# Intermediate Course Study Material (Modules 1 to 3)

Paper 1

# Advanced Accounting

(Relevant for May, 2025 and onward Examinations)

Module – 2



BOARD OF STUDIES
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

This Study Material has been prepared by the faculty of the Board of Studies. The objective of the Study Material is to provide teaching material to the students to enable them to obtain knowledge in the subject. In case students need any clarification or have any suggestion for further improvement of the material contained herein, they may write to the Joint Director, Board of Studies.

All care has been taken to provide interpretations and discussions in a manner useful for the students. However, the Study Material has not been specifically discussed by the Council of the Institute or any of its committees and the views expressed herein may not be taken to necessarily represent the views of the Council or any of its Committees.

Permission of the Institute is essential for reproduction of any portion of this material.

### © THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

All rights reserved. No part of this book may be reproduced, stored in a retrieval system, or transmitted, in any form, or by any means, electronic, mechanical, photocopying, recording, or otherwise, without prior permission, in writing, from the publisher.

Basic draft of this publication was prepared by CA. (Dr.) Rashmi Goel

Edition : July, 2024

Committee/Department : Board of Studies

E-mail : bosnoida@icai.in

Website : www.icai.org

Price : ₹ /- (For All Modules)

ISBN No. : 978-81-19472-30-7

Published by : The Publication & CDS Directorate on behalf of

The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi 110 002 (India)

Printed by :

## **CONTENTS**

### **MODULE I**

CHAPTER 1: Introduction to Accounting Standards

CHAPTER 2: Framework for Preparation and Presentation of Financial

Statements

CHAPTER 3: Applicability of Accounting Standards

CHAPTER 4: Presentation & Disclosures Based Accounting Standards

### **MODULE II**

CHAPTER 5: Assets Based Accounting Standards

CHAPTER 6: Liabilities based Accounting Standards

CHAPTER 7: Accounting Standards based on items impacting Financial

Statements

CHAPTER 8: Revenue based Accounting Standards

CHAPTER 9: Other Accounting Standards

CHAPTER 10: Accounting Standards for Consolidated Financial

Statements

### **MODULE III**

CHAPTER 11: Financial Statements of Companies

CHAPTER 12: Buy back of Securities

CHAPTER 13: Amalgamation of companies

CHAPTER 14: Accounting for Reconstruction of companies

CHAPTER 15: Accounting for Branches including foreign branches.

# **DETAILED CONTENTS: MODULE – 2**

| CHAF   | TER 5: ASSETS BASED ACCOUNTING STANDARDS               | 5.1 – 5.252  |
|--------|--|--------------|
| UNIT   | 1: ACCOUNTING STANDARD 2 VALUATION OF INVENT           | ORY 5.1-5.20 |
| Learn  | ing Outcomes   | 5.1          |
| 1.1    | Introduction   | 5.2          |
| 1.2    | Inventories  | 5.2          |
| 1.3    | Measurement of Inventories                             | 5.4          |
| 1.4    | Costs of inventory                                     | 5.6          |
| 1.5    | Costs of purchase                                      | 5.6          |
| 1.6    | Costs of Conversion                                    | 5.6          |
| 1.7    | Joint or By-Products                                   | 5.7          |
| 1.8    | Other Costs  | 5.8          |
| 1.9    | Exclusions from the cost of inventories                | 5.9          |
| 1.10   | Cost Formula   | 5.9          |
| 1.11   | Other techniques of cost measurement                   | 5.9          |
| 1.12   | Estimates of Net Realisable Value                      | 5.10         |
| 1.13   | Comparison of Cost and Net Realisable Value            | 5.11         |
| 1.14   | NRV of materials held for use or disposal              | 5.11         |
| 1.15   | Disclosures  | 5.12         |
| Test \ | our Knowledge  | 5.15         |
| UNIT   | 2: ACCOUNTING STANDARD 10 PROPERTY, PLANT AN EQUIPMENT |              |
| Learn  | ing Outcomes   |              |
| 2.1    | Introduction   |              |
| 2.2    | Scope of the Standard                                  |              |
| 2.3    | Definition of Property, Plant and Equipment (PPE)      |              |

