



DIRECT TAX

(A) EASY WAY TO REMEMBER CAPITAL GAIN TAX RATES

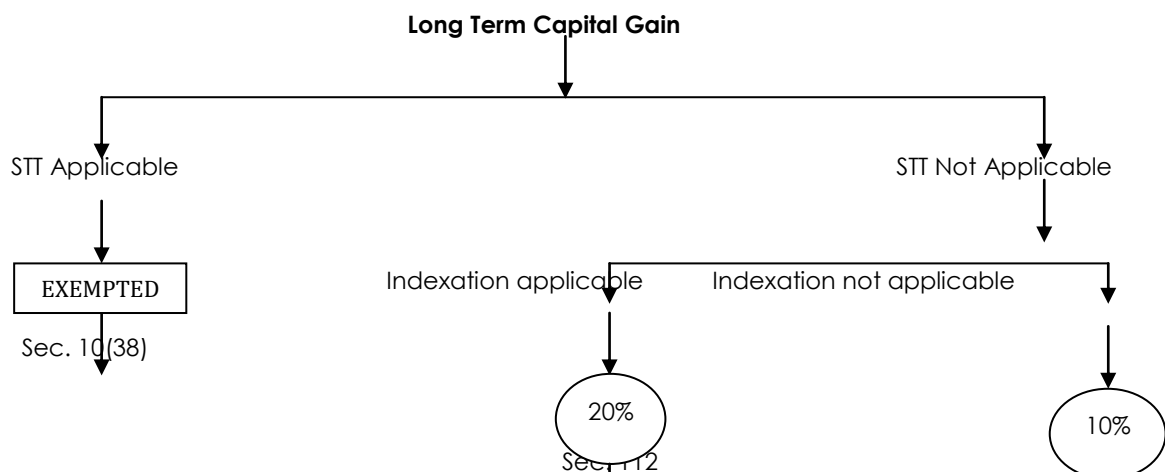
Many times it's confusing to determine the applicable tax rate to Capital Gain arises on income during the year. Assesses applies wrong rates due to misconceptions about the rates (10%, 15%, 20%, Nil Rate) applicable to different types of capital gains arises & as a result they have to answer Income Tax Department in further proceedings To understand easily, which rates applicable to which capital gain and under which section of Income Tax Act, 1961; let us see simply two basic types of Capital Gains i.e.:

- (1) Long Term Capital Gain
- (2) Short Term Capital Gain

Both the above capital gains so arises may or may not be due to transaction which attracts Securities Transaction Tax (STT). To simplify further let us further divide these capital gains into Capital Gain to which STT applicable and STT not applicable.

LONG TERM CAPITAL GAIN

Here is the picture which represents Long Term Capital Gains with applicable tax rate along with the Sections applicable to each. Long Term Capital gain to which STT is not applicable is also further bifurcated in two areas namely Indexation applicable and Indexation not applicable to remember easily with fewer efforts.



Section 10(38): If listed equity shares or any units of Equity Oriented Fund are sold and on sale STT is paid, then Long Term Capital Gain is **exempt from tax**.

Section 112: Tax on Long Term Capital Gains applies to all assessee including Non-Residents @ 20% with indexation benefit in which long term capital assets so transferred are any of following:

1. a security listed in any recognised stock exchange in India or
2. a unit of UTI or Mutual Fund (listed/unlisted) or
3. zero coupon bonds

Where 'Security' means Security as per Sec.2(h) of Securities Contract Regulation Act, 1956.

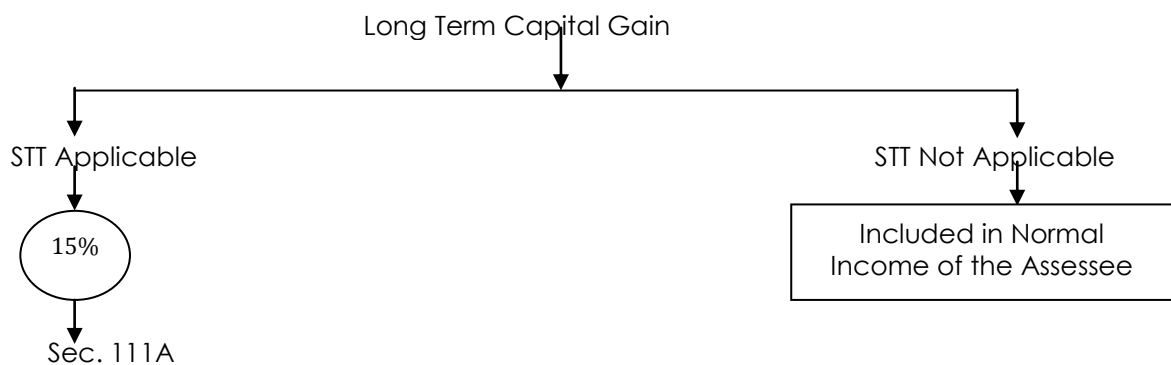


However, as per Finance Act, 2012 in case of Non-resident, tax on Long Term Capital Gain on unlisted securities shall be 10% without applying first proviso and second proviso to Sec.48.

Second Proviso to Sec. 48 : Tax on Long Term Capital Gains applies to all assesseees without giving benefit of indexation @ 10%.

SHORT TERM CAPITAL GAIN

Now let us see in the same way Short Term Capital Gains. Here is the picture which represents Short Term Capital Gains with applicable tax rate along with the Section applicable to each. Short Term Capital gain to which STT is not applicable is no further bifurcated in two areas namely Indexation applicable and Indexation not applicable.



