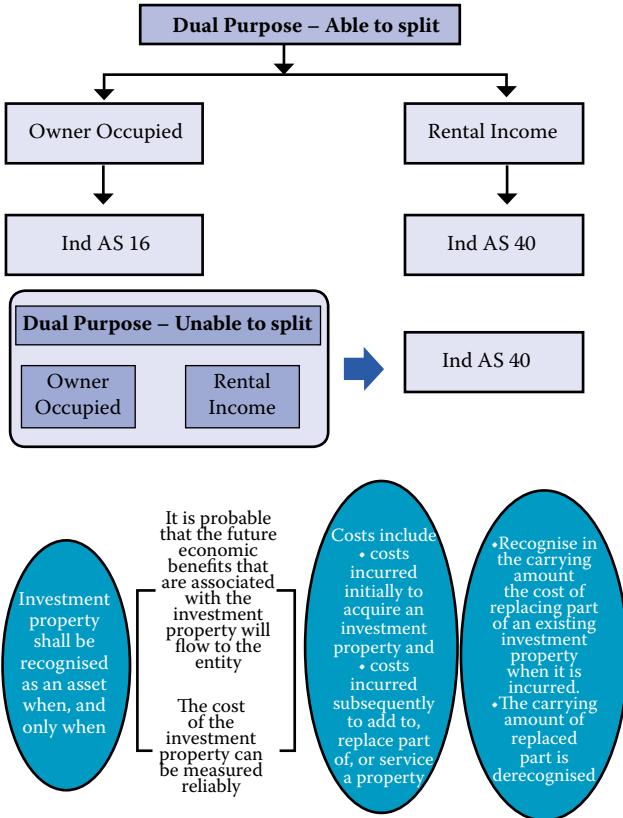
## Examples of Investment Property



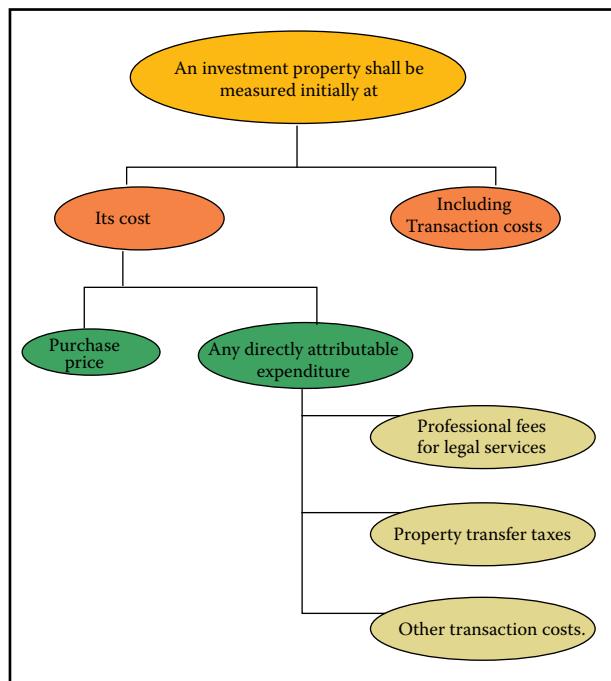
### Note:

In some cases, an entity owns property that is leased to, and occupied by, its parent or another subsidiary. The property **does not qualify as investment property in the consolidated financial statements**, because the property is owner-occupied from the perspective of the group.

## Property Held for More Than One Purpose



## Measurement at Recognition



## Important Notes

S. No.	Particular	Detail
1.	Cost of an investment property does not include	<ul style="list-style-type: none"> <li>(a) Start-up costs (unless necessary to bring the property to the condition necessary for it to be capable of operating in the manner intended by management),</li> <li>(b) Operating losses incurred before the investment property achieves the planned level of occupancy, or</li> <li>(c) Abnormal amounts of wasted material, labour or other resources incurred in constructing or developing the property.</li> </ul>
2.	Deferred payment	<ul style="list-style-type: none"> <li>• Cost of an investment property is its cash price equivalent.</li> <li>• The difference between this amount and the total payments is recognised as interest expense over the period of credit.</li> </ul>
3.	Property interest held under a lease and classified as an investment property	<ul style="list-style-type: none"> <li>• The initial cost shall be recognised as asset at the lower of the fair value of the property and the present value of the minimum lease payments.</li> <li>• An equivalent amount shall be recognised as a liability.</li> <li>• The item accounted for at fair value is that interest and not the underlying property.</li> <li>• Any premium paid for a lease is treated as part of the minimum lease payments and is included in the cost of the asset, but is excluded from the liability.</li> </ul>

