NATIONAL CONVENTION – 2011

Paper on

REVISED SCHEDULE VI UNDER COMPANIES ACT, 1956

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Introduction:-

Schedule VI to the companies Act, 1956 contains the provisions regarding discloser in and format of Financial statements of the Company. Central Government in exercise of power conferred by sub-section (1) of Section 641 of the Companies Act, 1956 has replaced the EXISTING SHADULE VI (Here after OLD SCHEDULE VI) to the said Act, by NEW SCHEDULE VI(Here after NEW SCHEDULE) wide Notification S.O.447(E) dated 28/02/2011.

Notification S.O.447(E) dated 28/02/2011 shall come into force for the Balance Sheet and Profit and Loss Account to be prepared for the financial year commencing on or after 1-4-2011 wide Notification S.O.653(E) dated 30/03/2011

New Schedule VI is **Applicable to All companies** irrespective of whether it is covered by Ind AS or AS.

WHAT IS NEW IN NEW SCHEDULE VI..?

There are many changes like.
Only 2 part

- Part I- Balance Sheet
- Part II- Statement of Profit and Loss

Only Vertical Format of Balance Sheet
Format of Statement of Profit and Loss.(Which was not there in OLD SHADULE VI)
And much more..

NEW SCHEDULE VI:-

GENERAL INTRUCTION (To Schedule as a whole)

GENERAL INTRUCTION FOR PREPARATION OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT OF COMPANY IN ADDITION TO THE NOTES INCORPORATED

1) Schedule shall stand modified for compliance with Act including Accounting Standards.
2) Discloser requirement of Part I and Part II are in addition to and not in substitution of Discloser requirement specified in Accounting Standards .
3) Notes shall Contain information in ADDITION to that presented in Financial Statements and shall provide
   a)Narrative Description or Disaggregating of item recognized
   b)Information about Item that do not qualify for Reorganization.

4) Rounding Off

i)Turnover < 100 Crores	Rounding off to Nearest Hundreds, Thousands,, Lakhs or Millions
ii)Turnover =/> 100 Crores	Rounding off to Nearest Lakhs, Millions or Crores.

5) Comparatives shall be given for all items in Financial Statement Including Notes

6) Term used in Schedule shall be as per applicable Accounting Standards.

As per Instruction No.1,2 and 6 above, it is clear that in case of Conflict Between Accounting Standards and Schedule VI, AS Shall Prevail.

Part I – BALANCE SHEET

(Only Vertical Format)

Name of Company______
Balance Sheet as at _____

	Particulars	Note No.	C.Y	P.Y
I	EQUITY AND LIABILITIES			
1 (a) (b) ***(c)***	Shareholders' Fund Share Capital Reserves and Surplus ***Money received against shares warrants***			
(2)	***Share Application Money Pending Allotments***			
(3) *(a)* ***(b)*** ***(c)*** ***(d)***	***Non-current Liabilities*** ***Long Term Borrowing*** ***Deferred Tax Liabilities(Net)*** ***Other long Term Liabilities*** ***Long Term Provisions***			
(4) ***(a)*** ***(b)*** ***(c)*** ***(d)***	***Current Liabilities*** ***Short-Term Borrowing*** ***Trade Payables*** ***Other Current liabilities*** ***Short Term Provisions***			
	TOTAL			

II	ASSETS			
(1)	Non Current Assets (a) Fixed Assets (i) Intangible Assets (ii) Capital Work in Progress ***(ii) Intangible Assets dander developments*** (b)Non-Current Investments ***(c) Deferred tax Assets (Net)*** (d)Long Term Loan and Advances (e)Other Non Current Assets			
(2)	Current Assets (a)Current Investments (b)Inventories (c) Trade Receivables (d) Cash and cash Equivalents (e)Short Term Loans and Advances (f)Other Current Assets			
	TOTAL			

GENERAL INSTRUCTION FOR PREPARATION OF BALANCE SHEET

- It contains definition of Current Assets, Non-Current Assets, Current Liabilities, Non-Current liabilities Trade receivables/Payables etc.
- The New format of Balance sheet contains some of the heads which were not found in old format of Balance sheet (Such items has been highlighted in above format)
- It also contains requirements for discloser in notes to the accounts (A to W) Like

B. Debit Balance of P/L A/c and or Debit balance of Reserves and Surplus can not be shown on assets side but should be shown on Liabilities side only, as deduction.

