Revised Schedule – VI to the Companies Act
Applicable w. e. f. Financial Year : 2011-2012
Insight into Schedule VI

• There is a need to change **almost five decades** old existing Schedule VI (herein after referred as old Schedule VI) to keep the pace with the changes taking place in the international arena.

• The financials to be prepared for the **accounting year commencing on or after 01-04-2011**.

• Revised Schedule VI is **applicable to all the companies**.

• Revised Schedule VI is silent for its applicability to consolidated financial statements, as per AS – 21 which requires consolidated financial statement to be prepared in the format as adopted by its parent’s standalone, **revised schedule VI is also applicable to the consolidated financial statements**.

• The **comparative figures** of 2010-11 shall also be presented in revised format.

• Unlike old Schedule VI where the option of horizontal or vertical format was available, revised Schedule VI presentation of Balance sheet and profit and loss account shall **only be done in vertical format**.
Major points in Revised Schedule - VI

- New prescribed format for ‘Statement of Profit and Loss’ is **based on the nature of accounts.** This is aimed at bringing more standardisation and comparability to the presentation of the P&L. As per current practice, in absence of a prescribed format, **various modes of presentation including functional and hybrid classifications were accepted.**

- “Appropriations of profit” should form part of “notes to accounts” and not part of Statement of profit and loss.

- Instead of Schedules to the financial statement all the details shall be given in the notes to accounts.

- Trade receivables outstanding for 6 months or more from the **due date instead sales invoice date.**

- Quantitative disclosures relating to turnover, raw materials, purchases, installed capacity, actual production, details of managerial remunerations are to be **dispensed with.**
General Instructions

1) Disclosure requirements under revised Schedule VI are in **addition to and not in substitution** of the disclosure requirements specified in the Accounting standards and Companies Act. *(EG)* The disclosure requirements are minimum and any line items, sub line items and sub totals shall be presented as an addition or substitution on the face of the Financial statement when such is relevant for disclosing financial position or performance or to cater to industry/sector specific:

   **As per Clause 32 of Listing Agreement** disclosure on Derivatives & Un hedged foreign currency exposure to be made separately.

2) No possibility of conflict between Accounting standards and Schedule VI as on modification of accounting standards prescribed under the Companies Act, Schedule VI would stand modified accordingly.

3) All disclosures required by Companies Act to be made in notes to accounts.

   **EG: Disclosure under Companies Act** : Donation to Political parties should be shown separately though it is not required as per Revised Schedule VI as the same is required under Section 293A of the Companies Act.

4) Notes to accounts shall contain information in addition to the information contained in the financial statement, such as ---

   (i) narrative notes;
   (ii) disaggregation of items shown in financials; *(Eg : long term & other investments)*
   (iii) include items which do not qualify for recognition in financials *(Eg: Managerial remuneration)*
General Instructions (contd....)

5) Financial Statements should not provide excessive details and at the same time it should not hide important details.
   It means that company should not disclose important information by including among large amount of insignificant details.

6) Depending on the turnover, figures in financials can be rounded off:
   (i) less than Rs 100 crore - To nearest hundreds, thousands, lakhs or millions
   (ii) Rs 100 crore or more - To nearest lakhs, millions or crores or decimals
   Once unit used shall be uniformly used in the financial statement.

7) For the Revised Schedule, the terms used herein shall be as per the applicable Accounting Standards. (Example – Related Parties)

8) In the preparing the balance sheet the word “Current Year” is replaced as “Current reporting period” and “Previous Year” as “Previous reporting period”.

9) Cross-referencing each line item with notes and vice versa required.
## Comparison between Old and Revised Schedule VI

<table>
<thead>
<tr>
<th>Sr</th>
<th>Particulars</th>
<th>Revised Schedule VI</th>
<th>Old Schedule VI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Disclosure format</td>
<td>Only vertical format.</td>
<td>Balance sheet and Profit and loss were disclosed either in Horizontal format or in Vertical format.</td>
</tr>
<tr>
<td>2</td>
<td>Disclosure format</td>
<td>In balance sheet “Equity and Liabilities” and “Assets” are disclosed.</td>
<td>In balance sheet “Sources of Funds” and “Application of Funds” are disclosed.</td>
</tr>
<tr>
<td>3</td>
<td>Disclosure heads</td>
<td>On liability side there are 4 heads (i) Shareholders funds (ii) Share application money pending allotment (iii) Non-current liabilities and (iv) Current liabilities On asset side there are 2 heads: (i) Non-current assets (ii) Current assets and further head-wise bifurcation</td>
<td>There were only 2 heads on liability side (i) Shareholders fund and (ii) Loan funds There were 4 heads on asset side : (i)Fixed Assets (ii)Investments (iii)Current assets, loans and advances (iv)Miscellaneous expenditure</td>
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</table>
## Comparison between Old and Revised Schedule VI