Section 111A:

Tax on Short Term Capital Gains applies to all assesseees including Non-residents @ 10% if they fulfill following conditions:

1. The Gains arise from transfer of short term capital assets
2. Such assets should be an Equity share in a company or a Units of an "Equity Oriented Fund"
3. Transaction of sale is chargeable to STT.

So, above is the easy way to remember Capital Gain Tax Rates. I tried my best to make it simplify. I am also applying above diagram made by me to remember while preparing various Income Tax Returns of clients.

(B) TAX DEDUCTION AT SOURCE (TDS)



No tax is to be deducted from any sums payable to –

- (i) The Government
- (ii) Reserve Bank of India
- (iii) The corporation established by or under a central Act which is exempt from Income Tax by virtue of any law.
- (iv) A mutual fund specified under section 10(23D).
W.e.f. 01-04-2009, No deduction of tax for, or on behalf of, the New Pension System.

Tax is to be deducted in the following cases at the time of payment –

Sect.	Nature of Payment	Deductor	Deductee	Return of T.D.S		
				Particulars	From No.	Time limit
192	<p>Salary Deduction if tax is payable on Salary income after</p> <p>(a) Specified exemption u/s. 10</p> <p>(b) Loss under "Income from house property"</p> <p>(c) Deduction u/s. 80C, 80CCD, 80CCC, 80D, 80DD, 80DDDB, 80E, 80G (specified), 80GG, 80U and amount [As per section 192(1A), the employer has an option not to deduct tax at source on non-monetary perquisites provided to employees and pay the said tax himself] (under rule 21A, 21AA, 26A & 26B)</p>	Any Person	Any Person	Quarterly return	24Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
				Tax deducted from contribution paid by trustees of an approved Superannuation Fund	Format is given under Rule 33	May 31 every year
193	<p>Interest on Securities Deduct in cases other than where amount on interest is payable on: -</p> <p>a) By widely held company on debentures to exceed ₹5,000/- w.e.f. 01.07.2012.</p> <p>b) To LIC/GIC and other</p>	Any Person	Any Resident Person	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)



CMA Students Newsletter (For Intermediate Students)

Vol.8B: Aug 5, 2014

	<p>insurance companies.</p> <p>c) Interest on central/State Government security.</p> <p>d) On specified securities.</p> <p>e) National development bonds or 7 year national saving certificates</p> <p>f) 6.5% Gold bonds 1977 or 7% gold bond 1980 held by resident individual does not exceed ₹10,000/</p> <p>g) 8% saving (Taxable) Bonds 2003 and repayment of 8% saving (taxable bonds, 2003) not exceeds ₹10,000).</p>					
194	<p>Deduct tax from dividends other than where –</p> <p>(i) Amount of dividends does not exceeds ₹2,500</p> <p>(ii) Dividends covered by section 15 – O</p> <p>(iii) Dividend payable to LIC/GIC under General Insurance Business Act, 1972, and</p> <p>(iv) Dividend paid to any other insurer in respect of any shares owned by it or in which it has beneficial interest.</p>	Any resident being a company	Any resident	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194A	<p>Interest (other than interest on Securities) from 1st June, 2007</p> <p>a) ₹10,000 where the deductor is a banking company on which the banking regulation Act, 1949 applies (see foot note 3) or where the payer is a co-operative society</p>	Any person other than Individuals and HUF who are subject to tax audit in the preceding	Any resident	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)



CMA Students Newsletter (For Intermediate Students)

Vol.8B: Aug 5, 2014

	<p>engaged in carrying on the business of banking</p> <p>b) Any deposit with post office under senior citizen Scheme, 2004 (See footnote – 3) by it in this behalf; and</p> <p>c) Five thousand in any other cases</p>	financial year				
194B	<p>Winnings from lottery and crossword puzzles including card game or other game or other game of any sort</p> <p>Deduct if amount exceeds ₹10,000 (For winning in kind or in cash both but the part in cash is not sufficient for TDS in respect of whole of ensure that tax has been paid in respect of the winnings.</p>	Any person	Any Person	Quarterly	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194BB	<p>Winnings form horse races,</p> <p>Deduction if amount exceeds ₹5,000. The obligation to TDS applies only where such winning are paid by a person to whom a license has been granted by the Govt.</p>	Any person	Any Person	Quarterly	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194C [Rule 37]	<p>Payment to resident contractor</p> <p>Deduction is made other than, where-</p> <p>(1) If sum does not exceed ₹30,000 or aggregate amount for the financial year does not exceeds ₹75,000.</p> <p>(2) Any sum credited or paid or paid or likely to be credit or paid during the previous year to the account of account of a contractor during the course of business of plying, hiring or leasing</p>	Central or State Govt. or Local Authority or corporation or company or Co- op. society any Authority for housing accommodation etc. Any society or Trust or	Any resident contract- or	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)



CMA Students Newsletter (For Intermediate Students)