## Measurement after Recognition



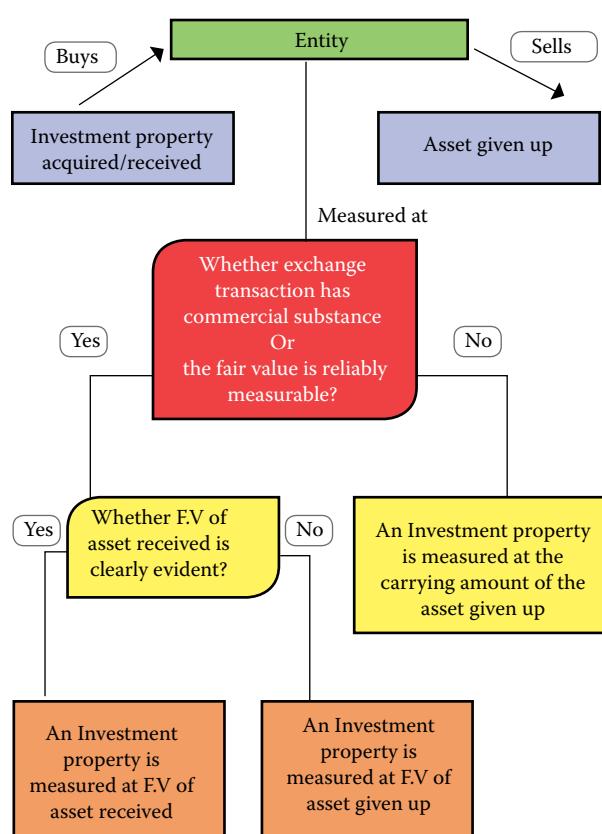
### Note:

- After initial recognition, an entity shall measure **all** of its investment properties (except asset classified as held for sale) in accordance with Ind AS 16's requirements for cost model.
- Investment properties that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) shall be measured in accordance with Ind AS 105.

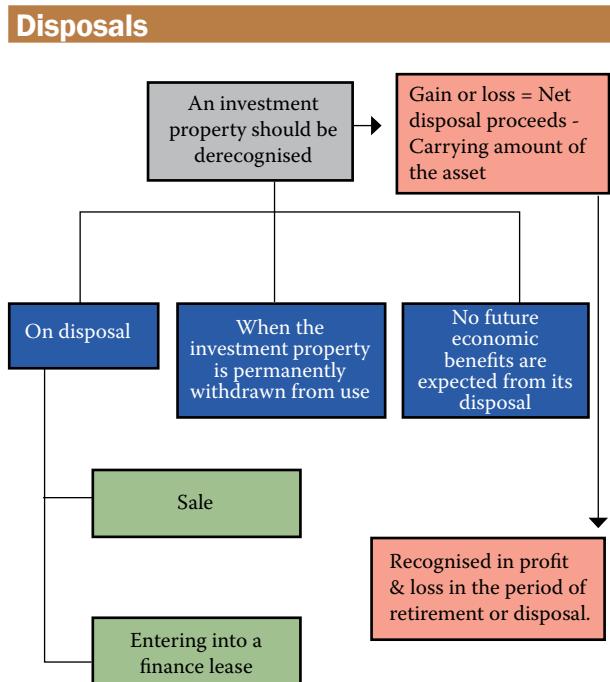
### Transfers

- Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:
  - Commencement of owner-occupation, for a transfer from investment property to owner-occupied property;  
Ind AS 40 → Ind AS 16
  - Commencement of development with a view to sale, for a transfer from investment property to inventories;  
Ind AS 40 → Ind AS 2
  - End of owner-occupation, for a transfer from owner-occupied property to investment property;  
Ind AS 16 → Ind AS 40
  - Commencement of an operating lease to another party, for a transfer from inventories to investment property.  
Ind AS 2 → Ind AS 40
- Transfers between investment property, owner-occupied property and inventories **do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes.**