<table>
<thead>
<tr>
<th>Sr</th>
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<th>Old Schedule VI</th>
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<tbody>
<tr>
<td>4</td>
<td>Fixed Assets</td>
<td>Fixed assets are shown under non-current assets and are bifurcated into Tangible and Intangible assets.</td>
<td>There was no bifurcation required for tangible and intangible assets. Different heads are disclosed: (i) Goodwill (ii) Land (iii) Building (iv) Leasehold (v) Railway sidings (vi) plant &amp; machinery (vii) Furniture &amp; fittings (viii) development of property (ix) patents, trademark and design (x) livestock (xi) vehicles, etc.</td>
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<tr>
<td>5</td>
<td>Borrowings</td>
<td>Long term borrowings to be shown under non-current liabilities and short term borrowings to be shown under current liabilities with separate disclosure for secured / unsecured loans in both categories.</td>
<td>Short term &amp; long term borrowings are grouped together under the head Loan fund with sub-head Secured / Unsecured.</td>
</tr>
<tr>
<td>6</td>
<td>Investments</td>
<td>No separate head for investment, it is bifurcated into “Non-Current and Current assets”.</td>
<td>All investments to be disclosed under the head “Investment”.</td>
</tr>
<tr>
<td>7</td>
<td>Loans &amp; Advances</td>
<td>No separate head, it is bifurcated into “Non-current &amp; Current assets”.</td>
<td>Loans &amp; Advances are disclosed along with “Current assets”.</td>
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<tr>
<td>Particulars</td>
<td>Note No.</td>
<td>Figures as at the end</td>
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<td></td>
<td></td>
<td>Current Reporting Period</td>
<td>Previous Reporting Period</td>
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<tr>
<td>I. <strong>EQUITY AND LIABILITIES</strong></td>
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<tr>
<td>1. Shareholders’ funds</td>
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<td>A. Share capital</td>
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<td>B. Reserves and surplus</td>
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<tr>
<td>C. Money received against share Warrants</td>
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<tr>
<td>2. Share application money pending allotment</td>
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<td>3. Non-current liabilities</td>
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<tr>
<td>A. Long-term borrowings</td>
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<tr>
<td>B. Deferred tax liabilities (Net)</td>
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<td>C. Other Long term liabilities</td>
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<td></td>
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<tr>
<td>D. Long-term provisions</td>
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<td>4. Current liabilities</td>
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<tr>
<td>A. Short-term borrowings</td>
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<tr>
<td>B. Trade payables</td>
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<td>C. Other current liabilities</td>
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<td></td>
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<td>D. Short-term provisions</td>
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<td>TOTAL</td>
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<td>Particulars</td>
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<td><strong>Current Reporting Period</strong></td>
<td><strong>Previous Reporting Period</strong></td>
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<tr>
<td><strong>II</strong></td>
<td><strong>ASSETS</strong></td>
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<tr>
<td>1.</td>
<td><strong>Non-current assets</strong></td>
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<tr>
<td>A.</td>
<td>Fixed assets</td>
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<tr>
<td>I.</td>
<td>Tangible assets</td>
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<tr>
<td>II.</td>
<td>Intangible assets</td>
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<td>III.</td>
<td>Capital work-in-progress</td>
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<td>IV.</td>
<td>Intangible assets under development</td>
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<tr>
<td>B.</td>
<td>Non-current investments</td>
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<td>C.</td>
<td>Deferred tax assets (net)</td>
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<td>D.</td>
<td>Long-term loans and advances</td>
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<tr>
<td>E.</td>
<td>Other non-current assets</td>
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<td>2.</td>
<td><strong>Current assets</strong></td>
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<tr>
<td>A.</td>
<td>Current investments</td>
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<td>B.</td>
<td>Inventories</td>
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<td>C.</td>
<td>Trade receivables</td>
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<td>D.</td>
<td>Cash and cash equivalents</td>
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<td>E.</td>
<td>Short-term loans and advances</td>
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<td>F.</td>
<td>Other current assets</td>
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<tr>
<td><strong>TOTAL</strong></td>
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## PART II – Form of STATEMENT OF PROFIT AND LOSS

Name of the Company

Profit and loss statement for the year ended

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Note No.</th>
<th>Figures for the Current Reporting Period</th>
<th>Figures for the Previous Reporting Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Revenue from operations</td>
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<tr>
<td>II</td>
<td>Other income</td>
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<tr>
<td>III</td>
<td>Total Revenue (I + II)</td>
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<tr>
<td>IV</td>
<td>Expenses:</td>
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<td></td>
<td>Cost of materials consumed</td>
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<td></td>
<td>Purchases of Stock-in-Trade</td>
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<td></td>
<td>Changes in inventories of finished goods, work-in-progress and Stock-in-Trade</td>
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<td></td>
<td>Employee benefits expense</td>
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<td></td>
<td>Finance costs</td>
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<td></td>
<td>Depreciation and amortization expense</td>
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<td></td>
<td>Other expenses</td>
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<td></td>
<td><strong>Total expenses</strong></td>
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<tr>
<td>V</td>
<td>Profit before exceptional and extraordinary items and tax (III-IV)</td>
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<tr>
<td>VI</td>
<td>Exceptional items</td>
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<tr>
<td>VII</td>
<td>Profit before extraordinary items and tax (V - VI)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Contd... [PART II – Form of STATEMENT OF PROFIT AND LOSS ]

<table>
<thead>
<tr>
<th>Particulars</th>
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<th>Figures for the Current Reporting Period</th>
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<tbody>
<tr>
<td>VIII Extraordinary Items</td>
<td></td>
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<tr>
<td>IX Profit before tax (VII- VIII)</td>
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<tr>
<td>X Tax expense:</td>
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<tr>
<td>(1) Current tax (including MAT on current tax)</td>
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<td></td>
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<tr>
<td>(2) Deferred tax</td>
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<tr>
<td>XI Profit (Loss) for the period from continuing operations (VII-VIII)</td>
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<tr>
<td>XII Profit/(loss) from discontinuing operations</td>
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<tr>
<td>XIII Tax expense of discontinuing operations</td>
<td></td>
<td></td>
<td>This shall be disclosed even if there is not such balance as on Balance sheet date.</td>
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<tr>
<td>XIV Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</td>
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<tr>
<td>XV Profit (Loss) for the period (XI + XIV)</td>
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<tr>
<td>XVI Earnings per equity share:</td>
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</tr>
<tr>
<td>(1) Basic</td>
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<tr>
<td>(2) Diluted</td>
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</tbody>
</table>
Company may choose to present an additional sub-totals of current assets and current liabilities on face of Balance sheet.

Similarly company may choose to present an additional line item on face of Statement of Profit and loss account like EBITDA.

- Excess / Short provision of Income tax of earlier years be shown separately.
Definitions

1. **Current Asset** means an asset which satisfies **ANY** of the following criteria:
   (a) (i) expected to be realized in, or
   (ii) intended for (1) sale or (2) consumption
   in the company’s **normal operating cycle**;
   OR
   (b) held primarily for the purpose of **being traded**;
   OR
   (c) expected to be realized **within 12 months after the reporting date**;
   OR
   (d) **cash or cash equivalent** unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

   - **All other assets shall be classified as non-current.**

2. An **operating cycle** is: *(Examples 1 to 5)*
   - Time between the acquisition of assets for processing and their realization in cash or cash equivalents.
   - **where the normal operating cycle cannot be identified**, it is assumed to have **of 12 months**.
3 **Current Liability** means a liability which satisfies **ANY** of the following criteria:

(a) expected to be settled in the company’s **normal operating cycle**;

   OR

(b) held primarily for the purpose of **being traded**;

   OR

(c) due to be settled **within 12 months after the reporting date**;

   OR

(d) the company does not have an **unconditional right to defer settlement of the liability for at least 12 months after the reporting date**.

