REVISED SCHEDULE VI

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Introduction

- **MCA Notification No. S.O. 447(E), dated 28th February 2011 introduced the Revised Schedule VI**

- **By another notification dt. 30.03.2011, MCA made it applicable to all companies for the financial year commencing on after 01.04.2011**

- **It is applicable to every company (except Banks and Insurance Companies) – whether private or public**

Why should we have a revised Schedule VI?

- **Schedule VI was implemented in 1960 and is outdated in its presentation and structure -Eg. Licensed Capacity, CIF value of imports**

- **MNC's coming to India or Indian companies becoming MNC's & Increase in Cross Border Transactions. So Financial statements should speak a global language.**

- **Harmonisation and synchronisation with IFRS and International best practices - Eg. Current Vs. Non current Classification**

Why should we have a revised Schedule VI?

- **The basic theme was to have the format of financial statements align with Accounting Standards**
- **Old Sch VI was rigid in its format and presentation, but the revised Sch VI is more flexible**
- **More Clarity - in case of any conflict between Rev Sch VI and AS, AS will prevail**

Is the disclosure requirements complete with Revised Schedule VI?

- **Disclosure as per Revised Schedule VI**

- **Disclosure as per Accounting Standards – Eg. EPS, Retirement Benefits, Leases, Deferred Tax etc**

- **Disclosure as per Companies Act – Eg. Buyback of Shares (Sec 77A), Political Contributions (Sec 293 A) etc**

Is the disclosure requirements complete with Revised Schedule VI?

- **Disclosure as per other statute – Eg. MSMED Act**
- **Disclosure as per ICAI Pronouncements**
- **Disclosure as per Listing Agreement for Listed companies – Eg. Loans to associate companies, Cash Flow in Indirect Method, Listing fee paid etc**

So what are the major changes in BS?

- **Most important – Classification as Current Vs. Non Current (Impact on Working Capital, Debt Equity Ratio, Current Ratio – thus the bankability) – Classification based on Liquidity**

- **Earlier we had 'Net working capital' in the BS as CA-CL – in Revised Schedule VI CA and CL shown separately and NWC will not appear in the BS**

- **Prominence to Accounting Standards**

- **The concept of Schedules dispensed with – detailed information are given by way of notes**

So what are the major changes in BS?

- **Part IV of Old Schedule VI – Balance Sheet Abstract is no longer required**
- **Only Vertical Form of Balance Sheet – No T-form**
- **Significant disclosures regarding ownership of the Company**
- **Disclosures as to the defaults in all borrowings (we were reporting the defaults in CARO in respect of FI, Banks and Debentures)**

So what are the major changes in BS?

- **Debit balance in Statement of Profit or Loss – earlier we used to show it in the asset side of the Balance Sheet – Now it should be shown as negative figure in the Reserves and Surplus. So the Reserves can be a negative figure**

- **Specific disclosure of Share application money – the non-refundable portion in the in the face of the Balance Sheet- and the balance (excess amount collected) as current liabilities.**

- **Sundry Debtors replaced with 'Trade Receivables' – Receivable from other contractual obligations cannot shown under this head**

So what are the major changes in BS?

- **Debtors classification into above 6 months and others – earlier the period was counted from date of invoice – now the period should be counted from the due date – So the credit period given is taken care of**

- **Capital advances – earlier included in the Capital WIP – Now a separate head under 'Long Term Loans and Advances;**

- **Fixed Assets shown in the face of the balance sheet under 'Non-current Assets' classified as Tangible Assets, Intangible Assets, Capital WIP & Intangible Assets under Development.**

So what are the major changes in BS?