## Exchange for Non-monetary Assets



# FINANCIAL REPORTING ||



S. No.	Particular	Detail
1.	Date of disposal for investment property	<ul style="list-style-type: none"> <li>The date is when the recipient obtains control of the investment property for determining when a performance obligation is satisfied.</li> <li>Ind AS 17 applies to a disposal effected by entering into a finance lease and to a sale and leaseback.</li> </ul>
2.	Measurement of consideration receivable on disposal	<ul style="list-style-type: none"> <li>The consideration receivable on disposal of an investment property is recognised initially at <b>fair value</b>.</li> <li>If payment for an investment property is deferred, the consideration received is recognised initially at the <b>cash price equivalent</b>.</li> <li>The <b>difference</b> between the nominal amount of the consideration and the cash price equivalent is <b>recognised as interest revenue</b>.</li> </ul>
3.	Compensation	<ul style="list-style-type: none"> <li>Compensation from third parties for investment property that was impaired, lost or given up <b>shall be recognised in profit or loss when the compensation becomes receivable</b>.</li> </ul>

*For disclosure requirements of Ind AS 40 refer the study material.*

## Student Activity Portal

The Board of Studies has developed a Student Activity Portal to help its students to get themselves registered from anywhere anytime for various students' programmes being organised by Regional Councils and Branches.

The students can login from time to time to register for events like, Student Seminars, Student Conferences, Mock Tests, Workshop, Special Counselling Programme for CA Students, CA Students Talent Search, CA Students festival, Sports Competition etc. To register, the students can login using their credentials and pay the required registration fees online (through Debit Card/Credit Card/ Net Banking) on student's activity portal itself. After successful registration, the student will be eligible to attend the event.

The students are advised to visit: <https://bosactivities.icai.org/> and login with the below mentioned details in order to activate their account and register for the events from time to time.

**User Name- Students Registration no. (i.e. WRO0123456)**

**Password - Date of birth in DDMMYYYY format.**

**Director, Board of Studies**



**Training Programme  
on Goods and Services Tax for Skill Development of Girl Students**  
**Organised by Career Counseling Group**

The Institute of Chartered Accountants of India (ICAI), through its Career Counseling Group aims to promote the Commerce Education with Special Focus on CA Course amongst Secondary, Senior/Higher Secondary, Graduate/Post-Graduate students as well as other stakeholders. The

Vocational training programmes being organized are envisaged to be a step forward in the direction of employment oriented skill building of young talent in a niche and much sought after area. This shall also fulfill the need of trained manpower requirements of Small and Medium Sector.

**ICAI- Partners in India's Growth**

The Institute of Chartered Accountants of India (ICAI), through its Career Counseling Group aims to promote the Commerce Education with Special Focus on CA Course amongst Secondary, Senior/Higher Secondary, Graduate/Post-Graduate students as well as other stakeholders. The

Vocational training programmes being organized are envisaged to be a step forward in the direction of employment oriented skill building of young talent in a niche and much sought after area. This shall also fulfil the need of trained manpower requirements of Small and Medium Sector.

# GST Training module for Girl Students



**ICAI -**  
*Celebrating the past,  
Inspiring the Future*

**ICAI celebrate Platinum Jubilee Year  
beginning July 1, 2018.**

**ICAI organises GST Training  
Programs across the country at various  
colleges specially for girl students.**

*ICAI Joining India's movement of  
Women Empowerment &  
Beti Bachao, Beti Padhao*



The Institute of Chartered Accountants of India

(Set up by an Act of Parliament)  
Career Counseling Group, ICAI Bhawan A-29, Sector 62, NOIDA (U.P.) Pin Code: 201309,  
Tel. No.: 0120-3045910 • E-mail: [sambit.mishra@icai.in](mailto:sambit.mishra@icai.in) • Website: [www.icai.org](http://www.icai.org), [www.cccicai.in](http://www.cccicai.in)

# SCHOLARSHIP SCHEME

## **TO SALUTE THOSE WHO SERVE & SECURE OUR INDEPENDENT SOVEREIGNTY ICAI – SCHOLARSHIP SCHEME FOR 75 MERITORIOUS STUDENTS**

**Career Counseling Group (CCG), ICAI**

**Launching “Scheme for the Award of Scholarship” to the 75 meritorious wards of**

1. Military personnel i.e. India Army, Indian Navy and Indian Air Force & Para Military Forces i.e. Indian Coast Guard, Assam Rifles, Special Frontier Force, Central Reserve Police Force, Border Security Force, Indo-Tibetan Border Police, Sashastra Seema Bal, Central Industrial Security Force, National Security Guard, Special Protection Group etc.  
2. Railway employees



ICAI COMMERCE

WIZARD 2018

The Career Counselling Group of ICAI aims to promote the commerce education with special focus on CA course amongst Secondary, Senior/Higher Secondary & Graduate/ Post graduate students.