• **All other liabilities shall be classified as non-current.**

4 **Trade receivable** means amount due **on account of goods sold or services rendered** in the normal course of business.

5 **Trade payable** means amount due **on account of goods purchased or services received** in the normal course of business.

6 A reserve specifically represented by earmarked investments shall be termed as a **‘fund’**.

7 **Financial statement** means “balance sheet” and “statement of profit and loss”.
• **Nor Accounting standards or revised Schedule VI** are providing guidance in respect of special purpose entity [SPE].

• Hence, one should **seek guidance from Ind AS – 27**.
A company shall disclose the following in the notes to accounts:

**A  Share Capital**

for each class of share capital (different classes of preference shares to be treated separately):

(a) the number and amount of shares authorized;
(b) the number of shares issued, subscribed and fully paid, and subscribed but not fully paid;
(c) par value per share;
(d) a reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period;
(e) the rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital;
(f) shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate;
(g) shares (equity + preference) in the company held by each shareholder holding more than 5% shares specifying the number of shares as on the balance sheet date; (along with the comparative of previous year)
(h) shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts;
(i) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared:
   - Aggregate number and class of shares allotted as fully paid up:
     (a) pursuant to contract(s) without payment being received in cash.
     (b) by way of bonus shares
     (c) shares bought back.
   - Sources from which bonus shares are issued (Eg: Share premium reserve)
   - No Need to give year-wise break-up of shares allotted.

(j) Terms of any securities convertible into equity/preference shares issued along with the earliest date of conversion in descending order starting from the farthest such date.

(k) Calls unpaid (showing aggregate value of calls unpaid by directors and officers)

(l) Forfeited shares (amount originally paid up)

Not required in New Schedule - VI:
- Disclosure requirement for called-up shares is removed.
- Details of utilization of Share Premium Account.
- Bonus Shares and Shared issued for consideration other than cash (disclosure not required beyond 5 years)
(Contd....) GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET

B Reserves and Surplus
Reserves and Surplus shall be classified as:

(a) Capital Reserves;
(b) Capital Redemption Reserve;
(c) Securities Premium Reserve;
(d) Debenture Redemption Reserve;
(e) Revaluation Reserve;
(f) Share Options Outstanding Account;
(g) Other Reserves – (specify the nature and purpose of each reserve and the amount in respect thereof)
(h) Surplus i.e. balance in Statement of Profit & Loss disclosing allocations and appropriations such as dividend, bonus shares and transfer to/from reserves etc. (Format - Example)
(Additions and deductions since last balance sheet to be shown under each of the specified heads)

Notes:
(i) Nature and purpose of each reserve to be stated ONLY for those aggregated under “Other Reserves”
(ii) Debit balance of Profit and Loss account to be shown as negative.
(iii) Reserve and Surplus balance can be negative.

Not required in New Schedule - VI:
- Details of utilization of “Share Premium Account” in the manner provided in Sec 78 of Companies Act.
(Contd....) GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET

C Long-Term Borrowings

(i) Long-term borrowings shall be classified as:
   (a) Bonds/debentures
   (b) Term loans
      - from banks.
      - from other parties.
   (c) Deferred payment liabilities. (eg: Deferred Sales tax liability and Deferred payment for purchase of Assets)
   (d) Deposits (it can be Fixed deposits, Security deposits, Inter-company, etc)
   (e) Loans and advances from related parties (Directors, companies, firms etc).
   (f) Long term maturities of finance lease obligations
   (g) Other loans and advances (specify nature).

(ii) Borrowings shall further be sub-classified as
     (i ) secured and
     (ii) unsecured.

Nature of security shall be specified separately in each case, (which means if one security is given for multiple loans then same may be clubbed together for disclosure with adequate cross referencing)
(iii) Where loans have been guaranteed by directors or others, the aggregate amount of such loans under each head shall be disclosed. ("others" means person or entity other than director)

(iv) Bonds/debentures (along with
  (i) the rate of interest and
  (ii) particulars of redemption or conversion, as the case may be) shall be stated in descending order of maturity or conversion, starting from farthest redemption or conversion date, as the case may be. Where bonds/debentures are redeemable by installments, the date of maturity for this purpose must be reckoned as the date on which the first installment becomes due.

(v) Particulars of any redeemed bonds/ debentures which the company has power to reissue shall be disclosed.

(vi) Terms of repayment of term loans and other loans shall be stated. (i) Tenor of maturity (ii) number of installments (iii) Amount of installment due (iv) Rate of interest (v) other significant items.

(vii) Period and amount of continuing default as on the balance sheet date in repayment of loans and interest shall be specified separately in each case. (I.e. default in any other debt covenant is not required to be mentioned)

(viii) Many times due to default of some terms and conditions of loan agreement, the loan becomes payable on demand. In such situations if the banks has not demanded the repayment of loan up to date of approval of accounts by directors then such loan shall be treated as non-current only.
D Other Long Term Liabilities

Other Long term Liabilities shall be classified as:

- Trade payables
- Others

Trade Payable will not include:

1) dues payable in respect to statutory obligations,
2) Contribution to PF,
3) Purchase of Fixed Assets,
4) Interest accrued on trade payable, etc.

Such payables can be classified on “Others” and nature under each such item shall be disclosed.

