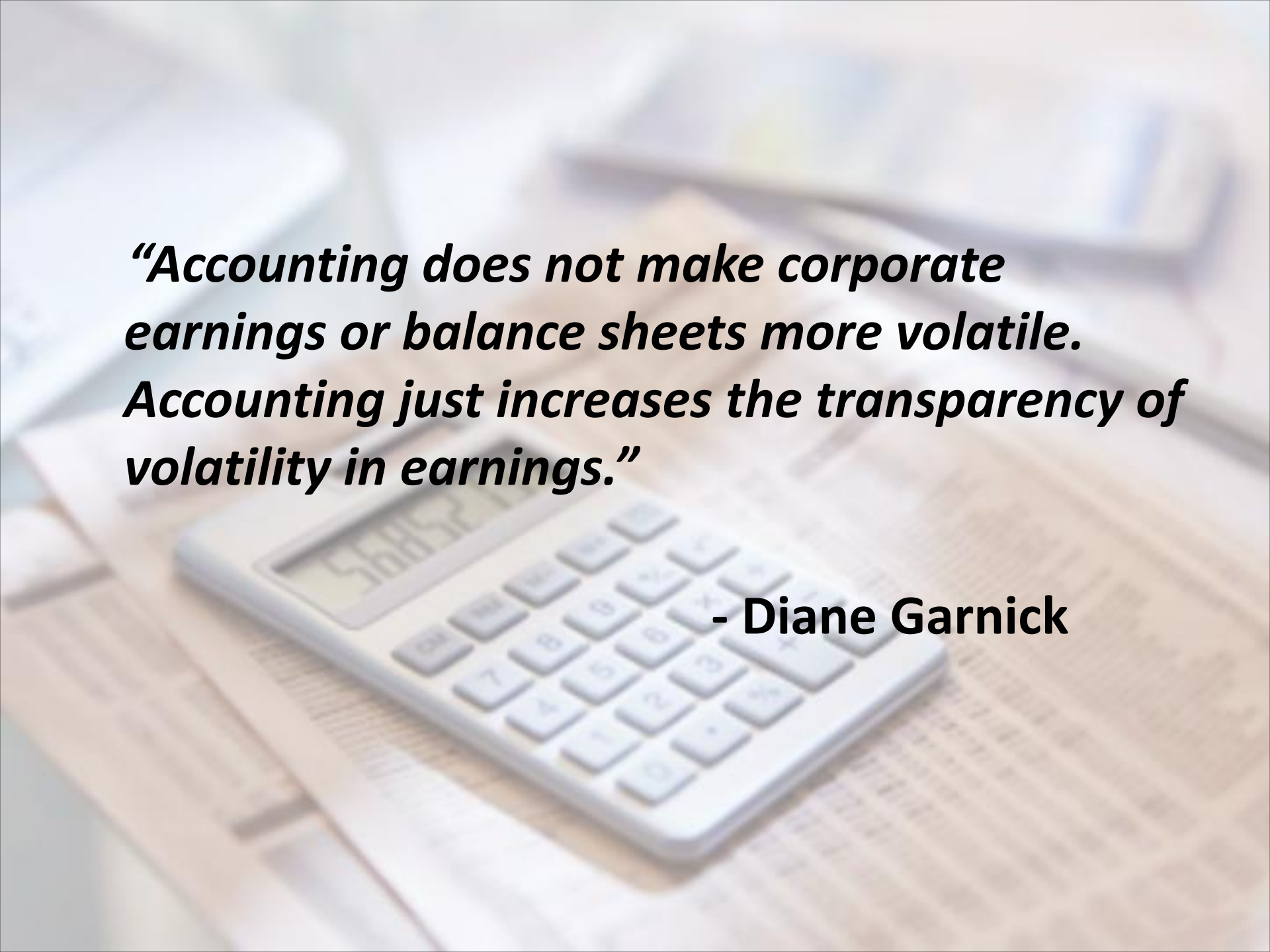


Company Final Accounts

As per SCHEDULE III of Companies Act, 2013





“Accounting does not make corporate earnings or balance sheets more volatile. Accounting just increases the transparency of volatility in earnings.”

- Diane Garnick

NOTE

Schedule III of the Companies Act, 2013 contains a format for preparation and presentation of financial statements.

Except for addition of general instructions for preparation of Consolidated Financial Statements (CFS), the format of financial statements given in the Companies Act, 2013 is the same as the revised Schedule VI notified under the Companies Act, 1956.

Revised Schedule VI/ Schedule III ???

- 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**.