The Commerce Talent Search Test called as Commerce Wizard is a diagnostic test to measure the concept understanding ability of a student.

- Students appearing in Class IX / X / XI / XII, B.Com / BBA / BMS / Allied Subjects and students registered under open learning examination are eligible for the Common Wizard test.
  - The aforesaid test will be conducted in English languages only.
  - The aforesaid test is an objective-type test of 75 minutes duration comprising 100 objective-type (Multiple Choice) questions, 25 questions (25 marks) from each subject through on-line arrangement.
  - Level-I test (Online) – 16th Dec., 2018 : For students of CBSE / ICSE or any other national boards or open schools and various state boards conducting Secondary/Senior Secondary Examination.
  - Level-II test (Online) – 23rd Dec., 2018 : For shortlisted candidates of Level-I test.

The applicant will be short listed on the basis of merit rank in Commerce Wizard test

  - The applicants irrespective of his / her marital status are eligible.
  - The said scheme is also applicable for wards of retired personnel.

**ABOUT SCHEME**

- This Special Scheme shall be effective from year 2018 to 2022.
  - 75 Meritorious students\* will be awarded the scholarships. (\*Out of 75 scholarships, 50 scholarships will be awarded to wards of Military & para military personnel & 25 scholarships to wards of personnel in Railways).
  - Scholarship Award – 50% of the CA course fee will be adjusted at the time of registration to the Foundation, Intermediate & Final Course.
  - The scholarship is admissible for only one child per family.
  - The scholarship is only for students who wish to pursue CA course in future.
  - The applicant will be short-listed on the basis of merit rank in Commerce Wizard Test
  - The applicants irrespective of his / her marital status are eligible.
  - The said scheme is also applicable for wards of retired personnel.

## Award

- 1st Prize of Rs.1 Lakh •2nd Prize of Rs.50,000
  - Top 500 Consolation Prizes of Rs 500

#### **REGISTRATION & DETAILS**

**Candidate can fill registration forms at  
<http://icaicommercewizard.org> and can  
please visit the said website.**

## Assessment of CA Students after completion of 1<sup>st</sup> and 2<sup>nd</sup> year of practical training

The Council has decided to assess students after completion of first and second year of practical training with online MCQ based tests. These tests would examine the knowledge gained by the student during the course of practical training and his ability to apply his subject specific skills while undergoing his training in that particular area.

The brief details about these tests are as below:

1. The test would be of 75 marks (Duration: 2 hours) for 1<sup>st</sup> year students and of 100 marks (Duration: 3 hours) for 2<sup>nd</sup> year students.
2. The students completing their 1<sup>st</sup>/ 2<sup>nd</sup> year of practical training in a particular quarter of a year would be eligible to register for the said test in the subsequent quarter.
3. Students will be assigned grades based on their performance in the assessments as below:
  - a. 80% and above – A grade
  - b. 60% and above but below 80% – B grade
  - c. 40% and above but below 60% – C grade
  - d. Below 40% – D grade
4. The grades would appear on the final marksheet of the student. A student can appear in the particular test at a maximum of two more times to improve his/ her grade by paying a nominal fee. The best grade out of all the grades scored, would be taken for inclusion in the marksheets.
5. In the test, Accounting and Auditing (including Corporate Laws) of 50 marks will be mandatory and students would be selecting one optional module at 1<sup>st</sup> level test and two optional modules at 2<sup>nd</sup> level test, related to their practical training specialisation area. The optional modules (each comprising 25 marks) would be:

S No	First Year	Second Year
1.	Direct Tax	Direct Tax including International Taxation
2.	Indirect Tax	Indirect Tax
3.	Internal Audit	Internal Audit

The first test for both the category of students will be on August 26, 2018. The students who would be completing their 1<sup>st</sup>/ 2<sup>nd</sup> year of practical training during the second quarter of 2018, i.e. April-June, 2018 would be eligible to appear in these assessments during August-December, 2018. Similarly, the students completing their 1<sup>st</sup>/ 2<sup>nd</sup> year during July-September, 2018 would be required to appear in October-December, 2018 quarter and so on. Concerned students are advised to practice the sample questions uploaded in BoS Knowledge Portal on the Institute website at the link: [https://www.icai.org/new\\_post.html?post\\_id=14836](https://www.icai.org/new_post.html?post_id=14836).