Acceptances should be disclosed as part of Trade Payables

Not required in New Schedule VI:
Disclosure of “Sundry Creditors” earlier includes dues in respect of:

a) goods purchased and / or services received
b) Contractual obligations
E Long-term provisions

The amounts shall be classified as:

– **Provision for employee benefits.**

– Others *(specify nature).*
F  Short-term borrowings

(i) Short-term borrowings shall be classified as:

(a) Loans repayable on demand (this can include “Loans for working capital”)
   - from banks.
   - from other parties.

(b) Loans and advances from related parties.

(c) Deposits, it can include:
   (1) Fixed deposits
   (2) Security deposits
   (3) Public deposits
   (4) ICD

(d) Other loans and advances (specify nature).

(ii) Borrowings shall further be sub-classified as secured and unsecured. Nature of security shall be specified separately in each case.

(iii) Where loans have been guaranteed by directors or others, the aggregate amount of such loans under each head shall be disclosed.

(iv) Period and amount of default as on the balance sheet date in repayment of loans and interest shall be specified separately in each case.
G  Trade Payable:

a)  Trade payable
b)  Others

Trade Payable will not include:
1)  dues payable in respect to statutory obligations,
2)  Contribution to PF,
3)  Purchase of Fixed Assets,
4)  Interest accrued on trade payable, etc.

Such payables can be classified on “Others” and nature under each such item shall be disclosed.

Old Schedule VI required to disclose certain information on Micro Small Medium Enterprises Development (MSMED) . There is no such requirement in Revised Schedule VI. However, MSMED Act, 2006 requires these disclosure to be made in the final accounts of the Company.

Hence, requirement of MSMED Act should be complied in Revised Schedule VI as well.
H  Other current liabilities

The amounts shall be classified as:

(a) Current maturities of long-term debt;
(b) Current maturities of finance lease obligations;
(c) Interest accrued but not due on borrowings;
(d) Interest accrued and due on borrowings;
(e) Income received in advance;
(f) Unpaid dividends

(g) Application money received for allotment of securities and due for refund and interest accrued thereon. This includes advances towards allotment of share capital. Particulars of the no. of shares to be issued, amt. of premium, period before which shares shall be allotted shall be disclosed.

It shall also disclose whether the Co. has sufficient authorized capital to cover the share capital amount resulting from allotment of shares out of such application money. Further, the period for which the share application money is pending beyond the period for allotment as mentioned in the offer letter along with the reason shall be disclosed.

Share application money not exceeding the issued capital and not refundable shall be shown under the head Equity and share application money to the extent refundable i.e., the amount in excess of subscription or in case the requirements of minimum subscription are not met, shall be separately shown under ‘Other current liabilities’
(Contd....) GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET

(h) Unpaid matured deposits and interest accrued thereon
(i) Unpaid matured debentures and interest accrued thereon
(j) Other payables (specify nature)

Not required in New Schedule VI:
- “Interest accrued and due” with loan was earlier required to be shown with respective loan now separately classified
- Disclosure of loan from Directors and Shareholders.
- The title head of “Investor Education and Protection Fund” is now not required. However, the sub-heads remain unchanged in the revised format (i.e. unpaid dividend, unpaid matured deposits, etc)
- “PROVISION” as a head is not to be disclosed.
Short-term provisions

The amounts shall be classified as:
(a) Provision for employee benefits.
(b) Others (specify nature).

 Few Examples of “Others” are:
1) Provision for dividend,
2) Provision for Taxation,
3) Provision for Warranties, etc.
**GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET**

J **Tangible assets** shall be classified as:

(a) Land.
(b) Buildings.
(c) Plant and Equipment.
(d) Furniture and Fixtures.
(e) Vehicles.
(f) Office equipment.
(g) Others (specify nature).

(ii) **Assets under lease** shall be separately specified under each class of asset.

*Lease means;* Assets given on operating lease in case of books of lessor and assets held under finance lease in case of books of lessee.

(iii) A reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations and other adjustments *(will include ERF as per AS -11, borrowing cost capitalisation)* and the related depreciation and impairment losses/ reversals shall be disclosed separately.

(iv) Where sums have been written off on a reduction of capital or revaluation of assets or where sums have been added on revaluation of assets, every balance sheet subsequent to date of such write-off, or addition shall show the reduced or increased figures as applicable and shall by way of a note also show the amount of the reduction or increase as applicable together with the date thereof for the first five years subsequent to the date of such reduction or increase.

(v) **Capital Work-in-progress** should not include capital advances, such advances should be classified under Short-term advances under Current Advances.

**Not required in New Schedule VI:** Livestock
K Intangible assets

(i) Classification shall be given as:
   (a) Goodwill.
   (b) Brands /trademarks.
   (c) Computer software.
   (d) Mastheads and publishing titles.
   (e) Mining rights.
   (f) Copyrights, and patents and other intellectual property rights, services and operating rights.
   (g) Recipes, formulae, models, designs and prototypes.
   (h) Licenses and franchise.
   (i) Others (specify nature).

(ii) A reconciliation of the gross and net carrying amounts of each class of assets at the beginning and end of the reporting period showing additions, disposals, acquisitions through business combinations and other adjustments and the related amortization and impairment losses/reversals shall be disclosed separately.

(iii) Where sums have been written off on a reduction of capital or revaluation of assets or where sums have been added on revaluation of assets, every balance sheet subsequent to date of such write-off, or addition shall show the reduced or increased figures as applicable and shall by way of a note also show the amount of the reduction or increase as applicable together with the date thereof for the first five years subsequent to the date of such reduction or increase.
**GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET**

Non-current investments shall be classified as:

(i) **trade investments (**) and other investments and further classified as:
   (a) Investment property;
   (b) Investments in Equity Instruments;
   (c) Investments in preference shares
   (d) Investments in Government or trust securities;
   (e) Investments in debentures or bonds;
   (f) Investments in Mutual Funds;
   (g) Investments in partnership firms
   (h) Other non-current investments (specify nature)

(*) Trade investment means an investment made in shares or debentures of other company with the intension to promote the trade and business of that company.

Under each classification, details shall be given of names of the bodies corporate (indicating separately whether such bodies are (i) subsidiaries, (ii) associates, (iii) joint ventures, or (iv) controlled special purpose entities) in whom investments have been made and the nature and extent of the investment so made (showing separately the partly-paid investments). In regard to investments in the capital of partnership firms, the names of the firms (with the names of all their partners, total capital and the shares of each partner) shall be given.