Vol.8B: Aug 5, 2014

	<p>good carriages, on furnishing of his PAN, to the person paying such sum.</p> <p>(3) No Individual or HUF shall be liable to deduct income-tax on the sum credited or paid to the account of the contractor where such is credited or paid exclusively for personal purpose.</p>	University firm or Individual /HUF/BOI /AOP.				
194D [Rule 37]	Insurance Commission to resident, Deduction if amount exceeds ₹20,000.	Any person	Any resident person	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194E [Rule 37]	Payments to Non-resident sportsman/sports association or entertainer (w. e. f. 01.07.2012) No exemption	Any person	Non-resident	Quarterly Statement of T.D.S	27Q	14 days after the expiry of each quarter
194EE [Rule 37]	Payment of deposits under NSS covered u/s. 80CCA(2)(a) Deduction if amount exceeds ₹2,500	Any Person	Any person	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194F [Rule 37]	Repurchase of units of Mutual Fund/UTI from Resident/Non-resident-referred to in Section 80CCB	Any Person	Any person	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194G [Rule 37]	Commission/Remuneration on sale of lottery tickets to any person Deduction if amount exceeds ₹1,000	Any Person	Any person	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194H	Commission or Brokerage Deduction if amount exceeds ₹5,000 p.a. a) 10% w.e.f. 01-06-2007 b) Not applicable on any commission or brokerage payable by BSNL or MTNL to their PCO	Any person other than individuals and HUF who are reject to audit in preceding	Any person	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)



CMA Students Newsletter (For Intermediate Students)

Vol.8B: Aug 5, 2014

	<p>franchisees”</p> <p>c) Commission received by the travel agents from Airlines are liable to TDS U/s. 194H</p> <p>d) Advertisement commission paid by Doordarshan to its agents is subject to TDS U/s.194H</p> <p>e) Discount given by mobile operator to its distributor in the selling of SIM cards and recharge coupons covered U/s.194H.</p> <p>f) No TDS is applicable on discount given to stamp vendors for purchasing stamps in excess quantity.</p> <p>g) No TDS is applicable on discount given by newspaper to advertising agency.</p>	g financial year				
194-H	No TDS was required to be deducted on payment made to banks/credit card companies on account of utilization of credit card facilities would be in the nature of bank charges.	Any person other than individuals & HUF who are reject to audit in preceding financial year	Any person	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194-I	Rent paid to any person resident Deduct if amount exceeds ₹ 1,80,000 p.a. @2% for use of any machinery or plant or equipment and 10% for the use of any land or building (including factory building or land appurtenant to building or furniture or fittings.	Any person other than individuals & HUF who are reject to audit in preceding F. Y.	Any person	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194 IA	Payment on transfer of certain immovable	Any person	Any person	Quarterly return	26Q	15 days after the expiry of



CMA Students Newsletter (For Intermediate Students)

Vol.8B: Aug 5, 2014

	property other than agricultural land					each quarter (45 days in the case of last quarter)
194J	Fees for professional or director fees (w. e. f. 01.07.2012) services or technical services. Deduct if amount exceeds ₹30,000p.a. For Individuals and HUF on fees paid exclusively for personal purpose are exempt Rate raised from 5% to 10% preceding w. e. f 01-06-2007.	Any person other than individuals & HUF who are reject to audit in preceding F. Y.	Any person	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194LA	Payments of Compensation on acquisition of certain immovable property Deduct if amount exceeds [w. e. f. 01.07.2012 ₹2,00,000]	Any person	Any resident	Quarterly return	26Q	15 days after the expiry of each quarter (45 days in the case of last quarter)
194LAA	Payment on transfer of certain immovable property other than agricultural land	Any person	Any person being a Resident transfer-or	Quarterly return	26Q	Prescribed Form
194LC	Income by way of interest from Indian Company engaged in certain business.	Any person	Any person being a non-resident	Quarterly return	26Q	Prescribed Form
195	Interest or other sums not being income chargeable under the head "Salaries" Deduction in cases other than Dividend u/s. 115-0	Any person	Non-Resident not being a company	Quarterly Statement of T. D. S.	27Q	14 days after the expiry of each quarter (45 days in the case of last quarter)
196B	Income from units (including long-term Capital Gain on transfer of such units) to an offshore fund.	Any person	Non-Resident	Quarterly Statement of T. D. S.	27Q	14 days after the expiry of each quarter (45 days in the case of last quarter)
196C	Income from foreign currency bonds or GDR of Indian company	Any person	Non-Resident	Quarterly Statement of T. D. S.	27Q	Within 14 days from the end of the quarter
196D	Income of Foreign Institutional Investor from securities not being dividend long-term and short term	Any person	Non-Resident	Quarterly Statement of T. D. S.	27Q	Within 14 days from the end of the quarter



	capital gain arising From the transfer & income by the way of interest on bonds & Govt., securities.				
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Deposit of Tax Deducted Notes:-

Rule 30 prescribes time and mode of payment of tax deducted at source to the account of Central Government.

(i) Due dates for payment of TDS

Prescribed time of payment/deposit of TDS to the credit of Central Government account is as under:

(a) In case of an Office of Government:

Sl.	Description	Time up to which to be
1.	Tax deposited without Challan [Book Entry]	SAME DAY
2.	Tax deposited with Challan	7 TH DAY NEXT MONTH
3.	Tax on perquisites opt to be deposited by the	7 TH DAY NEXT MONTH

(b) In any case other than an office of Government:

Sl.	Description	Time up to which to be
1.	Tax deducted in March	30 th APRIL NEXT FINANCIAL YEAR
2.	Tax deducted in any other month	7 TH DAY NEXT MONTH
3.	Tax on perquisites opted to be deposited by	7 TH DAY NEXT MONTH

(ii) any sum deducted u/s. 194 IA shall be paid to the credit of the Central Govt., within a period of seven days from the end of the month in which the deduction is made and shall be accompanied by a challan-cum-statement in Form NO.-26QB.

(iii) In special cases, the Assessing Officer may, with the prior approval of the Joint Commissioner, permit quarterly payment of the tax deducted under section 192 or Section 194A or Section 194D or Section 194H for the quarters of the financial year specified.