| 2.4    | Other Definitions   | 5.24       |
|--------|---|------------|
| 2.5    | Recognition Criteria for PPE  | 5.26       |
| 2.6    | Measurement of PPE  | 5.27       |
| 2.7    | Initial Recognition   | 5.28       |
| 2.8    | Cost of a self-constructed Asset  | 5.33       |
| 2.9    | PPE acquired in Exchange for a Non-monetary Asset or Assets or A combination of Monetary and Non-monetary Assets. | 5.34       |
| 2.10   | Treatment of Subsequent Costs   | 5.38       |
| Test Y | our Knowledge   | 5.61       |
| UNIT   | 3: ACCOUNTING STANDARD 13 ACCOUNTING FOR INVESTMENTS  | 5.78-5.112 |
| Learn  | ing Outcomes  | 5.78       |
| 3.1    | Introduction  | 5.78       |
| 3.2    | Definition of the terms used in the Standard  | 5.79       |
| 3.3    | Forms of Investments  | 5.79       |
| 3.4    | Classification of Investments   | 5.80       |
| 3.5    | Cost of Investments   | 5.80       |
| 3.6    | Carrying Amount of Investments  | 5.82       |
| 3.7    | Investment Properties   | 5.86       |
| 3.8    | Disposal of Investments   | 5.86       |
| 3.9    | Reclassification of Investments   | 5.86       |
| 3.10   | Disclosure  | 5.88       |
| Test \ | our Knowledge   | 5.98       |
| UNIT   | 4: ACCOUNTING STANDARD 16 BORROWING COSTS5.   | 113-5.136  |
| Learn  | ing Outcomes  | 5.113      |
| 4.1    | Introduction  | 5.113      |
| 4.2    | Definitions   | 5.114      |

| 4.3   | Exchange Differences on Foreign Currency Borrowings   | 5.115   |
|---|---|---|
| 4.4   | Borrowing Costs Eligible for Capitalisation   | 5.117   |
| 4.5   | Recognition criteria  | 5.118   |
| 4.6   | Specific borrowings   | 5.119   |
| 4.7   | General borrowings  | 5.119   |
| 4.8   | Excess of the Carrying Amount of the Qualifying Asset over Recoverable Amount   | 5.120   |
| 4.9   | Commencement of Capitalisation  | 5.122   |
| 4.10  | Suspension of Capitalisation  | 5.123   |
| 4.11  | Cessation of Capitalisation   | 5.124   |
| 4.12  | Disclosure  | 5.125   |
| Test \  | our Knowledge   | 5.128   |
|   |   | - 40 400  |
| UNIT  | 5: ACCOUNTING STANDARD 19 LEASES  | . 5.137-5.182   |
|   | ing Outcomes  |   |
|   |   | 5.137   |
| Learn   | ing Outcomes  | 5.137<br>5.138  |
| Learn<br>5.1  | ing OutcomesIntroduction  | 5.137<br>5.138<br>5.138                               |
| Learn<br>5.1<br>5.2   | Introduction  | 5.137<br>5.138<br>5.138<br>5.139                      |
| Learn<br>5.1<br>5.2<br>5.3                                    | ing Outcomes  Introduction  Applicability of AS 19 [Scope]  Definitions   | 5.137<br>5.138<br>5.138<br>5.139                      |
| Learn<br>5.1<br>5.2<br>5.3<br>5.4                             | Introduction  | 5.137<br>5.138<br>5.138<br>5.139<br>5.144             |
| Learn<br>5.1<br>5.2<br>5.3<br>5.4<br>5.5                      | Introduction  | 5.137 5.138 5.138 5.139 5.144 5.145                   |
| Learn<br>5.1<br>5.2<br>5.3<br>5.4<br>5.5<br>5.6               | Introduction  Applicability of AS 19 [Scope]  Definitions  Types of leases  Indicators of Finance Lease  Deterministic Conditions   | 5.137 5.138 5.139 5.144 5.145 5.146                   |
| Learn<br>5.1<br>5.2<br>5.3<br>5.4<br>5.5<br>5.6<br>5.7        | Introduction  Applicability of AS 19 [Scope]  Definitions  Types of leases  Indicators of Finance Lease  Deterministic Conditions  Suggestive Conditions  | 5.137 5.138 5.139 5.144 5.145 5.146 5.147             |
| Learn<br>5.1<br>5.2<br>5.3<br>5.4<br>5.5<br>5.6<br>5.7<br>5.8 | Introduction  Applicability of AS 19 [Scope]  Definitions  Types of leases  Indicators of Finance Lease  Deterministic Conditions  Suggestive Conditions  Accounting for Finance Leases (Books of lessee) | 5.137 5.138 5.138 5.139 5.144 5.145 5.146 5.147 5.163 |