All Provision in respect of disclosures required under AS – 13 has to be complied with.

AS – 13 “Accounting for Investments” has defined Current investments, as investments which are readily realisable and intended to be held for more than one year from the date on which such investment is made.
This criterion is different as compared to concept of current asset where the period of realization is 12 months from the reporting date.

Presentation of all investments in Balance sheet should be based on current / non – current classification as per Revised Schedule VI and not as per AS – 13, since AS -13 does not lay down presentation norms.

(ii) **Investments carried at other than at cost** should be separately stated specifying the basis for valuation

(iii) The aggregate amount of provision for diminution in value made in respect of all non-current investments should be separately disclosed

(iv) Investments in Limited Liabilities Partnership (LLP) should be disclosed separately under the title “Other Investments”. Such investments should not be clubbed with Partnership firms.

(v) The following shall also be disclosed:
   (a) Aggregate amount of quoted investments and market value thereof;
   (b) Aggregate amount of unquoted investments;
   (c) Aggregate provision for diminution in value of investments

**Not required in New Schedule VI**:
- Investment in same management company
- Investments purchased and sold during the year are not required to be shown in this Note.
M Long-term loans and advances

(i) Long-term loans and advances shall be classified as:
   (a) Capital Advances; [Example – 7]
   (b) Security Deposits;
   (c) Loans and advances to related parties (giving details thereof);
   (d) Other loans and advances (specify nature). (Few examples are Pre-paid expenses, Advance taxes, Cenvat credit receivable, VAT credit receivable, MAT credit)

(ii) The above shall also be separately sub-classified as:
   (a) Secured, considered good;
   (b) Unsecured, considered good;
   (c) Doubtful.

(iii) Allowance for bad and doubtful loans and advances shall be disclosed under the relevant heads separately.

(iv) Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member should be separately stated. Give separate break – up under each such loans/advances

(v) Loans and Advances to related parties should be given in accordance with disclosure requirement of AS -18.
Disclosure pattern could be as follows:

- Long term loans and advances shall be disclosed as:
  
  (1) Capital Advances
      (a) Secured, considered good
      (b) Unsecured, considered good

  (2) Prepaid expenses – unsecured, considered good

  (3) Advance tax (Net of provision of Rs ............ as at 31st March) – unsecured, considered good.
(Contd....) GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET

N Other non-current assets

(i) Long Term Trade Receivables (including trade receivables on deferred credit terms);
(ii) Others (specify nature)
(iii) Long term Trade Receivables, shall be sub-classified as:
    (i) (a) Secured, considered good;
       (b) Unsecured considered good;
       (c) Doubtful
(ii) Allowance for bad and doubtful debts shall be disclosed under the relevant heads separately.
(iii) Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.

The unamortized portion of expenses should be classified “Others” like issue expenses.
Current Investments shall be classified as:

(i) (a) Investments in Equity Instruments;
(b) Investment in Preference Shares
(c) Investments in government or trust securities;
(d) Investments in debentures or bonds;
(e) Investments in Mutual Funds;
(f) Investments in partnership firms
(g) Other investments (specify nature).

Under each classification, details shall be given of names of the bodies corporate (indicating separately whether such bodies are (i) subsidiaries, (ii) associates, (iii) joint ventures, or (iv) controlled special purpose entities) in whom investments have been made and the nature and extent of the investment so made in each such body corporate (showing separately investments which are partly-paid). In regard to investments in the capital of partnership firms, the names of the firms (with the names of all their partners, total capital and the shares of each partner) shall be given.

(ii) The following shall also be disclosed:

(a) The basis of valuation of individual investments (Not to be disclosed for non-current investments)
(b) Aggregate amount of quoted investments and market value thereof;
(c) Aggregate amount of unquoted investments;
(d) Aggregate provision made for diminution in value of investments.
Inventories shall be classified as:

(i) (a) Raw materials;
(b) Work-in-progress;
(c) Finished goods;
(d) Stock-in-trade (in respect of goods acquired for trading);
(e) Stores and spares;
(f) Loose tools;
(g) Others (specify nature).

(ii) Goods-in-transit shall be disclosed under the relevant sub-head of inventories.

(iii) Mode of valuation shall be stated.

Any Excess material which is not likely to be realized within company’s operating cycle is to be considered as “Current Asset”. *(Example – 9)*
Q  Trade Receivables

(i) Trade receivables outstanding for 6 months or more from the due date for payment need to be separately disclosed

(ii) Trade receivables shall be sub-classified as:

(a) Secured, considered good;
(b) Unsecured considered good;
(c) Doubtful.

(iii) Allowance for bad and doubtful debts shall be disclosed under the relevant heads separately.

(iv) Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.

(Example – 10)

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**Not required in New Schedule VI:**

- Debts due from other companies under the same management as per section 370 (1B).
- The maximum amount due by directors or other officers at any time during the year shown by way of a note.
- Disclosure of “Sundry Debtors” earlier includes dues in respect of:
  a) goods sold and / or services provided
  b) Amount due under Contractual obligations.
**R  Cash and cash equivalents** shall be classified as: *(Example - 8)*

(i)  (a) Balances with banks;

   (1) On Current Accounts
   (2) Deposits with Original maturity less than 3 months
   (3) Unpaid dividend account

   (b) Cheques, drafts on hand;

   (c) Unpaid matured deposits

   (d) Unpaid matured debentures

   (e) Cash on hand;

   (f) Others bank balances (specify nature).

      (1) Deposits with original maturity for more than 12 months
      (2) Deposits with original maturity for more than 3 months but less than 12 months
      (3) Margin money deposit

(ii) Earmarked balances with banks (for example, for unpaid dividend) shall be separately stated.
(Contd....) GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET

(iii) Balances with banks to the extent held as margin money or security against the borrowings, guarantees, other commitments shall be disclosed separately.

(iv) Repatriation restrictions, if any, in respect of cash and bank balances shall be separately stated.