Table

Sl. No.	Quarter of the Financial Year ended on	Date for quarterly payment
(1)	(2)	(3)
1.	30th June	7th July
2.	30th September	7th October
3.	31st December	7th January
4.	31st March	30th April.



(c) REVISED SCHEDULE VI

General Instructions for Preparation of Balance Sheet and Statement of Profit and Loss of a Company

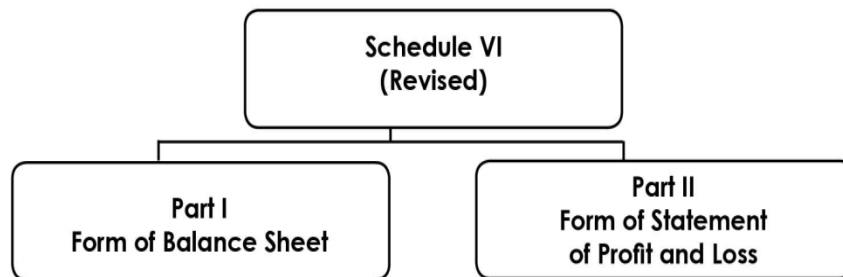
1. Where compliance with the requirements of the Act including Accounting Standards as applicable to the companies require any change in treatment or disclosure including addition, amendment, substitution or deletion in the head or sub-head or any changes, inter se, in the financial statements or statements forming part thereof, the same shall be made and the requirements of this Schedule shall stand modified accordingly.
2. The disclosure requirements specified in this Schedule are in addition to and not in substitution of the disclosure requirements specified in the Accounting Standards prescribed under the Companies Act, 2013. Additional disclosures specified in the Accounting Standards shall be made in the notes to accounts or by way of additional statement unless required to be disclosed on the face of the Financial Statements. Similarly, all other disclosures as required by the Companies Act shall be made in the notes to accounts in addition to the requirements set out in this Schedule.
3. (i) Notes to accounts shall contain information in addition to that presented in the Financial Statements and shall provide where required (a) narrative descriptions or disaggregations of items recognised in those statements; and (b) information about items that do not qualify for recognition in those statements.
(ii) Each item on the face of the Balance Sheet and Statement of Profit and Loss shall be cross-referenced to any related information in the notes to accounts. In preparing the Financial Statements including the notes to accounts, a balance shall be maintained between providing excessive detail that may not assist users of financial statements and not providing important information as a result of too much aggregation.
4. (i) Depending upon the turnover of the company, the figures appearing in the Financial Statements may be rounded off as given below:—

Turnover		Rounding off
(a)	less than one hundred crore rupees	To the nearest hundreds, thousands, lakhs or millions, or decimals thereof.
(b)	one hundred crore rupees or more	To the nearest lakhs, millions or crores, or decimals thereof.

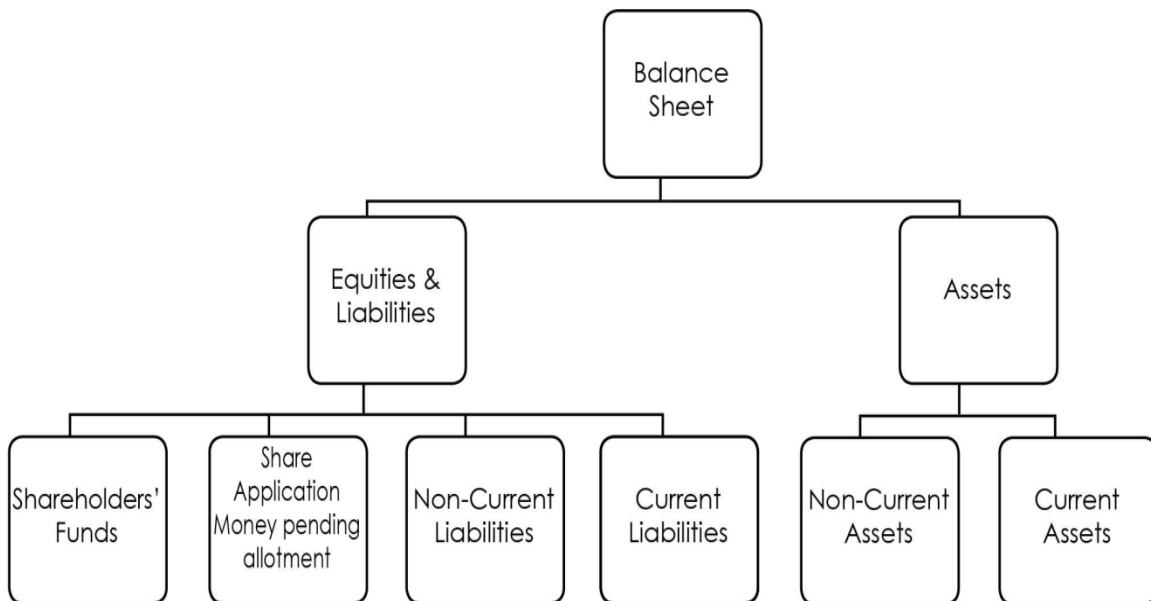
- (ii) Once a unit of measurement is used, it shall be used uniformly in the Financial Statements.
5. Except in the case of the first Financial Statements laid before the Company (after its incorporation) the corresponding amounts (comparatives) for the immediately preceding reporting period for all items shown in the Financial Statements including notes shall also be given.
6. For the purpose of this Schedule, the terms used herein shall be as per the applicable Accounting Standards.