Comparison between Old and Revised Schedule VI

Sr	Particulars	Revised Schedule VI	Old Schedule VI
1	Disclosure format	Only vertical format.	Balance sheet and Profit and loss were disclosed either in Horizontal format or in Vertical format.
2	Disclosure format	In balance sheet "Equity and Liabilities" and "Assets" are disclosed.	In balance sheet "Sources of Funds" and "Application of Funds" are disclosed
3	Disclosure heads	<p>On liability side there are 4 heads</p> <ul style="list-style-type: none"> (i) Shareholders funds (ii) Share application money pending allotment (iii) Non-current liabilities and (iv) Current liabilities <p>On asset side there are 2 heads :</p> <ul style="list-style-type: none"> (i) Non-current assets (ii) Current assets <p>and further head-wise bifurcation</p>	<p>There were only 2 heads on liability side</p> <ul style="list-style-type: none"> (i) Shareholders fund and (ii) Loan funds <p>There were 4 heads on asset side :</p> <ul style="list-style-type: none"> (i)Fixed Assets (ii)Investments (iii)Current assets, loans and advances (iv)Miscellaneous expenditure

Comparison between Old and Revised Schedule VI

Sr	Particulars	Revised Schedule VI	Old Schedule VI
4	Fixed Assets	Fixed assets are shown under non-current assets and are bifurcated into Tangible and Intangible assets.	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 & machinery (vii) Furniture & fittings (viii) development of property (ix) patents, trademark and design (x) livestock (xi) vehicles, etc.
5	Borrowings	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.	Short term & long term borrowings are grouped together under the head Loan fund with sub-head Secured / Unsecured.
6	Investments	No separate head for investment, it is bifurcated into "Non-Current and Current assets".	All investments to be disclosed under the head "Investment".
7	Loans & Advances	No separate head, it is bifurcated into "Non-current & Current assets".	Loans & Advances are disclosed along with "Current assets".

PART I – Form of BALANCE SHEET

Name of the Company.....

Balance Sheet as at

Particulars				Note No.	Figures as at the end	
					Current Reporting Period	Previous Reporting Period
I			EQUITY AND LIABILITIES			
	1		Shareholders' funds			
		A	Share capital			
		B	Reserves and surplus			
		C	Money received against share Warrants			
	2		Share application money pending allotment			
	3		Non-current liabilities			
		A	Long-term borrowings			
		B	Deferred tax liabilities (Net)			
		C	Other Long term liabilities			
		D	Long-term provisions			
	4		Current liabilities			
		A	Short-term borrowings			
		B	Trade payables			
		C	Other current liabilities			
		D	Short-term provisions			
			TOTAL			

Contd... [PART I – Form of BALANCE SHEET]

Particulars				Note No.	Figures as at the end	
					Current Reporting Period	Previous Reporting Period
II			ASSETS			
	1		Non-current assets			
		A	Fixed assets			
		I	Tangible assets			
		II	Intangible assets			
		III	Capital work-in-progress			
		IV	Intangible assets under development			
		B	Non-current investments			
		C	Deferred tax assets (net)			
		D	Long-term loans 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			

PART II – Form of STATEMENT OF PROFIT AND LOSS

Name of the Company.....

Profit and loss statement for the year ended

Particulars		Note No.	Figures for the	
			Current Reporting Period	Previous Reporting Period
I	Revenue from operations			
II	Other income			
III	Total Revenue (I + II)			
IV	Expenses:			
	Cost of materials consumed			
	Purchases of Stock-in-Trade			
	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade			
	Employee benefits expense			
	Finance costs			
	Depreciation and amortization expense			
	Other expenses			
	Total expenses			
V	Profit before exceptional and extraordinary items and tax (III-IV)			
VI	Exceptional items			
VII	Profit before extraordinary items and tax (V - VI)			

Contd... [PART II – Form of STATEMENT OF PROFIT AND LOSS]

Particulars		Note No.	Figures for the	
			Current Reporting Period	Previous Reporting Period
VIII	Extraordinary Items			
IX	Profit before tax (VII- VIII)			
X	Tax expense:			
	(1) Current tax (including MAT on current tax)			
	(2) Deferred tax			
XI	Profit (Loss) for the period from continuing operations (VII-VIII)			
XII	Profit/(loss) from discontinuing operations	This shall be disclosed even if there is not such balance as on Balance sheet date.		
XIII	Tax expense of discontinuing operations			
XIV	Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)			
XV	Profit (Loss) for the period (XI + XIV)			
XVI	Earnings per equity share:			
	(1) Basic			
	(2) Diluted			

1. Share capital

Particulars	Amount
	Rs
(a) Authorised	
(b) Issued shares	
(c) Subscribed and fully paid up	
Total	

2. Reserves and Surplus

Particulars	Amount
	Rs
Capital Reserve	
Capital Redemption reserve	
Securities Premium	
Debenture Redemption Reserve	
Revaluation Reserve	
Other Reserves	
Surplus i.e. Balance in Statement of Profit and Loss (After Appropriations)	
Total	