Frequently Asked Questions (FAQs) are also available on the Institute website. For further clarifications, if any, you may write to PTassessment@icai.in.

**Director, Board of Studies**

## Pattern Of Assessment From May 2019 Examination

Students appearing in the Intermediate/IIPCE and Final Examinations under the Old and New Scheme of Education and Training may please note that beginning from May, 2019 attempt, assessment in the following subjects would be partially based on objective type questions:

Intermediate (New Course)		IPCC (Old Course)	
Intermediate Level		Final Level	
Paper	Subject	Paper	Subject
2	Corporate and Other Laws	2	Business Laws, Ethics & Communication
4	Taxation	4	Taxation
6	Auditing & Assurance	6	Auditing & Assurance
7	Enterprise Information System & Strategic Management	7	Information Technology & Strategic Management

Final (New Course)		Final (Old Course)	
Intermediate Level		Final Level	
Paper	Subject	Paper	Subject
3	Advanced Auditing and Professional Ethics	3	Advanced Auditing and Professional Ethics
4	Corporate and Economic Laws	4	Corporate and Allied Laws
7	Direct Tax Laws and International Taxation	7	Direct Tax Laws
8	Indirect Tax Laws	8	Indirect Tax Laws

In each of the above papers, the weightage for objective type questions would be 30%. The remaining questions i.e., 70% of In each of the above papers, the weightage for objective type questions would be 30%. The remaining questions i.e., 70% of the paper would be as per the present pattern of assessment. The objective type questions will be in the nature of multiple choice questions having 1 or more marks. There will be no negative marking for wrong answers. It may be noted that objective type questions will be compulsory and there will be no internal or external choice in them.

Further details in this regard would be hosted on the Institute's website shortly.

## CA Students Conference - RAIPUR

15<sup>TH</sup> & 16<sup>TH</sup> JULY, 2018

**Organized by:** Board of Studies, ICAI

**Hosted by:** Raipur, Bhilai and Bilaspur Branches of CIRC of ICAI & Raipur, Bhilai and Bilaspur Branches of CISASA of ICAI

**THEME:** "KNOWLEDGE& TRAINING WITH ETHICAL QUOTIENT – PATHWAY TO PROFESSIONAL EXCELLENCE"

DIN DAYAL UPADHAY AUDITORIUM,  
NEAR SCIENCE COLLEGE GROUND, G E  
ROAD, RAIPUR

**DAY-1**

9.00 am to 10.00 am	<b>Registration</b>
10.00 am to 11.30 am	<b>Technical Session : I : Topic: Accounting Standards</b> - Ind AS Presentation of Financial accounts; 1. Comparative statement of Ind AS, Indian GAAP and IFRS; 2. Ind AS : PPE or Ind AS : Intangible Assets; 3. The evolution of Indian Accounting Standards; 4. Compliance Aspects of Indian Accounting Standards
11.30 am to 12.15 pm	<b>Inaugural Session: Honourable Union Minister / Chief Minister-Shri. Raman Singh ji, Chhattisgarh State. Special Guest –CA. Kemisha Soni, Central Council Member, ICAI</b> <b>Special Session: I: BOS Presentation and Interaction with Board of Studies.</b> <b>Special Session: II: Motivational Session.</b>
12.15 pm to 1.00 pm	
01.00 pm to 01.45 pm	
02.30 pm to 04.00 pm	<b>Technical session : II : Topic: Income Tax</b> - Critical analysis of section 54 & 54F of Income tax act; Presumptive taxation under income tax act 44AD & 44ADA; Restrictions on cash transactions; Overview on ICDS
04.00 pm to 05.00 pm	<b>Special Session : III :Topic: Special Session by Central Council Member</b>

**DAY-2**

10.00 am to 11.30 am	<b>Technical Session : III : Topic: Company Law</b> - Audit and Accounts; Schedule III of Companies Act; Acceptance of deposits and loans to directors; Importance of Independent auditor
11.30 am to 12.30 pm	<b>Special Session: IV: Topic: Inspirational Success Story Of Mother Daughter Duo Clearing CA together.</b>
12.30 pm to 02.00 pm	<b>Technical Session:IV:Topic: Information Technology</b> - Crypto-currency & Block chain Technology; Impact of big data and data analytics in Business Development; Information Technology infrastructure for the Goods and Services Tax; Artificial Intelligence: Is it a Boon or Threat to Humankind?
02.30 pm to 04.00 pm	<b>Technical Session : V : Topic: GST</b> - Input Tax Credit Under GST; Place and Time of Supply; Valuation and Composition Scheme; Inter State vs Intra State Transactions