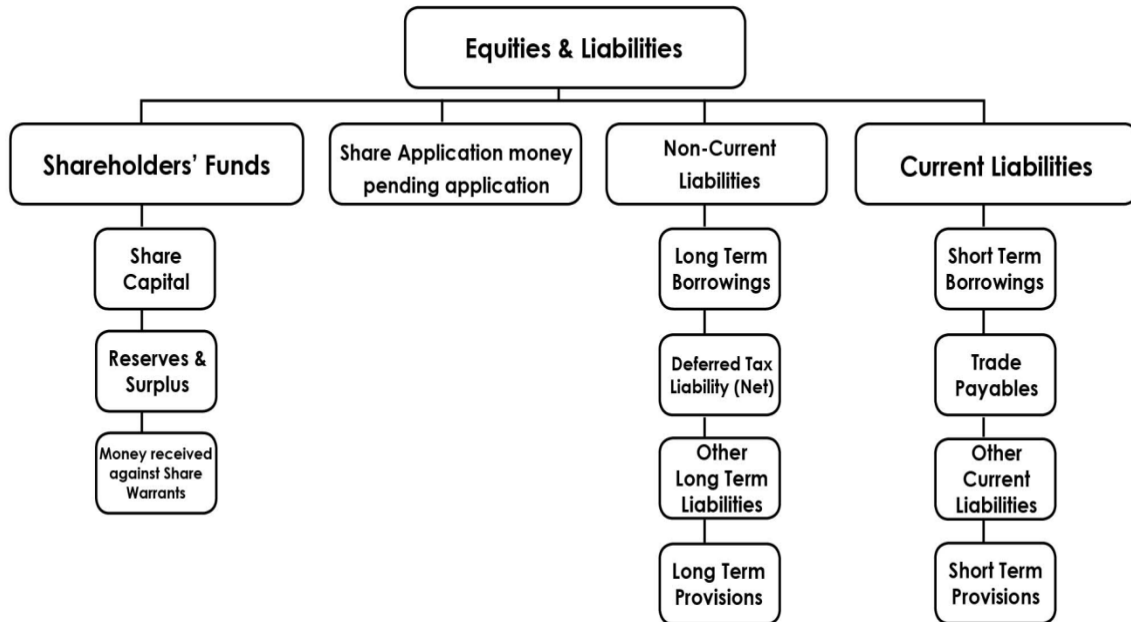
Note:—This part of Schedule sets out the minimum requirements for disclosure on the face of the Balance Sheet, and the Statement of Profit and Loss (hereinafter referred to as “Financial Statements” for the purpose of this Schedule) and Notes. Line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the Financial Statements when such presentation is relevant to an understanding of the company’s financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Accounting Standards.



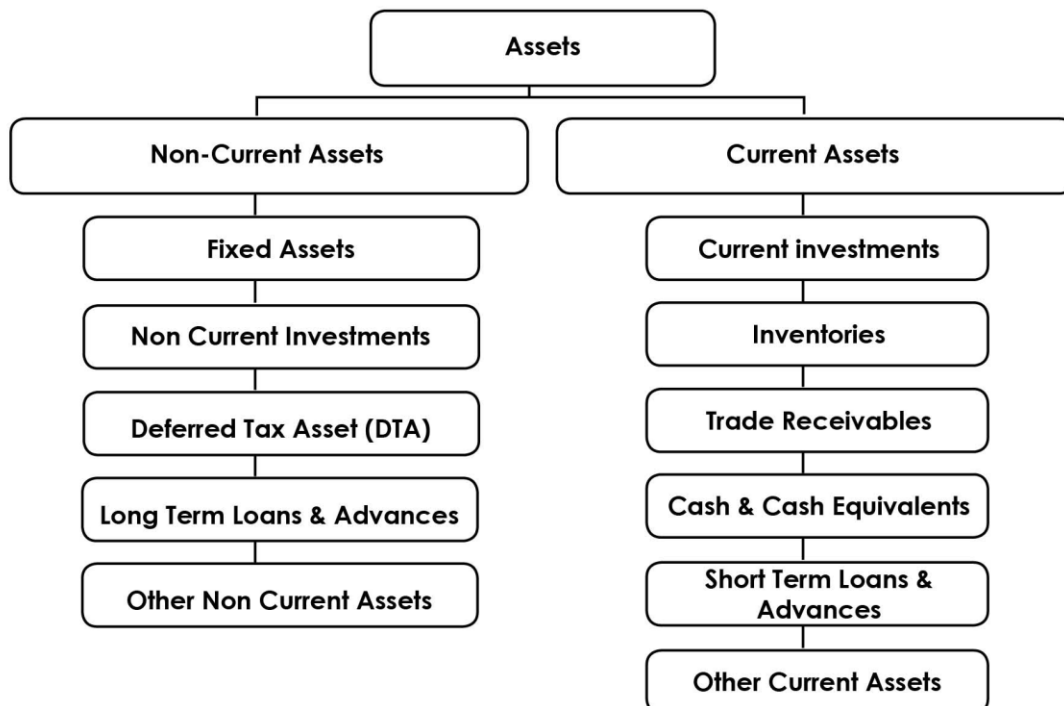
PART I – FORM OF BALANCE SHEET



Break-up of Equities & Liabilities



Break-up of Assets





CMA Students Newsletter(For Intermediate Students)

Vol.8B: Aug 5, 2014

Name of the Company:.....