3. Long Term Borrowings

Particulars	Amount
	Rs
Debenture	
Term Loans	
Deposits	
Other Loans and Advances	
Total	

4. Long Term Provisions

Particulars	Amount
	Rs
Provisions for Employee Benefits	
Others	
Total	

5. Trade Payables

Particulars	Amount
	Rs
Creditors	
Bills Payable / Notes Payable	
Total	

6. Other Current Liabilities

Particulars	Amount
	Rs
Bank Overdraft	
Outstanding Interest on Loans/ Debentures	
Outstanding Expenses	
Unpaid Dividend	
Others	
Total	

7. Short Term Provisions

Particulars	Amount
	Rs
Provision For Taxation	
Proposed Dividend	
Any other Provision	
Total	

8. Tangible Fixed Assets

Particulars	Gross Block	Depreciation	Net Block Rs
Land and Building			
Plant and Machinery			
Furniture and Fixtures			
Vehicles			
Office Equipments			
Others			
Total			

9. Intangible Fixed Assets

Particulars	Gross Block	Amortization	Net Block Rs
Goodwill			
Brands/ Trademarks			
Computer Software			
Copyrights and Patents			
License and Franchise			

10. Non- Current Investments

Particulars	Amount Rs
Shares, Debentures, Bonds of Other Companies Investment in Preference shares Mutual Fund Investments, Govt Bonds (long Term)	
Total	

11. Inventories

Particulars	Amount
	Rs
Closing Stock of: Raw Material Work in Progress Finished Goods Stores and Spares Loose Tools (Net Value) Goods In Transit	
Total	

12. Trade Receivable

Particulars	Amount
	Rs
Debtors	
Less: Reserve for Doubtful Debts(as Per Adjustment)	
Total	

13. Cash and cash equivalents

Particulars	Amount
	Rs
Cash in Hand	
Cash at Bank	
Total	

14. Short Term Loans and Advances

Particulars	Amount
	Rs
Bills Receivables	
Prepaid Expenses	
Total	

15. Other Current Assets

Particulars	Amount
	Rs
Stock of Stationery	
Outstanding Interest on Investment	
Any other current Asset	
Total	

16. Revenue from Operations

Particulars	Amount
	Rs
Sales	
Less : Sales Returns and Excise Duty	
Total	

17. Other Incomes

Particulars	Amount
	Rs
Interest Received	
Discount Received	
Commission Received	
Rent Received	
Transfer Fess Received	
Dividend Received	
Total	

18 Cost of Material Consumed

Particulars	Amount
	Rs
Opening Stock of Raw Material	
Add: Purchases Less Returns	
Add: Carriage Inward, Freight, Octroi, Custom Duty, etc.	
Less: Closing Stock of Raw Material	
Total	

19. Employee Benefit Expenses

Particulars	Amount
	Rs
Salaries (Add Outstanding and Less Advance)	
Wages (Add Outstanding and Less Advance)	
Bonus/ Labour welfare Expenses	
Managers' Salary/ Commission	
MD's Remuneration	
Total	

20. Finance Cost

Particulars	Amount
	Rs
Interest on Bank Loan	
Interest on Debentures	
Interest on Bank Overdraft	
Total	

21. Other Expenses

Particulars	Amount
	Rs
Consumption of stores and spare parts	
Consumption of loose tools	
Power and fuel and Water	
Rent	
Repairs and maintenance	
Insurance	
Rates and taxes	
Communication Expenses	
Travelling and conveyance	
Printing and stationery	
Freight and forwarding (Carriage Outward)	
Sales commission	
Sales discount	
Business promotion, Advertisement	
Donations and contributions	
Legal and professional Payments to auditors	
Bad Debts	
Amortization of share issue expenses and discount on shares	
Loss on fixed assets sold / scrapped / written off	
Impairment of fixed and intangibles assets	
Net loss on sale of investments	
Provision for doubtful trade and other receivables	
Miscellaneous expenses *	
Total	

Treatment of Dividends

Step 1: Propose/ Recommend Dividend in Board Meeting



Profit & Loss Appropriation A/c Dr.
 To Proposed Dividend
 To Corporate Dividend Tax

Board of Directors Recommendation

- Dividend can be **declared only on the recommendation of the Board of Directors** of the Company.
- The shareholders do not have any power to declare any dividend.
- The **Board of Directors** after considering and approval of the financial statements of the Company, **determines the rate of dividend** to be declared and then recommends the same to the shareholders.
- For this purpose, a Board Meeting shall be convened to pass the resolution for
 - Rate of dividend and the amount of dividend to be paid.
 - Book closure date for dividend purposes
 - Date of annual general meeting
 - Bank with which the account shall be opened for the purpose of remittance of dividend.

