

# PREPARE LIKE NEVER BEFORE!

**#studentfirst**



**CA SURAJ LAKHOTIA**

(AIR 1,4,2)

# 1FIN By IndigoLearn



Connect with me



CA SURAJ LAKHOTIA  
AIR 1,4 & 2 IN CA

# What Our Students have to say....

## Sudeepta Benya

I took FR and AFM classes from 1FIN and secured good marks in both. I am deeply grateful to **Sriram Sir** and **Suraj Sir** for making my conceptual clarity very strong and making me fall in love with the subjects. I secured 70 marks in FR and 87 in AFM. Highly recommended.

**AIR 27**

## Kanishka

Thank you so much Sir! I am excited to share that I have successfully cleared the CA Final exams and became A Chartered Accountant

## Srinivasan

I really liked the way of teaching and conceptual clarity given by **Suraj Sir**

## Bhoomi Makhecha

Suraj Sir's classes were comprehensive & helped me score 76 (Exemption) in FR

## Priyanka Udeshi

Thank you **Suraj sir!** Have successfully cleared CA Final with exemption in 5 subjects

## Venkata Naresh

Thank You IndigoLearn for the Conceptual Clarity and well illustrated Examples of the faculties, making my concepts very strong and assisted me in clearing my exams

## Hannoch Matthew

1FIN is a perfect place for assistance in CA Exams. I had opted for FR and AFM. I found it well understandable and helped me to get through with the concepts. Their MCQ and material is very useful.

## Himanshu Somani

Thank you so much to **Suraj** and **Sriram sir** for your support during my entire CA journey, will forever be grateful to you

## Arun Kumar

I have watched SFM, FR and IDT classes from indigo learn I was using 1FIN platform from my CA Inter and I feel this platform is the only platform which focuses on concepts rather than focusing on only scoring marks.

Master list of Adjustments Under Ind AS 103 and 110

#	Adjustment	Treatment	Example Treatment
1	Contingent Consideration	Included in consideration transferred at <b>fair value</b> on <b>acquisition date</b> if <b>probable</b>	If <b>contingent consideration</b> of Rs. 15 lakhs is <b>probable</b> , and <b>FV</b> is Rs. 9.8 lakhs, record: <b>Liability</b> Rs. 9.8 lakhs
2	Consideration to shareholders	In capacity of <b>Shareholders</b> - Part of <b>purchase consideration</b> In capacity of <b>employees</b> - Treated as employee benefit expenses	
3	Deferred Consideration	<b>Discounted to present value</b> and recognized as part of consideration. Subsequently accounted using effective interest recognising interest expense and increase in <b>liability</b> .	Deferred payment of Rs. 90 lakhs due in 3 years discounted @10% = Rs. 67.6 lakhs; recognize Rs. 67.6 lakhs now
4	Previously held interest	<b>Remeasured at fair value</b> and <b>gain/loss</b> recognized in <b>P&amp;L</b> or <b>OCI</b> - based on Ind AS 109 <b>classification</b> . <b>Fair value</b> is considered for computation of <b>goodwill</b>	If previously held 30% stake was Rs. 8 crore (carrying) and <b>FV</b> is Rs. 9 crore, record <b>gain</b> of Rs. 1 crore in <b>P&amp;L/OCI</b>
5	NCI Measurement	Can be measured at <b>fair value</b> or <b>proportionate</b> share of <b>net assets</b>	If <b>NCI</b> is 35% and <b>FV</b> of <b>net assets</b> is Rs. 80 lakhs, <b>NCI</b> = Rs. 28 lakhs using <b>proportionate</b> method
6	Transaction Costs	Expensed in <b>P&amp;L</b> as per Ind AS 103	
7	Bonus issue from pre-acq reserves	There is no change in Goodwill Computation. No treatment required	Bonus of Rs. 50K from pre-acquisition reserves no impact on cost of investment, <b>goodwill</b> calculation
8	Bonus from post acquisition reserves	Transfer from <b>P&amp;L</b> /Free reserves balance to capital reserves in consolidated financial statements	
9	Dividend from pre-acquisition profits	Credited to <b>P&amp;L</b> in parent's company.	Dividend Rs. 30K from pre-acq profit Holding's 80% = Rs. 24K credited to <b>P&amp;L</b> . If post acquisition profits are not given, compute post acquisition profits as Closing Balance - <b>Acquisition Date</b> balance + Dividends Paid.
10	Pre-existing relationship settlement / Reacquired rights	<b>Contractual</b> - Reacquired rights must be recognized separately as intangible assets at its <b>fair value</b> . • Since the business combination settles an existing contract, a <b>gain</b> or <b>loss</b> on settlement of contract is recognised at lower of the below i. Amount by which the contract is	<b>Fair value</b> of reacquired franchisee contract - 4,50,000 Contractual amount of balance period - 1,50,000 Settlement Penalty - 1,80,000  The acquirer recognises the reacquired right at Rs. 4,50,000 And <b>loss</b> on settlement of contract at lower of the below amounts