Balance Sheet as at: (**₹ in.....**)

	Particulars	Note	Figure as at the end of Current Reporting Period	Figures as at the end of the Previous Reporting Period
			₹	₹
I.	EQUITY AND LIABILITIES			
(1)	Shareholders' Funds			
	(a) Share Capital			
(2)	(b) Reserves & Surplus			
(3)	(c) Money Received against Share Warrants			
	Share Application money pending allotment			
	Non-Current Liabilities			
(4)	(a) Long Term Borrowings			
	(b) DTL (Net)			
	(c) Other Long Term Liabilities			
	(d) Long Term Provisions			
	Current Liabilities			
	(a) Short Term Borrowings			
	(b) Trade Payables			
	(c) Other Current Liabilities			
	(d) Short Term Provisions			
	Total			
II.	ASSETS			
(1)	Non-Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets			
	(ii) Intangible Assets			
	(iii) Capital WIP			
	(iv) Intangible Assets under Development			
(2)	(b) Non-Current Investments			
	(c) DTA (Net)			



(d) Long Term Loans & Advances (e) Other Non-Current Assets Current Assets (a) Current Investments (b) Inventories (c) Trade Receivables (d) Cash & Cash Equivalents (e) Short Term Loans & Advances (f) Other Current Assets				
Total				

Disclosure Requirement: Schedules Forming Part of Financial Statements/Annual Report

(A) FOR "EQUITY AND LIABILITIES" ITEMS

(1) SHAREHOLDERS' FUNDS

(a) SHARE CAPITAL

Sch. VI Disclosure Requirement	Points to be considered
General	<ul style="list-style-type: none"> Sch VI (R) deals only with presentation and disclosure requirements Accounting classification into Debt and Equity components is governed by the applicable Accounting Standard Preference Shares will have to be classified as "Share Capital" and also includes such Preference Shares of which redemption is overdue
For each Class of Share Capital (different classes of Preference Shares to be treated separately):	
(a) Authorized Capital	It is the maximum number and face/par value, of each class of shares that a corporate entity may issue in accordance with its instrument of incorporation.
(b) Number of Shares Issued, Subscribed and Fully Paid, and Subscribed but not Fully Paid	<ul style="list-style-type: none"> Subscribed Share Capital" is "that portion of the Issued Share Capital which has actually been subscribed by the public and subsequently allotted to the shareholders by the entity. This also includes any Bonus shares issued to the Shareholders "Paid-up Share Capital" is "that part of the Subscribed Share Capital for which consideration is cash or otherwise has been received. This also includes Bonus Shares allotted and shares issued otherwise than for cash against purchase consideration, by the corporate entity." If Shares are not fully called, then disclose the called up value per share



CMA Students Newsletter(For Intermediate Students)

Vol.8B: Aug 5, 2014

(c) Face/Par Value per Share	<ul style="list-style-type: none"> Face/Par Value, as per Capital Clause in Memorandum of Association should be disclosed
(d) Reconciliation of No. of Shares	<ul style="list-style-type: none"> For the Amount of Share Capital; For comparative previous period; Separate statements for both Equity and Preference Shares, which should again be sub-classified and represented for each class of Shares
(e) Rights, Preferences and Restrictions attaching to shares including restrictions on the distribution of Dividends and the Repayment of Capital	<ul style="list-style-type: none"> For Equity Share Capital, such rights / preferences / restrictions may be with voting rights, or with differential voting rights as to dividend, voting or otherwise as per Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001. For Preference Shares, the rights include dividend and / or capital related rights. Further, Preference Shares can be cumulative, non-cumulative, redeemable, convertible, non-convertible, etc. All such Rights, Preferences and Restrictions attached to each class of Shares, terms of redemption, etc. should be disclosed separately.
(f) Shares held 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	<ul style="list-style-type: none"> Disclose number of Shares held by the entire chain of Subsidiaries and Associates starting from the Holding Company and ending right up to the Ultimate Holding Company All such disclosures should be made separately representing for each class of Shares, (for both Equity and Preference Shares)
(g) List of Shareholders holding more than 5% shares as on the Balance Sheet Date	<ul style="list-style-type: none"> Date for computing the 5% limit should be taken as the Balance Sheet date. So, if during the year, any Shareholder held more than 5% Equity Shares but does not hold as much at the Balance Sheet date, disclosure is not required. Companies should disclose the Shareholding for each class of Shares, both within Equity and Preference Shares. So, such % should be computed separately for each class of Shares. This information should also be given for comparative previous period.
(h) Shares Reserved for issue under Options and Contracts/ commitments for the sale of Shares/ Disinvestment, including the Terms and Amounts	<ul style="list-style-type: none"> Shares under Options generally arise under Promoters or Collaboration Agreements, Loan Agreements or Debenture Deeds (including Convertible Debentures), agreement to convert Preference Shares into Equity Shares, ESOPs or Contracts for supply of Capital Goods, etc. Disclosure is required for the Number of Shares, Amounts and Other Terms for Shares so reserved. Such options are in respect of Unissued Portion of Share Capital
(i) For the period of 5 years immediately preceding the date as at which the Balance	<p>Disclose only if such event has occurred during a period of 5 years immediately preceding the Current Year Balance Sheet date</p> <ul style="list-style-type: none"> The aggregate number of shares allotted or bought back



CMA Students Newsletter(For Intermediate Students)