- **Tangible Assets under lease should be separately classified under each head of asset. (assets given under operating lease in the case of lessor and assets taken under financial lease in the case of lessee)**

- **In old Schedule VI, only capital commitments were disclosed under contingent liability – now all commitments are to be disclosed**

- **Headings – 'Sources of Funds' is replaced by 'Equity and Liabilities' and 'Application of Funds' is replaced by 'Assets'**

Major Changes in Statement of Profit and Loss

- **Name Changed**
- **A Specific format for Statement of Profit and Loss**
- **Appropriation are not shown in the face – it is disclosed under 'Reserves and Surplus'**
- **Change in the materiality threshold – earlier it was 1% of total revenue or Rs. 5000/- whichever is higher – now it is 1% of total revenue or Rs. 100,000/- whichever is higher**

Major Changes in Statement of Profit and Loss

- **Revenue should be disclosed as – Revenue from – sale of products – sale of services – other operating revenue (for non – finance companies)**

- **In the case of finance Companies – Revenue from – interest – other financial services**

- **Finance Company is not defined – So we have take the RBI Act definition and hence to mean NBFC's and Housing Finance Companies, Nidhi Companies etc**

Major Changes in Statement of Profit and Loss

- **Foreign Currency Borrowings – Net exchange gain/loss should be shown separately under Finance Cost**

- **Separate disclosure for Exceptional and Extra Ordinary items, Profit from discontinuing operations etc.**

New Disclosure Requirements

- **Rights and restrictions attached to each class of shares including restrictions on dividend and repayment of capital**
- **Terms of Repayment of Long Term Loans (Earlier it was applicable only to Debentures)**
- **Names of bodies corporate in which investments are made – indicate whether they are subsidiary or associate or JV or controlled SPV**

New Disclosure Requirements

- **Provision of diminution in value of investments separately for current and noncurrent investments**

- **Stock in trade held for trading purpose – separately from other FG**

- **Loans and advances from/to related parties (apart from related party disclosure)**

Disclosures no longer required.

- **Managerial Remuneration Calculation**
- **Licensed Capacity, Installed Capacity and Actual production**
- **Details of investments purchased or sold during the year**
- **Investments, sundry debtors and loans advances to companies under same management**

Disclosures no longer required.

- **Maximum amount due from directors and officers (but this is to be reported under CARO)**

- **Commission, Brokerage and Non trade discounts**

- **Break up of bank balances into – Schedules Vs. Other Banks – Current account /call account deposit account – name, amount, maximum amount for non-scheduled bank (Concept of Cash equivalent brought in- AS 3 – Classification should be cash equivalents and other bank balances)**

- **Quantitative details like turnover, raw materials, purchases etc. These are to be disclosed under 'broad heads' now onwards**

Other Points in General

- **The requirement of disclosure as per Revised Schedule VI is only a minimum requirement.**
- **You can add line items or sub-line items or sub totals for a better presentation**
- **But it is advised that a balance should be maintained between excessive details vs. not providing sufficient information. This is a judgement we have to make as to how much to disclose and how much not to disclose**

Other Points in General

- **Earlier, the breakup of the amounts given in the face of the statements is given as Schedules and other disclosure in the notes. Now Schedules have been dispensed with and all information needs to be given in the notes.**

- **We have to give corresponding figures for the previous year also, as in the earlier Schedule VI. This means we have to rework the previous audited figures and restate it.**

- **When it comes to Cash Flow Statement, we have to restate previous 2 years figures.**

Other Points in General

- You have got an option to round off – But the unit of measurement should be uniform throughout the statement. Eg. You cannot show full figures in statements and rounded off amounts in notes

- Rounding off –
  - If the turnover is less than Rs. 100/- crores, round off to hundreds, thousands, lakhs, millions, ~~Crores~~
  - If turnover is more than Rs. 100/- crores, ~~hundreds, thousands~~, lakhs, millions, Crores.

Important Definitions

Operating Cycle:

- **An operating cycle is the 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 duration of twelve months.**

- **Operating Cycle can be more or less than 12 months**

Operating Cycle:

- **In case of real estate companies or heavy equipment manufactures or ship or aircraft manufactures, operating cycles may be more than 12 months**

- **Getting an advance upfront for a current asset with more than 12 months operating cycle – it will be current liability even if due to be settled after 12 months**

- **In case of multiple businesses, there can be different operating cycles.**

Current Asset Vs. Non-Current Asset

- **An asset shall be classified as current when it satisfies any of the following criteria:**
  - **it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;**
  - **it is held primarily for the purpose of being traded;**
  - **it is expected to be realized within twelve months after the reporting date; or**
  - **it is Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.**
- **All other assets shall be classified as non-current.**