**Registration fees**

₹ 500/- per student

Accommodation (if required) @ ₹ 300 per student

**Registration on the Portal**

The student has to register & make the payment online on the Portal itself, the link will be <http://bosactivities.icai.org/>

**CA. Dhinal Ashvinbhai Shah**, Chairman, BOS; **CA. Vijay Kumar Gupta**, Vice-Chairman, BOS; **CA. Kemisha Soni, Central Council Member** & Conference Director; **CA. Suresh Kumar Agrawala**, Chairman Raipur Branch, **CA. Jain Piyush**, Chairman Bhilai Branch, **CA. Kamal Bajaj**, Chairman Bilaspur Branch, **CA. Kishore Bardia**, CISACA Chairman Raipur Branch, **CA. Nitin Lunia**, CISACA Chairman Bhilai Branch, **CA. Manoj Shukla**, CISACA Chairman Bilaspur Branch as Conference Coordinators.

## CA Students Conference - CHENNAI

17<sup>TH</sup> & 18<sup>TH</sup> JULY, 2018

KAMARAJAR ARANGAM, TEYNAMPET,  
CHENNAI 600 006

**Organized by:** Board of Studies, ICAI

**Hosted by:** SIRC of ICAI & CISASA of ICAI

**THEME:** "KNOWLEDGE & TRAINING WITH ETHICAL QUOTIENT – PATHWAY TO PROFESSIONAL EXCELLENCE"

**DAY-1**

10.00 am to 10.30 am	<b>Inaugural Session</b>
10.30 am to 12.15 pm	<b>Technical Session : I : Topic: Income Tax</b> - Tax challenges on adoption of Ind AS; Recent Amendments & Changes in Income Tax Returns; Discussion on Income Computation and Disclosure Standards (ICDS)
12.15 pm to 01.00 pm	<b>Special Session : I : BOS Presentation and Interaction with Board of Studies</b> "How to crack CA Examination"
01.00 pm to 01.45 pm	<b>Special Session II: Motivational Session on "Chartered Accountant to Complete Accountant – The role of Professional and Personal Ethics"</b>
02.30 pm to 04.00 pm	<b>Technical Session : II : Topic: Goods and Services Tax</b> - E-Way Bill; GST – A view on finalization of accounts; Impact of GST on Indian Economy
04.00 pm to 05.00 pm	<b>Special Session : III: Topic: "Sessions on Nation building"</b>

**DAY-2**

10.00 am to 11.30 am	<b>Technical Session: III: Topic:Company Law</b> - New changes in Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018; Companies Amendment Act, 2017; Condonation of Delay Scheme, 2018
11.30 am to 12.30 pm	<b>Special Session IV :"Success Stories"</b>
12.30 pm to 01.45 pm	<b>Technical Session: IV : Topic:</b> Accounting Standards- Accounting for E-Commerce Business; Relevance of AS while adopting Ind AS; Post Ind AS Effects – Impact Analysis
02.30 pm to 04.00 pm	<b>Technical Session:V :Topic: Auditing</b> - Effective Internal Control Systems – An Aid to Audit; Role of Bank Auditors in current scenario; How should internal and external auditors work together?

**Registration fees**

₹ 500/- per student

**Registration on the Portal**

The student has to register & make the payment online on the Portal itself, the link will be <http://bosactivities.icai.org/>

**CA. Dhinal Ashvinbhai Shah**, Chairman, BOS; **CA. Vijay Kumar Gupta**, Vice-Chairman, BOS; **CA. M. Devaraja Reddy**, **CA. Babu Abraham Kallivayalil**, **CA. G. Sekar**, **CA. M.P. Vijay Kumar**, **CA. Madhukar Narayan Hiregange** and **CA. Sriprya Kumar**, Central Council Members & Conference Directors; **CA. Adusumilli Venkateswara Rao**, Chairman, SIRC of ICAI & **CA. Panna Raj S**, Chairman, CISASA of ICAI, Conference Coordinators.