Vol.8B: Aug 5, 2014

<p>Sheet is prepared-</p> <ul style="list-style-type: none"> Aggregate Number & Class of Shares allotted as Fully Paid and Up Pursuant to Contract(s) without payment being received in Cash Aggregate No. and Class of Shares allotted as fully Paid up by way of Bonus Shares Aggregate Number & Class of Shares bought back 	<ul style="list-style-type: none"> If the company is in operation for a period of less than 5 years, then disclosure should cover all such earlier financial years <p>Not to disclose the following allotments:</p> <ul style="list-style-type: none"> The following allotments are considered as Shares allotted for payment being received in cash, and hence should not be disclosed under this Clause – (a) If the subscription amount is adjusted against a bonafide debt payable in money at once by the Company, (b) Conversion of Loan into Shares in the event of default in repayment
<p>(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</p>	<ul style="list-style-type: none"> In case of Compulsorily Convertible Securities, where conversion is done in fixed tranches, all the dates of conversion have to be considered. In case of Convertible Debentures/Bonds, etc. for the purpose of simplification, reference may also be made to the terms disclosed under the note on Long-Term Borrowings where these are required to be classified in the Balance Sheet, rather than disclosing the same against under this Clause.
<p>(k) Calls Unpaid (showing aggregate value of Calls Unpaid by Directors and Officers)</p>	<ul style="list-style-type: none"> Unpaid Amount towards Shares subscribed by the Subscribers of Memorandum of Association should be considered as 'Subscribed and paid-Up Capital' in the Balance Sheet and the Debts due from the Subscribers should be appropriately disclosed as an Asset in the B/Sheet.
<p>(l) Forfeited Shares (amount originally paid up)</p>	<p>----</p>

Example:

Reporting Authorised, Issued, Subscribed, Called up and Paid up Capital including Forfeited Shares:

Authorised Capital: Equity Share 1,00,000 Shares @ ₹100 each = ₹1,00,00,000. Preference Share Capital: 15% Redeemable Preference Shares, 50,000 Shares @ ₹100 each = ₹50,00,000. 18%, Convertible Preference Shares, 30,000 shares @ ₹100 each = ₹30,00,000

Issued Capital: Equity Share 30,000 Shares @ ₹100 each, fully paid up = ₹30,00,000; 19,800 Equity Shares of ₹100 each, ₹80 called up and paid up = ₹15,84,000. Amount received on 200 shares forfeited for non-payment of allotment and first call of ₹30 and ₹40 each, final call was not made on those shares. Amount payable on application ₹10 per share. Preference Share Capital: 15% Redeemable Preference Shares, 10,000 Shares @ ₹ 100 each = ₹10,00,000. 18%, Convertible Preference Shares, 20,000 shares @ ₹100 each = ₹ 20,00,000

How will this shown in the Workings/Schedules, assuming first year of operation?



Solution:

Share Capital

A. Authorised Capital

Particulars	Current Year	Previous Year
(i) Equity Share 1,00,000 Shares @ ₹ 100 each	1,00,00,000	
(ii) 15%, 50,000 Redeemable Preference Shares @ ₹ 100 each	50,00,000	
(iii) 18%, 30,000 Convertible Preference Shares @ ₹ 100 each	30,00,000	
Total	1,80,00,000	

B. Issued Capital

Particulars	Current Year	Previous Year
(i) Equity Share 50,000 Shares @ ₹ 100 each	50,00,000	
(ii) 15%, 10,000 Redeemable Preference Shares @ ₹ 100 each	10,00,000	
(iii) 18%, 20,000 Convertible Preference Shares @ ₹ 100 each	20,00,000	
Total	80,00,000	

C. Subscribed, Called up and Paid up Capital

Particulars	Current Year	Previous Year
(i) 30,000 Equity Shares @ ₹ 100 each, fully paid up	30,00,000	
(ii) 19,800 Equity Shares @ ₹ 100 each, ₹ 80 called up and paid up	15,84,000	
(iii) 15%, 10,000 Redeemable Preference Shares @ ₹ 100 each	10,00,000	
(iv) 18%, 20,000 Convertible Preference Shares @ ₹ 100 each	20,00,000	
	75,84,000	
Add: Forfeited Shares (amount originally paid-up)	2,000	
Total for Balance Sheet	75,86,000	



D. Reconciliation of Number and Amount of Shares

(1) For Equity Shares

Particulars	Current Year		Previous Year	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Opening Balance as on 01.04.2011	Nil	Nil	Nil	Nil
Add: Fresh Issue (including Bonus Shares, Right Shares, Split of Shares, Shares issued otherwise than for cash as a Purchase Consideration)	49,800	45,84,000	Nil	Nil
Sub Total	49,800	45,84,000	Nil	Nil
Less: Buy-back of Shares	Nil	Nil	Nil	Nil
Closing Balance as on 31.3.2012	49,800	45,84,000	Nil	Nil

(2) For Preference Shares

(a) For 15% Redeemable Preference Shares of ₹ 100 each

Particulars	Current Year		Previous Year	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Opening Balance as on 01.04.2011	Nil	Nil	Nil	Nil
Add: Fresh Issue (including shares issued otherwise than for cash as a Purchase Consideration)	10,000	10,00,000	Nil	Nil
Sub Total	10,000	10,00,000	Nil	Nil
Less: Redemption of Shares	Nil	Nil	Nil	Nil
Closing Balance as on 31.3.2012	10,000	10,00,000	Nil	Nil

(b) For 18% Convertible Preference Shares of ₹ 100 each

Particulars	Current Year		Previous Year	
	No. of Shares	Amount (₹)	No. of Shares	Amount (₹)
Opening Balance as on 01.04.2011	Nil	Nil	Nil	Nil
Add: Fresh Issue	20,000	20,00,000	Nil	Nil
Sub Total	20,000	20,00,000	Nil	Nil
Less: Redemption/ Buy-back of Shares	Nil	Nil	Nil	Nil
Closing Balance as on 31.3.2012	20,000	20,00,000	Nil	Nil