Part II – STATEMENT OF PROFIT AND LOSS

(Only Vertical Format)

Name of Company______

Profit and Loss Statement for the Year Ended _____

	Particulars	Note No.	C.Y	P.Y
I	Revenue from Operation			
II	Other Income			
III	Total Revenue			
IV	Expenses Cost of Material Consumed Purchase of stock in Trade Changes in inventories of Finished Goods, Work-in-progress and Stock-in-Trade Employees Benefit Expense Financial Cost Depreciation and Amortization Expense Other Expenses			
	<u>Total Expenses</u>			
V	Profit before exceptional and extraordinary items and tax (III-IV)			
VI	Exceptional Items			
VII	Profit before extraordinary items and tax (I-VI)			
VIII	Extraordinary Items			
IX	Profit before tax(VII-VIII)			
X	Tax Expenses (1)Current tax (2)Deferred tax			
XI	Profit (Loss) for the period from continued operations			
XII	Profit (Loss) from discontinued operations			
XIII	Tax Expenses of discontinued operations			
XIV	Profit (Loss) from discontinued operations (After Tax) (XII-XIII)			
XV	Profit (Loss) for the period			
XVI	Earning per equity share (1)Basic (2)Diluted			

GENERAL INSTRUCTION FOR PREPARATION OF STATEMENT OF PROFIT AND LOSS

- Provision of this part shall apply to **Income and Expenditure Account** U/s 210(2)
- It contains deferent discloser requirements of revenue from operation of

a) Company other than Finance Company and
b) Finance Company

- Discloser of Additional Information by way of Notes on various items specified in this part like

a) Employees Benefit Expenses
b) Depreciation and Amortization Expanse
c) Item of Income or Expenditure in excess **of 1% of Revenue from Operation or Rs.100000**, Which ever is higher. (Materiality)
Up to (l) including Exceptional and Extraordinary and Prior period items (this item has no place in IFRS)

REVISED SCHEDULE VI OF COMPANIES ACT, 1956

A COMPARATIVE STUDY

Old Schedule VI V/S New Schedule VI

Point of Comparison	Old Schedule VI	New Schedule VI
Parts	I-Balance Sheet II-Profit and Loss III-Definition IV-B/s Abstract and Co. general Info.	I-Balance Sheet II-Profit and Loss III-Omitted IV-Omitted
AS Overrides Schedule VI	Silent	Specially provided
Notes To Accounts	No Special Guidance	Special Guidance and balance approach between too much Info, V/S no providing Info.
Format of B/S	Both Vertical and Horizontal	Only Vertical
Share Application Money	Silent	Distinct Discloser
Definition of Current Assets, Non-Current Assets etc.	No Definition	Defined on the same line as IAS-1 and Ind AS-1
Discloser of Holding by Holding Co.	Required But Auditor need not to Certify it.	Required and Auditor Needs to Verify the Discloser
Separate discloser of Call Unpaid	Only Unpaid Call of Directors	Unpaid Call of Directors and Officers
Debit bal. in P/L A/c	May be Shown on Assets side in some cases.	Can only be shown on Liabilities Side.(Some time as deduction)
Default in Borrowing	No Discloser Requirement	Discloser Requirement
Classification of Intangibles	No Guidance	Classification shall be given as specified therein.
Format of P/L A/c	Not Specified	Vertical Format Specified
Criteria for Discloser	1% of Total Revenue or 5000 (W/H)	1% of Revenue from Operations or 1,00,000 (W/H)

Proposed Dividend	Shown as Provision in B/s and on the face of P/L A/c	Not to be so shown. Only discloser in Notes To Accounts.
Dividend from Subsidiary	Recognized only if it pertains to concern period	Recognized as per AS-9 / Ind AS-18
Discloser of Holding by a holder in excess of 5%	Not required	Discloser required in Notes To Accounts.
Discloser of Managerial Remuneration	Required	Not Required
Presentation of Detail (Additional) Info.	By way of Schedules	Sought to replace Discloser by way of Schedules with Notes To Accounts.

To cater the need of globalization and global village-hood, the Government has taken one more step in this direction by changing the OLD SCHEDULE with NEW SCHEDULE to he Companies Act, 1956 which complies with Ind AS's /IFRS to much more extend than old schedule. This change was required the requirement of this change has also been emerged from Notification of Ind AS's which is another step towards the Global Village-hood.