		unfavourable to the acquired [i.e. <b>FV</b> of the reacquired portion – unamortised portion] ii. Settlement penalty <b>Non Contractual – Settled at fair value</b>	i. $4,50,000 - 1,50,000 = 3,00,000$ ii. 180,000 Amount paid as penalty or settlement of legal dispute is reduced from purchase consideration
11	<b>FV of Intangibles (unrecognized in acquiree books)</b>	Recognized separately from <b>goodwill</b> if identifiable and measurable. Applies to even research expenses if <b>FV</b> is determinable.	Patent valued at Rs. 8 crores though not in acquiree's books- record as intangible asset on acquisition
12	<b>Replacement Awards</b>	Split into pre- and post-combination service; pre-acquisition portion included in consideration	<b>Pre combination service = FV (original) x Vesting Period Completed / higher of total or new vesting period</b> <b>Post combination service = FV of new award - Pre combination service</b>
13	<b>Contingent Liabilities</b>	Recognized if <b>fair value</b> can be measured reliably, even if not <b>probable</b>	Lawsuit valued at Rs. 5L despite low probability record provision for Rs. 5L if reliably measurable
14	<b>Intra-group sales of inventory</b>	Unrealised profit eliminated. If parent sold - reduce from parents PL If Subsidiary sold - Reduce from subsidiary PL	Goods of Rs. 30K sold, cost Rs. 25K; 40% unsold: eliminate Rs. 2K unrealized profit from closing stock
15	<b>Intra-group sales of fixed assets</b>	Unrealised <b>gain</b> eliminated; depreciation adjusted for excess value	Asset sold for Rs. 1L, BV Rs. 80K eliminate Rs. 20K profit; Reduce depreciation on 20,000 considering remaining useful life.
16	<b>Depreciation on FV Adjustment</b>	If <b>fair value gain</b> - Increase depreciation / Reduce profits and vice versa.	If <b>FV</b> increase in PPE is Rs. 20K, depreciate over useful life (e.g., 10 yrs): additional Rs. 2K/year depn
17	<b>Intercompany balances</b>	Eliminated on consolidation. If balances are in parent & subsidiary are different check reasons like	i. Check for <b>Cash/Goods in Transit</b> ii. Check for <b>bills discounted</b> iii. Difference on account of <b>cancellation of liabilities like debentures will be recognised as gain or loss.</b>
18	<b>Discounted bills receivables/payables</b>	To the extent discounted, they are not adjusted/eliminated	If Out of 2 lakhs bills receivables, parent has discounted 1,50,000 with bank. Show Rs. 1,50,000 in as bills payable.
19	<b>Impairment of Goodwill</b>	<b>Goodwill</b> is tested annually or when indicators of impairment exist. Impairment <b>loss</b> is recognized in <b>P&amp;L</b> .	If <b>goodwill</b> of Rs. 1.29Cr is impaired by Rs. 25.8L based on recoverable value vs. carrying amount, record <b>loss</b> : Dr. <b>P&amp;L</b> Rs. 25.8L, Cr. <b>Goodwill</b> Rs. 25.8L
20	<b>Measurement Period</b>	Period of 12 months	If additional information is available for conditions existing on date of business combination, the values recognised on date of acquisition is updated.
21	<b>Indemnification Assets</b>		The acquirer must recognise: • The indemnified <b>liability</b> (e.g., a legal claim), and • A matching indemnification asset, measured on the same basis. The amount of indemnification asset cannot exceed the amount of <b>liability</b> recognised.