



IIMC-CRC-2018-03

*IIMC CASE RESEARCH CENTER (IIMCCRC)*

*MANJU JAISWALL, SUDHIR S. JAISWALL*

*NOVEMBER 2018*

## AYMAN BOSE – ACCOUNTING OF PROPERTY, PLANT, AND EQUIPMENT UNDER IND AS

### INTRODUCTION

Ayman Bose was elated at completing his management education from a premier institute in eastern India, and accepting the offer to join as Financial Controller at ACP Ltd., his dream company, through the lateral placement process. He had three years of work experience in pharmaceutical industry. Graduating as an engineer, he had never studied accounting and finance. While working hard and investing his time wisely, he developed an interest in accounting and finance, particularly financial analysis and reporting. Naturally, he was excited at the opportunity to leverage his strengths, pursue his interest in his new job, and to top it all, reporting directly to the Chief Financial Officer, Chanda Gupta.

ACP Ltd. is a wholly owned subsidiary of an Indian business group. The company started its business on April 1, 2000. It manufactures pharmaceutical products at its facilities near New Delhi, Mumbai, Chennai, and in western European country. Its products are quite popular both in India and in Europe. Although its export and domestic sales volume are about equal, its export revenues are about twice its domestic sales revenue. **Exhibit 1** and **Exhibit 2** provide its Income Statement and Balance Sheet. ACP Ltd. ends its financial year on March 31.

Ayman joined ACP Ltd. on April 11, 2016, and looked forward to his two-week long induction program. Chanda and her team welcomed and briefed him about his roles and responsibilities. She advised him to

---

*Professor Manju Jaiswall and Sudhir S. Jaiswall of the Indian Institute of Management Calcutta developed this case study as the basis for class discussion rather than to illustrate the effective or ineffective running of an organization.*

*Copyright © 2018, Indian Institute of Management Calcutta.*



IIMC-CRC-2018-03

familiarize himself with the departmental activities in the first week. During the second half of his first day in the new job, Ayman met the CEO who invited him to spend the next week assisting him and Chanda with their plan for an Initial Public Offer (IPO) expected in the next six months. He could not hide his joy when the CEO invited him to play an active role in the IPO related work. Yet, he was aware of the pressure to report better financials that a company going for an IPO faces. He remembered examples of companies using aggressive accounting policies and resorting to earnings management to inflate their profitability prior to an IPO.

The next day, Ayman met Richard, a team member, to understand how the company accounted for its Property, Plant, and Equipment (PPE). His attention was caught by various anecdotes that raised his curiosity about how ACP accounted and reported its PPE.

DO NOT COPY DISTRIBUTE OR POST