## CA Students Conference - TRICHUR

3<sup>RD</sup> & 4<sup>TH</sup> AUGUST, 2018

**Organized by:** Board of Studies, ICAI

**Hosted by:** Trichur Branch of SIRC of ICAI and SICASA of ICAI

**THEME: KNOWLEDGE & TRAINING WITH ETHICAL QUOTIENT-PATHWAY TO PROFESSIONAL EXCELLENCE**

JAWAHARLAL CONVENTION  
CENTRE,TRICHUR

### DAY-1

09.00 am to 10.00 am	<b>Registration</b>
10.00 am to 11.30 am	<b>Technical Session : I : Topic: GST</b> -Time and Place of Supply; Audit under GST; "Composition Scheme" under GST
11.30 am to 12.00 Noon	<b>Inaugural Session</b>
12.00 Noon to 01.15 pm	<b>Special Session: I on BOS Presentation and Interaction with Board of Studies.</b>
02.00 pm to 03.30 pm	<b>Technical Session: II: Topic- Corporate Laws:</b> Insolvency and Bankruptcy Code-Impact Analysis; Public Deposits; Exemptions to Pvt. Ltd Companies under Companies Act.
03.30 pm to 04.15 pm	<b>Special Session: II: Topic : Interaction with the Central Council Member</b>
04.15 pm to 05.15 pm	<b>Special Session: III: Topic: Motivational Subject</b>

### DAY-2

09.30 am to 11.00 am	<b>Technical Session : III : Topic:</b> Accounts and Audits: Ind AS- Major Impact on Financial Statements; PPE (AS vs Ind AS); Inventory (AS vs Ind AS)
11.00 am to 11.45 pm	<b>Special Session: IV: Motivational Subject</b>
11.45 pm to 01.15 pm	<b>Technical Session : IV : Topic: Direct tax-</b> TDS on Non Resident Payments; Capital Gain Taxation -Recent Developments; 269SS, TT/TTA-Limitations on Cash Transactions under Tax Law
02.15 pm to 03.45 pm	<b>Technical Session : V: Topic: SA overview;</b> Importants of Documentation; Audit of Private Companies

<b>Registration fees</b>	₹ 500/- per student	Accommodation (if required) @ ₹ 250/- per student
<b>Payment Mode</b>	<b>The student has to register &amp; make the payment online on the Portal itself, the link will be <a href="http://bosactivities.icai.org/">http://bosactivities.icai.org/</a></b>	

**CA. Dhinal Ashvinbhai Shah**, Chairman, BOS; **CA. Vijay Kumar Gupta**, Vice-Chairman, BOS; **CA. Babu Abraham Kallivayalil** and **CA. G. Sekar**, Central Council Members & Conference Directors; **CA. Thomas Mathew, Chairman**, Trichur Branch of SIRC of ICAI & **CA. Aryan K.K, Chairman**, Trichur Branch of SICASA of ICAI, Conference Coordinators.

**Attend Student Conferences across the Country**  
**The Board of Studies has planned the following Conferences for CA Students as on date For July, 2018-2019**

S.No.	Regional Council/Branch	Nomenclature of the Programme	Approved Dates
1	Ernakulam	CA Students Conference	6-7 July, 2018
2	Kolkata -EIRC	National Conference	7-8 July, 2018
3	Aurangabad	CA Students Conference	7-8 July, 2018
4	Nagpur	CA Students Conference	9-10 July, 2018
5	Raipur, Bilaspur and Bhilai	National Conference	15-16 July, 2018
6	Chennai- SIRC	National Conference	17-18 July, 2018

**Students Eligible to attend the Students Conference:** Students who have registered as IPCC/ Intermediate Students/ Students who are pursuing their Articleship Training/ Students who have completed their Practical Training but could not qualify their final examinations may attend the conference till next one year from the date of completion of Practical Training. (CPT Students and Students who have completed one year beyond their Articleship training will not be eligible to register for these Conferences.)

It may however be noted that during April, 2018 - March, 2019, the students can be Paper Presenters for max. 2 Students Conferences. Best paper presenters (overall category) of National Conference can be permitted to present technical papers in International CA Students Conference where the limit of two programmes per year will not be applicable.

# Live Virtual Classes

## e-Pathshala



### Uniformity - Continuity - Consistency

The Board of Studies of the Institute of Chartered Accountants of India has decided to augment its education delivery mechanism in a big way and conduct Live Virtual Classes for the benefit of the students who are spread across the nation.

