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# Assignment - 1

## 1) Assets

Personal assets can include a Home, Land, Financial Securities, Jewelry, Artwork, Gold and Silver or your checking account.

### Non-current Assets

Non-current assets are assets and property owned by a business that are not easily converted to cash within a year.

### Property, Plant and Equipment

Property, plant and equipment (PPE) are the actual, Tangible, long-term assets of a corporation that normally have a lifespan of more than a year.

### Capital work-in-Progress

Capital work-in-Progress is the expenditure on fixed capital that are in the process of construction of completion i.e. not ready for intended use at the time of incurring of expenditure.

### Right-of-Use Assets.

The right-of-use asset pertains to the



lessee's right to occupy, operate or hold a leased asset during the rental period.

### Goodwill

Goodwill is an intangible asset (an asset that's non-physical but offers long-term value) which arises when another company acquires a new business.

### Other Intangible Assets.

Intangible assets are those that are non-physical but identifiable. Eg: The company's proprietary technology for computer software, copyrights, Patents, Licensing agreements and websites domain names etc.

### Intangible assets under development.

In the development phase of a project, an enterprise can, in some instances, identify an intangible asset and demonstrate that future economic benefits from the asset are probable.

### Investments in Associate

An associate is an entity over which an investor has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control).



## Other financial assets

A financial asset is a liquid asset that gets its value from a contractual right or ownership claim - cash, stocks, bonds, mutual funds and bank deposits are all examples of financial assets.

## Other Non-current assets

A non-current asset is an asset that the company acquires or invests, but the value of that investment does not recur within an accounting year.

### 2) Current Assets

A current asset, also known as a liquid asset, is any resource a company could use, turn into cash or sell within a year.

#### a) Inventories

Inventory refers to all the items, goods, merchandise and materials held by a business for selling in market to earn a profit.

#### b) Financial Assets

A current asset, also known as a liquid asset, is any resource a company could use, turn into cash or sell within a year.

## Financial Assets

A financial assets is an easily tradeable assets whose value comes from a promise of future payments.

## Other Investments

Functional category is a residual category in financial account and IIP.

## Loans

A loan is a sum of money that one or more individuals or companies borrow from banks or other financial institutions so as to financially manage planned or unplanned events.

## Investment Property

An investment property refers to a real estate property acquired to obtain a return on the investment by rental income, the property's potential resale or both.



## i) Investment

An investment is an asset or item acquired to generate income or gain appreciation. Appreciation is increase in value of an asset over time.

## ii) Loans

If a party takes out a loan, they receive cash, which is a current assets, but the loan amount is also added as a liability on the balance sheet.

## iii) Trade Receivable

Trade receivable are defined as the amount owed to a business by its customers following the sale of products or services on credit.

## iv) Cash and Cash Equivalents.

Cash and cash equivalents are a group of assets owned by a company. For simplicity, the total value of cash on hand includes items with a similar nature to cash.

## v) Bank Balances other than cash and cash equivalents mention above

"Bank balances other than cash and cash equivalents" should include items such as balances with banks held as margin money or security against borrowings, guarantees etc., and bank deposits with original maturity of more than three months but less than 12 months'.



## vi) Other Financial assets.

A financial assets is a liquid asset that gets its value from a contractual right or ownership claim cash, stocks, bonds, mutual funds, and bank deposits are all examples of financial assets.

## c) Other current assets.

Other current Assets (OCA) is a category of things of value that a company owns, benefit from or used to generate income that can be converted into cash within a business cycle.

## d) Current tax assets

Current tax assets or liability will be measured as amount expected to be recovered or paid to tax authorities at tax rate and laws that have been enacted or subsequently enacted by the end of reporting period.

## e) Assets Held for sale

Asset held for sale are non-current (or long live assets), which a company plans to sell. If a company wants to sell a group of assets in a single transaction, such a group is called disposal group. These are criteria for assets to qualify as held for sale.



## II) Equity and Liabilities

Liabilities are what you owe to others like investors or banks that issue your company a loan. Equity is what's left and represents the owner or owner's stake.

### 1) Equity

Equity is the amount of capital invested or owned by the owner of a company. The equity is evaluated by the difference between liabilities and assets recorded on the balance sheet of a company.

#### a) Equity Share Capital

Equity share capital is the portion of a company's capital that is raised by issuing shares to shareholders in exchange for ownership of the company.

#### b) Other Equity

Other equity represents the portion of a company's equity that is distinct from share capital and retained earnings.

#### c) Non-Controlling Interests.

A non-controlling interest is an ownership position in which a shareholder owns less than 50% of outstanding shares and has no control over decisions.



## 2) Liabilities

Liabilities are debts or obligations a person or company owes to someone else. For example, a liability can be as simple as an I.O.U. to a friend or big as a multibillion dollar loan to purchase or tech company.

### a) Non-current liabilities

Non-current liabilities are the debts a business owes, but isn't due to pay for at least 12 months. They are also called long-term liabilities.

#### a) Financial liabilities.

A financial liability is any money owed to another party. Common personal liabilities include home mortgages and student loans, while common business liabilities include accounts payable and deferred revenue.

### i) Borrowing

Borrowing is a temporary possession of money with intent to repay amount borrowed. In a firm

#### ii) Lease liability

The lease liability represents the obligation to make lease payments and is measured at present value of future lease payments.



## Other Financial liabilities

Other financial liabilities means all liabilities, obligations contingencies, instruments and other liabilities of any member of the group of a financial nature with third parties existing on data.

### b) Provision

A third type of non-current liability is for provisions, which refers to entries made in the books for unforeseen liabilities.

### c) Government Grant

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to operating activities of entity.

### d) Deferred tax liabilities.

Deferred tax liability is created when tax obligation is accumulated in one financial year but is due in subsequent years.

## 3) Current liabilities

Current liabilities are a company's short term financial obligations that are due within one year or within a normal operating cycle.



## Trade Payables

Trade Payables (also called trade accounts payable) are the money a business owes for goods and services when buying them on credit.

## Other current liabilities:

"Other liabilities" or used in this section, includes all balance sheet liability accounts not covered specifically in other areas of supervisory activity often they may be quite insignificant to the overall financial condition of bank.

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