| UNIT  | 6: ACCOUNTING STANDARD 26 INTANGIBLE ASSETS                | 5.183-5.215 |
|-------|--|-------------|
| Learn | ing Outcomes   | 5.183       |
| 6.1   | Introduction   | 5.183       |
| 6.2   | Scope  | 5.184       |
| 6.3   | Definitions  | 5.185       |
| 6.4   | Identifiability  | 5.187       |
| 6.5   | Control  | 5.188       |
| 6.6   | Future Economic Benefits                                   | 5.189       |
| 6.7   | Recognition and Initial Measurement of an Intangible Asset | 5.189       |
| 6.8   | Separate Acquisition                                       | 5.189       |
| 6.9   | Acquisition as part of an Amalgamation                     | 5.190       |
| 6.10  | Acquisition by way of a Government Grant                   | 5.191       |
| 6.11  | Exchange of assets   | 5.192       |
| 6.12  | Internally generated goodwill                              | 5.192       |
| 6.13  | Internally generated intangible assets                     | 5.193       |
| 6.14  | Research Phase   | 5.193       |
| 6.15  | Development Phase  | 5.194       |
| 6.16  | Cost of an Internally Generated Intangible Asset           | 5.195       |
| 6.17  | Recognition of an Expense                                  | 5.197       |
| 6.18  | Subsequent Expenditure                                     | 5.198       |
| 6.19  | Measurement subsequent to initial recognition              | 5.199       |
| 6.20  | Amortisation Period  | 5.199       |
| 6.21  | Amortisation Method  | 5.201       |
| 6.22  | Residual Value   | 5.202       |
| 6.23  | Review of amortisation period and amortisation method      | 5.202       |
| 6.24  | Recoverability of the Carrying Amount-Impairment Losses    | 5.203       |

| 6.25   | Retirements and Disposals  | 5.203    |
|--------|--|----------|
| 6.26   | Disclosure   | 5.204    |
| 6.27   | Other Disclosures  | 5.205    |
| Test \ | Your Knowledge   | 5.208    |
| UNIT   | 7: ACCOUNTING STANDARD 28 IMPAIRMENT OF ASSETS 5.2                   | 16-5.252 |
| Learn  | ing Outcomes   | 5.216    |
| 7.1    | Introduction   | 5.216    |
| 7.2    | Scope  | 5.217    |
| 7.3    | Assessment   | 5.217    |
| 7.4    | Measurement of Recoverable Amount                                    | 5.219    |
| 7.5    | Basis for Estimates of Future Cash Flows                             | 5.221    |
| 7.6    | Composition of Estimates of Future Cash Flows                        | 5.222    |
| 7.7    | Recognition and Measurement of an Impairment Loss                    | 5.224    |
| 7.8    | Identification of the Cash-Generating Unit to which an Asset Belongs | 5.225    |
| 7.9    | Recoverable Amount and Carrying Amount of a Cash-Generating Unit     | 5.226    |
| 7.10   | Goodwill   | 5.228    |
| 7.11   | Corporate Assets   | 5.231    |
| 7.12   | Impairment Loss for a Cash-Generating Unit                           | 5.231    |
| 7.13   | Reversal of an Impairment Loss                                       | 5.233    |
| 7.14   | Reversal of an Impairment Loss for an Individual Asset               | 5.234    |
| 7.15   | Reversal of an Impairment Loss for a Cash-Generating Unit            | 5.234    |
| 7.16   | Reversal of an Impairment Loss for Goodwill                          | 5.235    |
| 7.17   | Impairment in case of Discontinuing Operations                       | 5.235    |
| 7.18   | Disclosure   | 5.236    |