Step 2: Proposed Dividend approved By AGM



Proposed Dividend A/c Dr
 To Dividend Payable A/c

Approval by the Shareholders

- The **dividend recommended** by the Board of Directors is **declared by a resolution passed at the Annual General Meeting** by the shareholders.
- The declaration of dividend should form part of an ordinary business item to be transacted in the notice of the Annual General Meeting.
- While approving the rate of dividend at the Annual General Meeting, **the shareholders have power to declare a lower rate of dividend** than what is recommended by the Board but **they have no power to increase the amount** or the rate of dividend so recommended by the Board of Directors.
- **Dividend when declared becomes debt** against the company

Step 3: Open New Bank Account

- Such that money is not used for any other purpose.
- This is like transferring from SBI to PNB



DIVIDEND BANK A/C DR
TO BANKA/C



Dividend Deposited in Separate Bank A/c

1. The Company should deposit the dividend amount (including interim dividend) within 5 days of its declaration in the separate bank account opened for this purpose
2. It means that the interim dividend will have to be deposited in a bank account within 5 days of the Board Meeting whereas final dividend will have to be deposited within 5 days from the date of Annual General Meeting in which it was approved by the shareholders

Adjustment for Dividend

- STEP 4- Issue of Cheque For Payment Of Dividend

DIVIDEND PAYABLE a/c DR
TO DIVIDEND BANK A/C



Managerial Remuneration

Cases of Managerial Remuneration

Nil/
Inadequate
Profits
(Case I)

Adequate/
Sufficient
Profits
(Case II)

In case of Inadequate Profits

<i>Where the effective capital is</i>	<i>Limit of yearly remuneration</i>
(i) Negative or less than 5 Crores	60 Lakhs
(ii) 5 Crores and above but less than 100 Crores	84 Lakhs
(iii) 100 Crores and above but less than 250 Crores	120 Lakhs
(iv) 250 Crores and above	120 Lakhs plus 0.01% of the effective capital in excess of Rs. 250 Crore.

In case of Adequate Profits

- Overall managerial remuneration not to exceed 11% of the Net Profit of the F.Y.

Provision for Tax

Basically, income tax payable by company in the short run. It leads to a provisional reduction in the Profits and creates a short term liability.
(provision)

Profit and Loss A/c..... Dr.
To Provision for Tax A/c

Advance Tax

Tax paid on current year's income during the current year itself. Reduces provisional liability towards taxation and creates long term advancing.

Tax Paid A/c..... Dr.
To Bank A/c

Tax Deducted at Source

Tax deducted at the time of generation of income itself.

Bank A/c..... Dr.

TDS A/c..... Dr.

To Income Earned A/c

Year End Adjustments

Tax provision and tax payments are adjusted against each other. Excess tax provision is shown under current liability and excess tax paid for is treated as non-current asset (as they are not likely to be refunded in short – term). Any tax refunds receivable can be shown under “Other Current Assets”.

Provision for Tax A/c Dr.
To Tax Paid A/c
To Tax Deducted at Source A/c

Tax during assessment:

(i) When assessed tax is more than provision (Appeal can be filed against Income Tax Dept.)

Profit and Loss A/c Dr.
To Provision for Tax A/c

Note: The same becomes “other current liabilities” in case of amount being unpaid after accepting assessment.

Provision for Tax A/c Dr.
To Liability for Tax A/c

(ii) When assessed tax is less than provision –
Adjusted with Profit and Loss balance and liability of tax provision reduces.

Provision for Tax A/c Dr.

To Profit and Loss A/c

(iii) Payment of balance Tax

Tax Paid A/c Dr.
To Bank A/c

(iv) Excess Tax Refunded

Bank A/c Dr.
To Tax Paid A/c

Proposed Dividends

Dividends proposed by Directors is not supposed to be shown as a liability anywhere. They just need to be disclosed under notes.

Interim Dividend

Interim dividend paid during the year should be adjusted with P & L A/c.

Profit and Loss A/c Dr.

To Interim Dividend A/c

Transfer to Reserves

Leads to reduction in profits and addition in respective reserve.

Profit and Loss A/c Dr.
To Reserve A/c

Corporate Dividend Tax

Chargeable in the hands of Companies paying dividends, which is

@ 15% plus surcharge @1.5% and cess @ 3%. Provision for CDT is created and separately shown in P & L A/c.

Profit and Loss A/c Dr.
To Provision for CDT A/c

A silver calculator is positioned on a newspaper, which is laid out on a wooden surface. The calculator's display shows the number '56852'. The text 'Thank You' is overlaid in a large, bold, black font across the center of the image. The background is softly blurred, showing a pen and other papers on a desk.

Thank You