Current Asset Vs. Non-Current Asset

- **you have some inventory - FG, RM or stores, the levels of which are such that it will NOT be consumed or sold in the next 12 months – Current assets vide a and b above**

- **You have given a rent deposit which is due for repayment in next 6 months as you are vacating the premises – it will be current asset refer (c) above**

- **A Trade Receivable not expected to be realised in 12 months – Non Current- Refer (c) above**

Current Liability Vs. Non-Current Liability

- **A liability shall be classified as current when it satisfies any of the following criteria:**
  - **it is expected to be settled in the company's normal operating cycle;**
  - **it is held primarily for the purpose of being traded;**
  - **it is due to be settled within twelve months after the reporting date; or**
  - **the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.**
- **All other liabilities shall be classified as non-current.**

Current Liability Vs. Non-Current Liability

- **A loan payable on demand is a current liability even though it may be settled after 12 months because you do not have an unconditional right to defer the settlement**

- **A breach of minor terms may make the loan payable on demand as per the loan agreement – but if the bank has not formally recalled the loan, you can classify it as non-current, in the Indian context. – subject to consideration of events occurred after balance sheet date**

- **Convertible Debentures maturing in 12 months – it will be current only.**

Current Liability Vs. Non-Current Liability

- **Long Term Employee benefits like Leave Encashment or Gratuity payable on termination of service is non-current**

- **However Leave Encashment payable within next 12 months will be Current, even though they are classified as long term employee benefit under AS 15**

Some other points on Current Vs. Non Current Classification

- **All Inventories are always current**
- **Creditors for Fixed assets or Receivables for Sale of fixed assets are always non-current**
- **DTA / DTL – always non-current**
- **Capital Advances – always non-current**
- **Classification of Current and Non Current Investments – Amounts expected to be realised in next 12 months is current, even though it is a long term investment as per AS 13**

Format of Balance Sheet

The Major Heads under 'Equity and Liabilities' will be

- **Shareholders' Funds**
  - **Share Capital**
  - **Reserves and Surplus**
  - **Money Received against Share Warrants**
- **Share Application Money Pending Allotments**
- **Non-Current Liabilities**
  - **Long Term Borrowings**
  - **DTL (net)**
  - **Other Long Term Liabilities**
  - **Long Term Provisions**
- **Current Liabilities**
  - **Short Term Borrowings**
  - **Trade Payables**
  - **Other Current Liabilities**
  - **Short Term Provisions**

Share Capital

- As in old Sch VI, Authorised/Issued/Subscribed/Paid up Capital should be disclosed with number of shares, face value and amount
- Different Classes of Preference Shares to be disclosed separately – Eg. 10% or 10% or redeemable or convertible
- Reconciliation of No. of shares outstanding at the beginning and end of the year together with amounts
- Calls unpaid should not be shown as a deduction from Share Capital, but should be disclosed by way of a note

Share Capital

- **Calls in advance, if any should be shown under other current liabilities**
- **Names of each shareholder holding more than 5% of the paid up capital with number of shares and %**
- **Number shares issued in the last 5 years – for consideration other than cash, bonus, bought back**
- **The rights, preferences and restrictions attaching to each class of shares, including restrictions on the distribution of dividends and the repayment of capital have to be disclosed.**

Share Capital

- **Shares held by the holding company or ultimate holding company or associates or subsidiaries of holding company/ultimate holding company – associates are addition in the Revised Sch VI**

- **Terms of convertible securities should be given with earliest date of conversion.**

- **All these disclosure should be given separately for each class of shares**

Reserves and Surplus

- **Reserves should be classified as**
  - **Capital Reserve**
  - **Capital Redemption Reserve**
  - **Securities Premium Reserve**
  - **Debenture Redemption Reserve**
  - **Revaluation Reserve**
  - **Other Reserves**
  - **Surplus**