(v) Bank deposits with more than 12 months maturity shall be disclosed separately.

Not required in New Schedule VI:
- Bifurcation to Current, Fixed deposit etc. is not required now
- It is not required to bifurcate to banks to Scheduled and Other banks
Short-term loans and advances shall be classified as:

(i) (a) Loans and advances to related parties (giving details thereof);
     (b) Others (specify nature).

(ii) The above shall also be sub-classified as:
     (a) Secured, considered good;
     (b) Unsecured, considered good;
     (c) Doubtful.

(iii) Allowance for bad and doubtful loans and advances shall be disclosed under the relevant heads separately.

(iv) Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member shall be separately stated.

(v) Trade receivables outstanding for 12 months or more from the due date for payment (against earlier requirement of invoice date) need to be separately disclosed.

(vi) Under “Others” current assets which does not fit into other assets will be classified here; eg. unamortised premium on forward contract, etc.
Other current assets (specify nature).

This is an all-inclusive heading, which incorporates current assets that do not fit into any other asset categories.

The head contains items such as:

1) Interest accrued on investments
2) Unbilled revenue

Such balances should be included here in “Other Current Assets”:

(i) Insurance claims receivable
(ii) Sale of Fixed Assets
(iii) Contractually reimbursable balances.

It must be noted that these items should not be included in Trade receivable balance.
U Contingent liabilities and commitments
(to the extent not provided for)
(i) (a) Claims against the company not acknowledged as debt;
(b) Guarantees;
(c) Other money for which the company is contingently liable
(ii) Commitments shall be classified as:
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for;
(b) Uncalled liability on shares and other investments partly paid
(c) Other commitments (specify nature). (Example – 6)
- will include revenue and capital commitments. Therefore, it will include those non-cancellable contractual commitments for purchase of RM & PM, purchase of investments, sales contracts, service contracts i.e. the cancellation of which result in penalty. It will also include commitments in nature of buy-back arrangements, commitment from subsidiaries, JVs, derivative related commitments.

When companies undertakes to perform its own obligation and gives “Guarantee” then it is not considered Contingent Liability. Banks generally give “Guarantee” for:
1) LC
2) For deferred payment to foreign suppliers, etc.
for this purpose even if company gives counter guarantee to bank is not contingent liability.
V The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately. Arrears of fixed cumulative dividends on preference shares shall also be disclosed separately.

W Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specific purpose at the balance sheet date, there shall be indicated by way of note how such unutilized amounts have been used or invested.

X If, in the opinion of the Board, any of the assets other than fixed assets and non-current investments do not have a value on realization in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion, shall be stated.
GENERAL INSTRUCTIONS FOR PREPARATION OF STATEMENT OF PROFIT AND LOSS

1 All provisions of Profit & Loss account will also be applicable to Income & Expenditure account which is generally prepared by Companies not carrying on business for profit.

2 **Revenue** from Operations (other than finance company) shall be disclosed in notes:
   (A) (a) sale of products (*)
         (b) sale of service
         (c) Other operating revenue (shall include scrap sales) (**)
   Less:
   (d) Excise duty (Opinion)

   (*) (1) where company collects tax only as an intermediary, revenue should be presented Net of taxes.
   (2) VAT is not revenue and its payment should not be booked as an expense

   (**) which income will fall under this heading should be decided based on facts of each case and detailed understanding of the activities of the company.

   (B) Revenue from Operations in case of finance company:
       (a) interest
       (b) other financial services

   Revenue under each of the above heads shall be disclosed separately by way of notes to accounts to the extent applicable.

3 **Financial costs** shall be classified as:
   (a) interest expense
   (b) Other borrowing costs; (includes (1)Commitment charges, (2)loan processing charges, (3)loan facilitation charges, (4)discount/premium on borrowings, (5) interest on short fall on Income tax)
   (c) Applicable net gain/ loss on foreign currency transactions and translation (Guide)

4 **Other Income** (**) shall be classified as:
   (a) Interest Income (in case of a company other than a finance company);
GENERAL INSTRUCTIONS FOR PREPARATION OF STATEMENT OF PROFIT AND LOSS

Not required in New Schedule VI:
- Income from investment were bifurcated to Trade investment and other investments such bifurcation is not required in revised format.

(b) Dividend Income;
(c) Net gain/loss on sale of investments, fixed assets and ERF gain
(d) Other non-operating income (net of expenses directly attributable to such income).

5 Additional Information by way of notes on additional information regarding aggregate expenditure and income on the following items:-

(i) (a) Employee Benefits Expense [showing separately
   (i) salaries and wages,
   (ii) contribution to provident and other funds, (will also include superannuation, gratuity)
   (iii) expense on Employee Stock Option Scheme (ESOP) & Employee Stock Purchase Plan (ESPP),
   (iv) staff welfare expenses].
(b) Depreciation and amortization expense;
(c) Any item of income or expenditure which exceeds 1% of the revenue from operations or Rs.1,00,000, whichever is higher;
(d) Interest Income;
(e) Interest Expense;
(f) Dividend Income;
(g) Net gain/loss on sale of investments;
(h) Adjustments to the carrying amount of investments;
(i) **Net gain or loss on foreign currency** transaction and translation *(other than considered as finance cost)*;

(j) Payments to the auditor as
   (a) auditor,
   (b) for taxation matters,
   (c) for company law matters,
   (d) for management services,
   (e) for other services,
   (f) for reimbursement of expenses;

(k) Details of items of exceptional and extraordinary nature;

(l) Prior period items;

(ii) (a) In the case of manufacturing companies,-
   (1) Raw materials under **broad heads**.
   (2) goods purchased under **broad heads**.

   **Broad heads** means categories for RM purchased. 10% of total value of sales / consumption of RM is an acceptable threshold to determine **Broad heads**.

   **Note:** **Broad heads shall be decided taking into account** the concept of materiality and presentation of true and fair view of financial statements.

(b) In the case of trading companies, purchases in respect of goods traded in by the company under **broad heads**.