| 7.19   | Illustrations   | 5.238      |
|--------|---|------------|
| Test ` | Your Knowledge  | 5.243      |
| CHAI   | PTER-6: LIABILITIES BASED ACCOUNTING STANDARDS                              | 6.1 – 6.50 |
| UNIT   | 1: ACCOUNTING STANDARD 15 EMPLOYEE BENEFITS                                 | 6.1-6.27   |
| Learn  | ning Outcomes   | 6.1        |
| 1.1    | Introduction  | 6.2        |
| 1.2    | Applicability   | 6.5        |
| 1.3    | Meaning of the term "Employee Benefits"                                     | 6.5        |
| 1.4    | Short-term Employee Benefits  | 6.6        |
| 1.5    | Post Employment Benefits: Defined Contribution vs Defined Bene              | fits6.12   |
| 1.6    | Is the Gratuity Scheme a Defined Contribution or Defined Benefit Scheme?    |            |
| 1.7    | Accounting Treatment  | 6.13       |
| 1.8    | Disclosures   | 6.14       |
| 1.9    | Actuarial Assumptions   | 6.15       |
| 1.10   | Actuarial Gains and Losses  | 6.16       |
| 1.11   | Other Long Term Employee Benefits   | 6.21       |
| 1.12   | Termination Benefits  | 6.21       |
| Test \ | Your Knowledge  | 6.22       |
| UNIT   | 2: AS 29 (REVISED) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS | 6.28-6.50  |
| Learn  | ning Outcomes   |            |
| 2.1    | Introduction  | 6.28       |
| 2.2    | Scope   | 6.30       |
| 2.3    | Definitions   | 6.31       |
| 2.4    | Recognition of provision  | 6.32       |

| 2.5    | Present Obligation  | 6.32   |
|--------|---|--------|
| 2.6    | Past Event  | 6.33   |
| 2.7    | Probable Outflow of Resources Embodying Economic Benefits                                   | 6.34   |
| 2.8    | Reliable Estimate of the Obligation   | 6.35   |
| 2.9    | Contingent Liabilities  | 6.35   |
| 2.10   | Contingent Assets   | 6.37   |
| 2.11   | Measurement: Best Estimate  | 6.38   |
| 2.12   | Risks and uncertainties   | 6.38   |
| 2.13   | Future Events   | 6.39   |
| 2.14   | Expected Disposal of Assets   | 6.39   |
| 2.15   | Reimbursements  | 6.40   |
| 2.16   | Table- Reimbursements   | 6.40   |
| 2.17   | Changes in Provisions   | 6.41   |
| 2.18   | Use of Provisions   | 6.41   |
| 2.19   | Application of the Recognition and Measurement Rules  | 6.42   |
| 2.20   | Disclosure  | 6.43   |
| Test \ | our Knowledge   | 6.47   |
| CHAF   | PTER-7: ACCOUNTING STANDARDS BASED ON ITEMS IMPACTING                                       |        |
|        | FINANCIAL STATEMENT7.1  | - 7.69 |
| UNIT   | 1: ACCOUNTING STANDARD 4 CONTINGENCIES AND EVENTS OCCURRING AFTER THE BALANCE SHEET DATE7.1 | -7.13  |
| Learn  | ing Outcomes  | 7.1    |
| 1.1    | Introduction  | 7.1    |
| 1.2    | Contingencies   | 7.2    |
| 1.3    | Events Occurring after the Balance Sheet Date   | 7.3    |
| 1.4    | Adjusting Events  | 7.4    |
| 1.5    | Non-Adjusting Events  | 7.4    |