- Full coverage of syllabus → Expert faculty members → Tests to review → Low fees
- Convenient timings → Exam focussed approach → Timely resolution of problems
- Smart classes having the state of art technology

**Special sessions by experts and renowned faculty**

**Classes from: Final - July 16, 2018 & Intermediate - August 06, 2018**

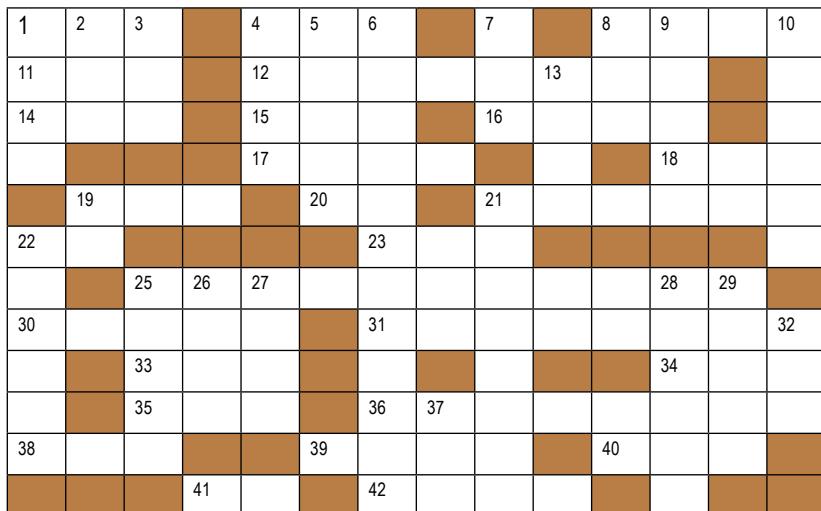
**For details visit - <https://cloudcampus.icai.org>**

**Online Registration from July 02, 2018**



**The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)

## CROSSWORD - JULY 2018



### ACROSS

- A folder in windows computer can't be made with the name .....
- In \_\_\_\_\_ market financial instruments are traded directly between two parties
- A project management tool
- A snag : ran into trouble.
- Section 80PA has been to provide for deduction in respect of certain income of \_\_\_\_\_ companies
- A computer Key
- A unique nine digit number allotted to business entities in US
- \_\_\_\_\_ with the wind
- Start up private company is not required to include \_\_\_\_\_ flow statement in the financial statements
- Roman numeral for 111
- The factor presented by a seller as the reason that one product or service is different from and better than that of competitors.
- One of the largest Indian-multinational firms headquarter in Mumbai, India
- Maa Maana \_\_\_\_\_ ka dhula (Advertisement)
- Opposite of down
- \_\_\_\_\_ is a financial ratio that measures the return generated on stockholders'/ shareholders' equity.
- For A.Y.2018-19,ITR 4 has to be filed by an individual who declares income on \_\_\_\_\_ basis.
- Obtain for temporary use.
- Cancel everything
- The first sale of stock by a private company to the public.

- \_\_\_\_\_ works to create and sustain an environment conducive to the growth of industry in India,
- A Police Officer
- Start
- \_\_\_\_\_ is a feminine third person
- An enterprise holding investment properties should value Investment property as per \_\_\_\_\_ model.
- Had Food
- Negative response
- Home for some birds

### DOWN

- A brief text conversation
- A major import commodity in India.
- Global IT Innovator delivering technology-enabled services and solutions to clients around the world.
- A Cartel formed by Oil countries
- The hearing of statements and showing of objects, etc. in a law court to judge if a person is guilty of a crime or not
- Section 43CB of the Income tax Act,1961,inserted by the Finance act,2018 deals with the computation on the income from \_\_\_\_\_ and service contracts
- \_\_\_\_\_ is common in programing language
- \_\_\_\_\_ is mightier than sword.
- Build, Straight
- Follows
- small niche.
- Indian State with highest population
- Section 80TTB has been inserted by the Finance Act,2018 to provide for

deduction of upto Rs.50,000 in respect of interest on \_\_\_\_\_ in case of senior citizen.

- Escorts.
- It is the process of capturing human-marked data from document forms such as surveys and tests.
- The law of demand shows inverse relationship between \_\_\_\_\_ and quantity demanded.
- \_\_\_\_ Rate is the rate at which the central bank of a country lends money to commercial banks.
- A type of employee benefit plan which is intended to encourage employees to acquire stocks of the company.
- To give up possession or occupancy
- First Class, top notch
- Tall Story
- Leading stock exchange in India

If undelivered, please return to: The Institute of Chartered Accountants of India, ICAI Bhawan, Indraprastha Marg, New Delhi-110104