- **Additions and deduction since last balance sheet date should be disclosed**

Share Application Money

- **One of the critical disclosure requirement**
- **Share application money received subject to the availability of authorised capital will appear here.**
- **Any amount received in excess of Auth. Capital will go to Other Current Liabilities**
- **Any refundable share application Money will also go to Other Current Liabilities**

Share Application Money

- **In respect of the actual share application money remaining – disclose**
  - **Terms and Conditions**
  - **No. of shares proposed to be issued**
  - **Amount of premium, if any**
  - **Period before which shares will be issued**
  - **Whether the company has sufficient authorised capital**
  - **Interest accrued if any, etc**

- **These details are to be given to the portion moved to Other Current Liabilities also, if we prefer to show it as share application money**

Long Term Borrowings

- **The classification should be**
  - **Bonds/debentures;**
  - **Term loans;**
    - **from banks;**
    - **from other parties;**
  - **Deferred payment liabilities;**
  - **Deposits;**
  - **Loans and advances from related parties;**
  - **Long term maturities of finance lease obligations;**
  - **Other loans and advances (specify nature).**

Long Term Borrowings

- **Further sub-classification – Secured or Unsecured**
- **Nature of security to be disclosed for each loan**
- **If guaranteed by Directors or Officers or others, disclose separately**
- **Period and amount of Continuing default in repayment of loans and interest – No disclosure of other defaults like sanction terms**

Long Term Borrowings

- **Current Maturities of Long Term borrowings should be disclosed under Current Liabilities**

- **Terms of repayment of loans – including rate of interest, period of maturity, No. and amount of instalments, and other relevant facts**

- **Loans and advances from related parties – Details are to be disclosed – 'Details' not specified.**

Other Long Term Liabilities

- **Trade Payables – Long Term - due with respect to Goods sold or services rendered only**
- **Others – Long Term**
- **Others include statutory dues, purchase of fixed assets, expenses payable, Interest accrued but not due on borrowing – non current portion etc**
- **MSMED Act disclosure to come here**

Long Term Provisions

- **Provision for Employee benefits – long term**

- **Other Provisions**
  - **Eg. Provision for Warranties (Non Current)**
  - **Provision for NPA (Non-current)**

- **In case of Provision for employee benefits, we have to bifurcate them into current and non current**

Current Liabilities

- **Classification should be**
  - **Short Term Borrowings**
    - **Repayable on Demand**
      - **From Banks**
      - **From Other Parties**
    - **Loans and advance from Related Parties**
    - **Deposits**
    - **Other Loans and advances**
  - **Trade Payables**

Current Liabilities

- **Other Current Liabilities**
  - **Current Maturities of Long Term Debt**
  - **Current Maturities of Finance Lease Obligation**
  - **Interest Accrued but not due on borrowings**
  - **Interest Accrued and due on borrowings**
  - **Income received in advance**
  - **Unpaid Dividends**
  - **Share Application Money**
  - **Unpaid matured debentures/deposits and interest thereon**
  - **Others**

- **Short Term Provisions**

Current Liabilities

- **Borrowing should be classified as Secured and Unsecured – Nature of security to be given**
- **If guaranteed by Directors/ officers/ third parties – to be separately disclosed**
- **Period and amount of default in repayment**

Trade Payables

- **Trade Payables – Short Term - due with respect to Goods sold or services rendered only**

- **MSMED Act disclosure to come here**

Other Current Liabilities

- **Current Maturities of Long Term Debt**
  - Here the repayment due in next 12 months for Long Term borrowing will come

- **Interest Accrued but not due on borrowings**
  - Only current Portion will appear here – the non current portion will go to other long term liabilities

- **Interest Accrued and due on borrowings**
  - In the old Sch VI, it was added with the corresponding borrowings

Other Current Liabilities

- **Income received in advance**
- **Unpaid Dividends**
  - This is dividend already declared, but not paid
- **Share Application Money**
  - Share application money due to be refunded or received in excess of Auth. Cap
- **Unpaid matured debentures/deposits and interest thereon**
- **Others**
  - This includes – TDS, Service tax, Central Excise, VAT, PF, ESI, Expenses payable etc

Other Current Liabilities

- **Others**
  - This includes – TDS, Service tax, Central Excise, VAT, PF, ESI, Expenses payable etc