| 1.6    | Disclosure  | 7.6       |
|--------|---|-----------|
| Test y | our knowledge   | 7.11      |
| UNIT   | 2: ACCOUNTING STANDARD 5 NET PROFIT OR LOSS FOR THE PERIOD, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES | 7.14-7.27 |
| Learn  | ing Outcomes  | 7.14      |
| 2.1    | Introduction  | 7.14      |
| 2.2    | Net Profit or Loss for the Period   | 7.15      |
| 2.3    | Prior Period Items  | 7.17      |
| 2.4    | Changes in Accounting Estimates   | 7.18      |
| 2.5    | Changes in Accounting Policies  | 7.20      |
| Test Y | our Knowledge   | 7.25      |
| UNIT   | 3: ACCOUNTING STANDARD 11 THE EFFECTS OF CHANGES I FOREIGN EXCHANGE RATES   |           |
| Learn  | ing Outcomes  | 7.28      |
| 3.1    | Introduction  | 7.28      |
| 3.2    | Definitions of the terms used in the Standard   | 7.30      |
| 3.3    | Initial Recognition   | 7.31      |
| 3.4    | Reporting at each balance sheet date  | 7.32      |
| 3.5    | Recognition of Exchange Differences   | 7.32      |
| 3.6    | Classification of Foreign Operations as Integral or Non-integra   | l7.34     |
| 3.7    | Translation of Foreign Integral Operations  | 7.35      |
| 3.8    | Translation of Non-Integral Foreign Operations  | 7.36      |
| 3.9    | Change in the Classification of a Foreign Operation   | 7.40      |
| 3.10   | Tax Effects of Exchange Differences   | 7.41      |
| 3.11   | Forward Exchange Contract   | 7.41      |
| 3 12   | Disclosure  | 7.45      |

| 3.13   | Presentation of Foreign Currency Monetary Item Translation Difference Account (FCMITDA) | 7.46       |
|--------|---|------------|
| Test \ | Your Knowledge  | 7.50       |
|        | 4: ACCOUNTING STANDARD 22 ACCOUNTING FOR TAXES  |            |
|        | ON INCOME   | 7.54-7.69  |
| Learn  | ing Outcomes  | 7.54       |
| 4.1    | Introduction  | 7.54       |
| 4.2    | Objective   | 7.54       |
| 4.3    | Definitions   | 7.55       |
| 4.4    | Recognition   | 7.56       |
| 4.5    | Measurement   | 7.57       |
| 4.6    | Re-assessment of Unrecognised Deferred Tax Assets                                       | 7.57       |
| 4.7    | Review of previously recognised Deferred Tax Assets                                     | 7.57       |
| 4.8    | Virtual certainty supported by convincing evidence                                      | 7.58       |
| 4.9    | Disclosure  | 7.58       |
| 4.10   | Relevant Explanations to AS 22  | 7.59       |
| Test \ | Your Knowledge  | 7.64       |
| CHAI   | PTER-8: REVENUE BASED ACCOUNTING STANDARDS  | 8.1 – 8.55 |
| UNIT   | 1 : ACCOUNTING STANDARD 7 CONSTRUCTION  |            |
|        | CONTRACTS   | 8.1-8.33   |
| Learn  | ing Outcomes  | 8.1        |
| 1.1    | Significance of the Standard  | 8.2        |
| 1.2    | Introduction  | 8.3        |
| 1.3    | Combining and Segmenting Construction Contracts   | 8.4        |
| 1.4    | Types of construction contracts   | 8.6        |
| 1.5    | Contract Revenue and Costs  | 8.7        |
| 1.6    | Percentage Completion Method  | 8.12       |