(c) In the case of companies rendering or supplying services, gross income derived form services rendered or supplied under **broad heads**.
(d) In the case of a company, which falls under more than one of the categories mentioned in (a), (b) and (c) above, it shall be sufficient compliance with the requirements herein if purchases, sales and consumption of raw material and the gross income from services rendered is shown under broad heads.

(e) In the case of other companies, gross income derived under broad heads.

(iii) In the case of all concerns having works in progress, works-in-progress under broad heads.

(iv) (a) The aggregate, if material, of any amounts set aside or proposed to be set aside, to reserve, but not including provisions made to meet any specific liability, contingency or commitment known to exist at the date as to which the balance-sheet is made up.

(b) The aggregate, if material, of any amounts withdrawn from such reserves.

(v) (a) The aggregate, if material, of the amounts set aside to provisions made for meeting specific liabilities, contingencies or commitments.

(b) The aggregate, if material, of the amounts withdrawn from such provisions, as no longer required.
(vi) Expenditure incurred on each of the following items, separately for each item:-
(a) Consumption of stores and spare parts.
(b) Power and fuel.
(c) Rent.
(d) Repairs to buildings.
(e) Repairs to machinery.
(g) Insurance.
(h) Rates and taxes, (excluding taxes on income but including Wealth tax)
(i) Miscellaneous expenses,

(vii) (a) Dividends from subsidiary companies.
(b) Provisions for losses of subsidiary companies.

(viii) The profit and loss account shall also contain by way of a note the following information, namely:-

a) Value of imports calculated on C.I.F. basis by the company during the financial year in respect of –
   I. Raw materials;
   II. Components and spare parts;
   III. Capital goods;
b) **Expenditure in foreign currency** during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;

c) Total value if **all imported raw materials, spare parts and components consumed** during the financial year and the **total value of all indigenous raw materials, spare parts and components similarly consumed** and the percentage of each to the total consumption;

d) The **amount remitted during the year in foreign currencies** on account of **dividends** with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related;

e) **Earnings in foreign exchange classified under the following heads**, namely:-

   (i) Export of goods calculated on **F.O.B.** basis;

   (ii) Royalty, know-how, professional and consultation fees;

   (iii) Interest and dividend;

   (iv) Other income, indicating the nature thereof
Not required to mention in notes of Revised Schedule - VI:
- Quantity of sales
- Quantity of Raw material consumed
- Installed capacity and production details
- The amount of interest on company’s debentures and fixed loans to managing director and manager.
- Managerial remuneration to be paid or payable as per section 198 and commission payable to directors as per section 349.
Additional details to be worked out for preparing Balance sheet as per Revised Schedule - VI

A  SHARE CAPITAL:
1) Reconciliation of opening and closing of number of shares outstanding
2) Shares held by associates of the holding company or ultimate holding company
3) Name and Number of shares held by shareholders holding more than 5% shares (as the reference date is not mentioned, logically it should be Balance sheet date)
4) In case of securities convertible into equity/preference shares then working for date of conversion in descending order starting from the farthest such date.

B  CURRENT LIABILITES:
Amount of liabilities due to be settled within 12 months from the reporting date, for working of current liabilities

B-1  LONG TERM BORROWINGS:
The entire point is new, hence the company will have to find out:
1) Term loan - long term and short term.
2) Deposits (including fixed deposits) - long term and short term.
3) Loan from related parties - long term and short term.
4) Trade Payable - long term and short term.
6) Bonds/debentures shall be stated in descending order of maturity starting from farthest redemption.
7) Terms of repayment of term loans and other loans shall be stated.
8) Period and amount of continuing default in repayment of loans and interest.
B-2 SHORT TERM BORROWINGS:

1) Loans that are repayable on demand (includes “Loans for working capital”)
2) Period and amount of continuing default in repayment of loans and interest

Note: working to bifurcate All Borrowings & Provisions to LONG TERM and SHORT TERM

B-3 OTHER CURRENT LIABILITIES:

1) Amount of current maturities of long term debt
2) Amount of current maturities for finance lease
3) Amount of income received in advance
4) Amount of interest accrued on matured deposits and debentures
A  **TANGIBLE ASSETS:**

1) Bifurcation of lease assets under each class of assets
2) Amount of assets acquired through business combinations (i.e. bifurcation from addition to assets)
3) In case of revaluation of assets, amount of reduction and increase in the value of asset for subsequent 5 years.

B  **CURRENT ASSETS:**

Bifurcation of assets which are expected to be realized and consumed in normal operating cycle.

Amount of assets expected to be realized within 12 months after the reporting date.

B-1  **NON-CURRENT INVESTEMENTS:**

1) Amount of investment in property (not for business purpose and where the intension is to invest)
2) Classification of all non-current investments in (i) subsidiaries (ii) associates (iii) joint ventures (iv) controlled special purpose entities.

B-2  **LONG TERM LOANS AND ADVANCES:**

1) Amount of Capital advances
2) Amount of security deposits
**B-3  OTHER NON-CURRENT ASSETS :**
1) Amount of long term trade receivables

**B-4  INVENTORIES :**
1) Amount of Goods – in – transit under each category of inventory

**B-5  TRADE RECEIVABLES :**
1) Trade receivables outstanding for 6 months or more from the due date for payment (against earlier requirement of invoice date) need to be worked out

**B-6  CASH AND CASH EQUIVALENTS :**
1) Amount of cheques, drafts on hand
2) Earmarked balances with banks
3) Repatriation restrictions in respect of cash and bank balances
4) Amount of bank deposits more than 12 months maturity
FINANCE COSTS:
1) Gain / Loss on foreign currency transaction to be separated into finance costs and other expenses

OTHER INCOME:
1) Amount of directly attributable expenses to earn non-operating incomes.