Short Term Provisions

- Provision for Employee Benefits – Current

- Other Provisions
  - Provisions for taxation, Dividend, CDT, Warranty Provisions etc

The Major Heads under 'Assets'

- Non Current Assets
  - Fixed Assets
    - Tangible Assets
    - Intangible Assets
    - Capital Work in Progress
    - Intangible Assets under Development
  - Non Current Investments
  - DTA (Net)
  - Long Term Loans and Advances
  - Other Non Current Assets
- Current Assets
  - Current Investments
  - Inventories
  - Trade Receivables
  - Cash and Cash Equivalents
  - Short Term Loans and Advances
  - Other Current Assets

Fixed Assets

- **Classify into:**
  - **Tangible Assets**
  - **Intangible Assets**
  - **Capital Work in Progress**
  - **Intangible Assets under Development**

- **Only net block will appear in the face of the balance sheet – Detailed Fixed Asset Schedule will appear in the Notes only**

- **A new Asset Class called 'Office Equipment'**

Fixed Assets

- **Assets under lease will appear under respective classes (Operating Lease in the case of Lessor and Financial lease in the case of Lessee)**

- **In case of any write off on account of reduction of capital or revaluation- note should be given for 5 years**

Intangible Assets

- **Classify into:**
  - **Goodwill**
  - **Brands /trademarks**
  - **Computer software**
  - **Mastheads and publishing titles**
  - **Mining rights**
  - **Copyrights, and patents and other intellectual property rights, services and operating rights**
  - **Recipes, formulae, models, designs and prototypes**
  - **Licenses and franchise**
  - **Others (specifying nature).**

Intangible Assets

- **Other disclosure similar to Fixed Assets**

- **Rev. Sch VI speaks about revaluation – But as per AS 26, Intangible assets cannot be revalued.**

Capital Work in Progress & Intangible assets under development

- **Does not include Capital Advances**

- **Includes Materials purchased or Work completed**

Non Current Investments

- **Classify into:**
  - **Trade Investments**
  - **Other Investments**

Non Current Investments

- **Further classification**
  - **Investment Property**
    - **Investment in land and building not utilised for the business of the Company**
  - **Investments in equity instruments**
  - **Investments in preference shares**
  - **Investments in Government or trust securities**
  - **Investments in debentures or bonds**
  - **Investments in mutual funds**

Non Current Investments

- Investments in partnership firms
  - Name of the firms, Names of ALL the partners, total capital and Share of EACH partner (Profit Sharing Ratio)

- Other non-current investments (specifying nature).
  - Investment in LLP will come under this

- Under each category give the names of investee specifying Subsidiaries, Associates, Joint Ventures and Controlled SPV, and nature and extent of investments
  - If partly paid, disclose separately
  - Controlled SPV- No disclosure required for the time being
  - Nature and extent means number and face value

Non Current Investments

- **Investments carried otherwise than at Cost – specify the basis of valuation**

- **Other disclosures**
  - **Aggregate of all investments**
  - **Aggregate amount of quoted investments and market value thereof**
  - **Aggregate amount of unquoted investments**
  - **Aggregate provision for diminution in value**

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Non Current Investments

- **Conflict between AS 13 and Sch VI**
  - **As per AS 13, current investments mean – readily realisable and intended to be held for not more than 12 months FROM THE DATE OF INVESTMENT**
  - **All others are 'Long Term Investments'**
  - **As per Sch VI, current investment is intended to be held for not more than 12 months FROM THE DATE OF BALANCE SHEET and not necessarily 'readily realisable'.**
  - **So there can be some Long Term Investments which can be 'current' under Sch VI**

Long Term Loans and Advances

- Classify as :
  - Capital Advances – even if realisable within 12 months
  - Security Deposits
  - Loans and advances to Related Parties
  - Other loans and advances (specify)

- The above should be again classified as:
  - Secured, Considered Good
  - Unsecured, Considered Good
  - Doubtful