| 1.7    | Treatment of Costs Relating to Future Activity                | 8.17       |
|--------|---|------------|
| 1.8    | Uncollectable Contract Revenue                                | 8.17       |
| 1.9    | Stage of Completion   | 8.18       |
| 1.10   | Changes in Estimates  | 8.20       |
| 1.11   | Disclosure  | 8.20       |
| Test \ | Your Knowledge  | 8.26       |
| UNIT   | 2: ACCOUNTING STANDARD 9 REVENUE RECOGNITION                  | 8.34-8.55  |
| Learn  | ing Outcomes  | 8.34       |
| 2.1    | Introduction  | 8.34       |
| 2.2    | Definition of Revenue   | 8.36       |
| 2.3    | Agency Relationship   | 8.37       |
| 2.4    | Sale of Goods   | 8.39       |
| 2.5    | Timing of Recognition of Revenue from Sale of Goods           | 8.39       |
| 2.6    | Rendering of Services   | 8.41       |
| 2.7    | Income from other sources - Interest, Royalties and Dividends | 8.42       |
| 2.8    | Conditions for Sale of Goods                                  | 8.44       |
| 2.9    | Effect of Uncertainties on Revenue Recognition                | 8.47       |
| 2.10   | Disclosure  | 8.48       |
| Test \ | Your Knowledge  | 8.50       |
| CHAI   | PTER 9: OTHER ACCOUNTING STANDARDS                            | 9.1 – 9.41 |
| UNIT   | 1: ACCOUNTING STANDARD 12 ACCOUNTING FOR GOVERNM              | 1ENT       |
|        | GRANTS  | 9.1-9.22   |
| Learn  | iing Outcomes   | 9.1        |
| 1.1.   | Introduction  |            |
| 1.2    | Government Grants   | 9.2        |
| 1.3    | Accounting Treatment of Government Grants                     | 9.3        |

| 1.4    | Recognition of Government Grants                                 | 9.3     |
|--------|--|---------|
| 1.5    | Non-monetary Government Grants                                   | 9.4     |
| 1.6    | Presentation of Grants Related to Specific Fixed Assets          | 9.4     |
| 1.7    | Presentation of Grants Related to Revenue                        | 9.8     |
| 1.8    | Presentation of Grants of the Nature of Promoters' Contribution  | 9.9     |
| 1.9    | Refund of Government Grants                                      | 9.11    |
| 1.10   | Disclosure   | 9.12    |
| Test Y | our Knowledge  | 9.19    |
| UNIT   | 2: ACCOUNTING STANDARD 14 ACCOUNTING FOR                         | 22 0 42 |
|        | AMALGAMATIONS9.  |         |
| Learni | ing Outcomes   | 9.23    |
| 2.1    | Introduction   | 9.23    |
| 2.2    | Definition of the Terms used in the Standard                     | 9.24    |
| 2.3    | Types of Amalgamations   | 9.24    |
| 2.4    | Amalgamation in the Nature of Merger                             | 9.25    |
| 2.5    | Amalgamation in the Nature of Purchase                           | 9.26    |
| 2.6    | Methods of Accounting for Amalgamations                          | 9.26    |
| 2.7    | Consideration  | 9.27    |
| 2.8    | Treatment of Reserves of the Transferor Company on Amalgamation  | 9.28    |
| 2.9    | Adjustments to reserves - Amalgamation in the Nature of Merger   | 9.28    |
| 2.10   | Adjustments to reserves - Amalgamation in the Nature of Purchase | 9 29    |
| 2.11   | Treatment of Goodwill Arising on Amalgamation                    |         |
| 2.12   | Balance of Profit and Loss Account                               |         |
| 2.12   | D'ada a sur  | 9.31    |
| 4.15   | Disclosures  | 75      |