ADDITIONAL INFORMATION:
1) Details of income and expense which is more than 1 % of the revenue from operations or Rs 1 Lac, whichever higher
2) Amount of net gain or loss on foreign currency (other than considered as finance costs)
3) Details of Raw materials
4) Details of works-in-progress
5) Few circumstantial examples of SPE are:
   1) SPE for special business needs so that the entity obtains benefits from the SPE’s business
   2) Entity has decision making power to obtain majority of the benefits of the activities of SPE
   3) Entity has right over the benefits of SPE and therefore is exposed to risk incident to the activities of SPE
   4) Entity retains the majority residual or ownership risks related to SPE or its asset in order to obtain benefits from its activities.
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• **Related party**

Parties are considered to be related if at any time during the reporting period one party has the *ability to control* the other party or exercise *significant influence* over the other party in making financial and/or operating decisions. [AS-18]

- **Control**
  - (a) *ownership*, directly or indirectly, of *more than one half of the voting power* of an enterprise, or
  - (b) *control of the composition of the board of directors* in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
  - (c) a *substantial interest in voting power* and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

- **Significant influence**

  Participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.
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Disclosure requirements of Investments as per AS – 13

The following information should be disclosed in the financial statements:

(a) the accounting policies for determination of carrying amount of investments;
   Accounting for Amalgamations i.e. (a) at cost (b) lower of cost and fair value

(b) classification of investments as specified in paragraphs 26 and 27 above i.e. bifurcation in current and long-term investment;

(c) the amounts included in profit and loss statement for:
   (i) interest, dividends (showing separately dividends from subsidiary companies), and rentals on investments showing separately such income from long term and current investments. Gross income should be stated, the amount of income tax deducted at source being included under Advance Taxes Paid;
   (ii) profits and losses on disposal of current investments and changes in the carrying amount of such investments; and
   (iii) profits and losses on disposal of long term investments and changes in the carrying amount of such investments;

(d) significant restrictions on the right of ownership, realisability of investments or the remittance of income and proceeds of disposal;

(e) the aggregate amount of quoted and unquoted investments, giving the aggregate market value of quoted investments;

(f) other disclosures as specifically required by the relevant statute governing the enterprise.
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Excise duty disclosure:

AS – 9 requires that the revenue should be disclosed:

- Turnover (Gross) \( XX \)
- Less: Excise Duty \( XX \)
- Turnover (Net) \( XX \)

This is somewhat different than as required in revised Schedule VI as discussed earlier.

Given the fact **accounting standards will have an overriding effect over revised Schedule VI** and so our view is that excise duty should be deducted from sales of products.
Practical guidance on net gain/loss of foreign currency transactions:

In the view of AS – 16 which states that borrowing costs, may include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. Thus, gain or loss on foreign currency transactions to be shown under finance costs should be limited to this amount only. Other gains and loss should be shown separately under appropriate heads.
Examples of Operating cycle:

Q – 1) B Ltd produces aircraft. The length of time between first purchasing raw material [RM] to making the aircrafts and the date the company completes the production and delivery is 9 months. The company receives payment for the aircrafts 7 months after the delivery.

A. What is the length of operating cycle?
B. How should it treat its inventory and debtors?
Examples:

A – 1

A) operating cycle is of **16 months**
B) inventory and debtor should be **classified as current**
Examples:

Q – 2) RM holding period : 3 months
     WIP holding period : 1 month
     FG holding period : 5 months
     Debtors collection period : 5 months
     What is the operating cycle?
Examples:

A – 2) Operating cycle is 14 months \[ \text{RM} + \text{WIP} + \text{FG} \text{ (holding period)} + \text{Debtors collection period} \]
Examples:

Q – 3)  Can a company engaged in diversified operations have different operating cycles for various business lines?
Examples:

A – 3) Yes.
There is no bar in revised Schedule VI for a company to have multiple operating cycles
Examples:

Q – 4) Immovable investment property expected to be sold within 12 months from the reporting date, how to classify this property?
Examples:

A – 4) AS – 13 required that an enterprise holding investment should be accounted for the same as long term investments. Hence, despite the fact it is intended to be sold within 12 months from the reporting date, same shall be classified as non-current.
Examples:

Q – 5) X Ltd giving security deposit of Rs 15,000 for the purpose of preparing balance sheet as per revised Schedule VI, where this deposit shall be classified?
Examples:

A – 5) The intension of the company is to seek whether company want a refund within 12 months from the reporting date then current asset else non-current asset.
Examples:

Q – 6)  Old schedule VI requires only capital commitment shall be disclosed, however revise Schedule VI required all commitments requires to be disclosed. What is the nature of commitments to be disclosed under revised Schedule VI?
Examples:

A – 6) Commitment generally implies future liability for contractual expenditure. Accordingly, all expenses related to contractual commitments apart from capital expenditure arising from long term contracts for purchase of raw material, employee contracts, lease commitments, etc. The scope of such terminology is very wide and may include contractual commitments for purchase of inventory, services, investments, sales, employee contracts, etc. Only non-cancellable contracts shall be disclosed.
Examples:

Q – 7) Revised Schedule VI required Capital advances to be classified under long term loans and advances; does it mean all, including the recoverable within 12 months shall be classified under this head?
Examples:

A – 7) Yes
Examples:

Q – 8) Revised Schedule VI does not define cash and cash equivalents, does it mean we have to follow the requirements of the same as per AS – 3?
Examples:

A – 8) Yes.

As AS will prevail over schedule VI. Thus, one should change the disclose of cash and bank balance as sub-heading Cash and Cash Equivalents and Other bank balances. The former heading will include only the as defined in AS – 3 on cash and cash equivalent and the remaining balances as per later heading.
Examples:

Q – 9) A company has excess finished goods inventory that it does not expect to realize within the company’s operating cycle of 15 months?
Examples:

A – 9) Since such Finished goods inventory is held primarily for the purpose of being traded, the same should be classified as “Current”.
Examples:

Q – 10) A company has sold 10,000 tonnes of steel to its customer. The sale contract provides for a normal credit period for 3 months. The company’s operating cycle is 6 months. However, the company does not expect to receive the payment within 12 months from the reporting date. Whether such receivable should be classified under “Current” or “Non-current”? 
Examples:

A – 10) This should be classified as “Non – current” in Balance sheet. In case, the company expects to realize the amount upto 12 months from the Balance sheet date (though beyond operating cycle) the same should be classified as “current”.