- Provision for Bad/Doubtful debt should be shown under relevant heads

Other Non Current Assets

- **Classify as :**
  - **Trade Receivables on deferred terms**
  - **Others**

- **The above should be again classified as:**
  - **Secured, Considered Good**
  - **Unsecured, Considered Good**
  - **Doubtful**

- **Provision for Bad/Doubtful debt should be shown under relevant heads**

- **Dues from Related Parties to be separately disclosed**

Current Assets

- **Classification:**
  - **Current investments**
    - **Disclosure requirement are as in the Non-current Investments**
    - **No category "Investment Property"**
    - **No requirement to classify as Trade and Non-Trade**
  - **Inventories**
  - **Trade receivables**
  - **Cash and cash equivalents**
  - **Short-term loans and advances**
  - **Other current assets**

Inventories

- **Classification:**
  - **Raw Materials**
  - **WIP**
  - **FG (Manufacturing)**
  - **FG for Trading Goods**
  - **Stores and Spares**
  - **Loose Tools**
  - **Others (Specify Nature)**
- **Goods in Transit to be disclosed under the relevant sub-heads**
- **Mode of Valuation**

Trade Receivables

- **Disclosure**
  - **Exceeding Six Months**
  - **Others**
- **This classification is based on due date - not billing date**
- **Sub-Classification**
  - **Secured, Considered Good**
  - **Unsecured, Considered Good**
  - **Doubtful**
- **Allowance for bad/doubtful will be shown under the respective heads**
- **Debts from Related parties to be disclosed**

Cash and cash equivalents

- Cash and Bank Balances in old Sch replaced with Cash and Cash Equivalents
- Classification
  - Balance with Bank
    - No need to segregate Current Account Vs. Deposit account
    - No need to segregate Scheduled Bank Vs. Non-Scheduled Bank
  - Cheques in Hand
  - Cash in hand
  - Others (Specify)
- Further disclosure
  - Ear marked Accounts – Dividend accounts, IPO proceeds,
  - Margin money/security against Borrowings/guarantee
  - Repatriation restricted
  - Bank deposits with more than 12 months maturity

Cash and cash equivalents

- Confusion – Cash equivalent does not include all cash and Bank Balances as per AS 3
  - ICAI Suggests – Change the caption to Cash and Bank Balances
  - Show the Cash and Cash equivalents
  - Then show Other Banka Balances

- Confusion – Bank balances with more than 12 months maturity – Whether to disclose as Bank Balances or Other Non- Current Assets?
  - Most Published Balance sheets show as Bank Balance only
  - ICAI says its should be classified as non-current assets

Short Term Loans and Advances

- Classify as:
  - Loans and advances to Related Parties
  - Others
- Further classification as:
  - Secured, Considered Good
  - Unsecured, Considered Good
  - Doubtful
- Allowance for bad/doubtful will be shown under the respective heads

Other Current Assets

- Residual Category

- Eg. Interest accrued but not due on Current deposit –

Contingent Liab. & Commitments

Contingent Liabilities

- Primary Classification
  - Claims Against the company not acknowledged as debts
    - Eg. Legal notices, IT demands etc
  - Guarantees – Corporate Guarantees to third parties
    - If the company issues a guarantee for its own performance, it need not be shown as contingent liability as per AS 29
    - Similarly performance guarantees
  - Other Monies for which company is contingently liable

Contingent Liab. & Commitments

Commitments

- Primary Classification
  - Estimated amount of contracts remaining to be executed on capital account
  - Uncalled liability on investments partly paid
  - Other Commitments
    - Long term contract for purchase of RM
    - Employee contracts
    - Commitment fees for bank limits sanctioned by not availed

Statement of Profit or Loss

- A format is prescribed
- However, we are permitted to add any line items or sub totals

Revenue from Operations – Non-finance Company

- Revenue From Operations
  - Sale of Products
  - Sale of Services
  - Other Operating Revenue – Revenue generated from operating activities other than sale of products or services
    - Eg. Sale of Scrap
    - Depends on facts and circumstances
  - Less: Excise Duty – better presentation is moving this deduction up and below Sale of Products
  - VAT, Service Tax etc should not be shown as company's revenue as the company is collecting it as an agent of the Govt.