| 2.14   | Amalgamation after the Balance Sheet Date                              | 9.32            |
|--------|--|-----------------|
| Test \ | our Knowledge  | 9.38            |
| СНА    | PTER 10: ACCOUNTING STANDARDS FOR CONSOLIDATED FINANCIAL STATEMENT10.1 | <b>– 10.166</b> |
| UNIT   | 1: ACCOUNTING STATNDARD 21 CONSOLIDATED FINANCIAL STATEMENTS           | 1-10.109        |
| Learn  | ing Outcomes   | 10.1            |
| Unit ( | Overview   | 10.2            |
| 1.1    | Concept of Group, Holding Company and Subsidiary Company               | 10.2            |
| 1.2    | Objectives of AS 21  | 10.5            |
| 1.3    | Wholly Owned and Partly Owned Subsidiaries                             | 10.7            |
| 1.4    | Purpose of Preparing the Consolidated Financial Statements             | 10.7            |
| 1.5    | Scope of AS 21   | 10.10           |
| 1.6    | Control  | 10.11           |
| 1.7    | Exclusion from Preparation of Consolidated Financial Statements        | 10.12           |
| 1.8    | Advantages of Consolidated Financial Statements                        | 10.15           |
| 1.9    | Components of Consolidated Financial Statements                        | 10.16           |
| 1.10   | Consolidation Procedures   | 10.18           |
| 1.11.  | Calculation of Goodwill/Capital Reserve (Cost of Control)              | 10.20           |
| 1.12   | Minority Interests   | 10.24           |
| 1.13.  | Profit or Loss of Subsidiary Company                                   | 10.26           |
| 1.14   | Consolidation Adjustments  | 10.27           |
| 1.15   | Preparation of Consolidated Statement of Profit and Loss               | 10.73           |
| 1.16   | Preparation of Consolidated Cash Flow Statement                        | 10.76           |
| 1.17   | Uniform Accounting Policies  | 10.78           |

| 1.18   | Treatment of Subsidiary Company having Preference Shar    | e             |
|--------|---|---------------|
|        | Capital   | 10.83         |
| Sumn   | nary  | 10.83         |
| Test y | our knowledge   | 10.85         |
| UNIT   | 2: ACCOUNTING STANDARD 23 ACCOUNTING FOR                  |               |
|        | INVESTMENTS IN ASSOCIATES IN CONSOLIDATED                 |               |
|        | FINANCIAL STATEMENTS                                      | 10.110-10.133 |
| Learn  | ing Outcomes  | 10.110        |
| 2.1    | Introduction  | 10.110        |
| 2.2    | Objective   | 10.110        |
| 2.3    | Definitions of the terms used in the Accounting Standard. | 10.111        |
| 2.4    | Associates Accounted for using the Equity method          | 10.114        |
| 2.5    | Circumstances under which Equity Method is followed       | 10.115        |
| 2.6    | Application of the Equity Method                          | 10.116        |
| 2.7    | Contingencies   | 10.124        |
| 2.8    | Why is Equity Method of Accounting Adopted for Investm    | ent in        |
|        | Associates?   | 10.124        |
| 2.9    | Disclosure  | 10.125        |
| 2.10   | Relevant Explanations to AS 23                            | 10.126        |
| Test y | our knowledge   | 10.126        |
| UNIT   | 3:ACCOUNTING STANDARD 27 FINANCIAL REPORTING              | OF            |
|        | INTERESTS IN JOINT VENTURES                               | 10.134-10.168 |
| Learn  | ing Outcomes  | 10.134        |
| 3.1    | Introduction  | 10.134        |
| 3.2    | Scope   | 10.135        |
| 3.3    | Definitions   | 10.135        |
| 3.4    | Contractual Arrangement                                   | 10.136        |

| CASE SCENARIOS CS.1 – CS.15 |   |        |
|-----------------------------|---|--------|
| Test your knowledge10       |   | 10.163 |
| 3.13                        | Disclosure  | 10.162 |
| 3.12                        | Operators of Joint Ventures   | 10.162 |
| 3.11                        | Reporting Interests in Joint Ventures in the Financial Statement of an Investor |        |
| 3.10                        | Transactions between a Venturer and Joint Venture                               | 10.161 |
| 3.9                         | Consolidated Financial Statements of a Venturer                                 | 10.154 |
| 3.8                         | Jointly Controlled Entities (JCE)   | 10.149 |
| 3.7                         | Jointly Controlled Assets (JCA)   | 10.143 |
| 3.6                         | Jointly Controlled Operations (JCO)   | 10.138 |
| 3.5                         | Forms of Joint Ventures10.136   | 10.138 |