Revenue from Operations –Finance Company

- Revenue from Operations
  - Interest
  - Other financial services
- Finance Company not defined – So it should be construed as including companies having Non-banking Business – NBFC, Nidhi Company, Housing Finance Company etc.

Other Income

- For Non Finance Companies
  - Interest
  - Dividend
  - Investment Income
  - Other non-operating income
- For Finance Companies
  - Interest income will be operating income

Other Income

- Dividend from subsidiary companies should be separately shown – only when they are declared in AGM
  - Earlier proposed dividend of subsidiary was recognised in the Holding company books. Now it is not possible
- For other non-operating income, income should be net of direct expenses
- Disclosure no longer required
  - Income split – trade investments and other investments
  - Nature of interest income
  - TDS on interest income
  - Income/loss from partnership firm

Expenses

- Specific (Minimum) items in the Statement of Profit and Loss

- Cost of materials consumed – Applicable to Manufacturing Companies

- Purchases of Stock-in-Trade – For Trading

- Changes in inventories of finished goods, work in progress and stock in trade

Expenses

- Employee benefits expense
  - Salaries and Wages – includes bonus, leave encashment, compensation , gratuity (if directly paid)
  - Contribution to Provident and other funds – includes Gratuity fund contribution
  - ESOP / ESPP expenses –
  - Staff Welfare Expenses –
  - This includes remuneration to executive directors

Expenses

- Finance costs
  - Interest expense – includes all interest, finance charges on finance lease transactions,
  - Other Borrowing Cost includes Processing Charges, Commitment fees, loan facilitation charges, finance brokerage etc.
  - Net gain/loss on foreign currency translation

Expenses

- Depreciation and amortization expense – Depreciation of Fixed assets and Amortisation of intangible assets

- Other expenses – Expenditure in excess of 1% of revenue from operations or Rs. 1 Lac whichever is higher

Expenses

- Further disclosure for Other expenses
  - Consumption of stores and spare parts
  - Power and fuel
  - Rent
  - Repairs to buildings
  - Repairs to machinery
  - Insurance
  - Rates and taxes, excluding taxes on income
  - Miscellaneous expenses

Expenses

- Payment to auditors to be separately disclosed –
  - Disclosure of re-imbursement of expenditure was not compulsory in old Sch. Now it is compulsory

- Extra Ordinary Items
  - Attachment of property
  - Loss on account of earthquake

Expenses

- Exceptional Items
  - Ordinary Activities but exceptional due to their size, nature or incidence
    - Write down of inventory due to diminution in value
    - Reversal of provisions due to restructuring
    - Disposal of Fixed Assets – Not all
    - Disposal of Long Term Investments
    - Retrospective change in legislation
    - Litigation Settlement

Expenses

- Tax Expenses
  - Current Tax
  - Deferred Tax
  - Mat Credit should be reduced from Current Tax
  - Interest u/s 234 ABC – Include in Finance Cost – Not tax expense
  - Wealth Tax is not a tax on income – classify under Rates and taxes
  - Excess/ Short provision of earlier years should be separately disclosed

Expenses

- Discontinuing operations as per AS 24
  - Pre tax profit from discontinuing operations and tax expense to be separately disclosed
- EPS
  - Basic and diluted EPS as per AS 20
- Net gain or loss in Foreign currency transaction should be disclosed as per AS 11

Additional Disclosures - Quantitative

- For Manufacturing Companies – RM and goods purchased under broad heads
- For trading companies – Purchase of trading goods under broad heads
- Service companies – Gross income received under broad heads

Additional Disclosures - Others

- CIF Value of Imports
  - RM
  - Components & Spare Parts
  - Captial Goods
- Expenditure in Foreign Currency – Accrual basis
- Value of Imported and Indigenous RM, Spare parts and components and % of each to total consumption
- Amount of dividend remitted in foreign currencies – No of NR shareholders – total No. of shares held by them
- Earnings in Foreign Exchange
  - Export of goods on FOB value
  - Royalty, Know-how, Professional / consultation fee
  - Interest and dividend
  - Other income (Specify nature)

THANK YOU!

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