(1) (b) RESERVES & SURPLUS

Sch. VI Disclosure Requirement	Points
Reserves & Surplus shall be classified as – (a) Capital Reserves	<ul style="list-style-type: none"> Capital Reserve is a Reserve of a Corporate Enterprise which is not available for distribution as Dividend. Profit on Re-issue of Forfeited Shares is basically profit of a Capital Nature and, hence, it should be credited to Capital Reserve.
(b) Capital Redemption Reserve	Capital Redemption Reserve (CRR) is required to be created u/s 80 and 77A (for redemption of PSC and buyback of ESC), subject to conditions specified in the respective Sections.
(c) Securities Premium Reserve	Sch VI (R) uses the term "Securities Premium Reserve" but the Act uses the term "Securities Premium Account". Hence, the term used in the Act should be used.
(d) Debenture Redemption Reserve	Debenture redemption Reserve (DRR) is required to be created u/s 117C, and maintained until such Debentures are redeemed. On redemption of the Debentures, the amounts no longer necessary to be retained in this Account should be transferred to the General Reserve.
(e) Revaluation Reserve	Revaluation Reserve is a Reserve created on the revaluation of Assets or Net Assets of an Enterprise represented by the surplus of the estimated Replacement Cost or estimated market values over the Book Values thereof.
(f) Share Options Outstanding Account	As per ICAI Guidance Note on ESOP, Share Options Outstanding should be shown as separate line item. Under Sch VI (R), this line item should be shown separately under Reserves & Surplus.
(g) Other Reserves (specify the nature & purpose of each Reserve and the amount in respect thereof)	This includes any other Statutory Reserves, e.g. Tonnage Tax reserve to be created under the Income Tax Act, 1961.
(h) Surplus, i.e. balance in Statement of P&L disclosing allocations & appropriations such as Dividend, Bonus Shares and Transfer to/from Reserves etc. (Additions & Deductions since last Balance Sheet to be shown under each of specified heads)	<ul style="list-style-type: none"> Appropriations to the Profit for the year (including carried forward balance) is to be presented under the main head 'Reserves and Surplus'. Under Sch VI (R), the Statement of P&L will no longer reflect any appropriations, like Dividends transferred to Reserves, Bonus Shares, etc.

Notes:

- Fund:** A Reserve specifically represented by Earmarked Investments shall be termed as a 'Fund'.



2. Profit and Loss Account (Dr.): Debit balance Statement of P&L shall be shown as a Negative Figure under the head 'Surplus'. Similar, the balance of 'Reserves & Surplus', after adjusting Negative balance of Surplus, if any, shall be shown under the head 'Reserves & Surplus' even if the resulting figure is in the negative.

(1) (c) MONEY RECEIVED AGAINST SHARE WARRANTS

Sch. VI Disclosure Requirement	Points
To be shown as a separate line item on the face of Balance Sheet	<ul style="list-style-type: none"> In case of Listed Companies, Share warrants are issued to Promoters & others in terms of the Guidelines for Preferential Issues viz. SEBI (Issue of Capital and Disclosure Requirements), Guidelines, 2009. Effectively, Share Warrants are amounts which would ultimately form part of the Shareholder's Funds. Since Shares are yet to be allotted against the same, these are not reflected as part of Share Capital, but as a separate line – item.

(2) SHARE APPLICATION MONEY PENDING ALLOTMENT

Sch. VI Disclosure Requirement	Points
To be shown as a separate line item on the face of Balance Sheet	<ul style="list-style-type: none"> Share Application Money not exceeding the Issued Capital and to the extent not refundable, is to be disclosed as a separate line item after "Share Holders Funds" and before "Non-Current Liabilities". If the Company's Issued Capital is more than the Authorized Capital, and approval of increase in Authorized Capital is pending, the amount of Share Application Money received over and above the Authorized Capital should be shown under the head "Other Current Liabilities". The amount shown as 'Share Application Money Pending Allotment' will not include Share Application Money to the extent refundable. For example, the amount in excess of Issued Capital, or where Minimum Subscription requirement is not met. Such amount will have to be shown separately under 'Other Current Liabilities'. Calls Paid in Advance are to be shown under "Other Current Liabilities". The amount of interest which may accrue on such advance should also be reflected as a Liability.

(3) NON-CURRENT LIABILITIES

(a) LONG TERM BORROWINGS

Sch. VI Disclosure Requirement	Points
Long-Term Borrowings shall be classified as –	-----



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(a) Bonds/Debentures,	
(b) Terms Loans – (i) from Banks, and (ii) from Other Parties,	Loans with repayment period beyond 36 months are usually known as "Term Loans". So, Cash Credit, Overdraft and Call Money Accounts/ Deposits are not covered by the expression "Term Loans".
(c) Deferred Payment Liabilities,	Deferred Payment Liabilities would include any Liability for which payment is to be made on deferred credit terms, e.g. Deferred Sales Tax Liability, Deferred Payment for Acquisition of fixed Assets, etc.
(d) Deposits,	Deposits classified under Borrowings would include Deposits accepted from Public and Inter – Corporate Deposits which are in the nature of Borrowings.
(e) Loans & Advances from Related Parties,	Loans and advances from related parties are required to be disclosed. Advances under this head should include those advances which are in the nature of loans.
(f) Long-Term Maturities of Finance Lease Obligations,	
(g) Other Loans & Advances (specify nature)	
<p>Notes:</p> <p>1. Security-wise Classification:</p> <p>Borrowings shall further be sub-classified as Secured and Unsecured. Nature of Security shall be specified separately in each case.</p>	<ul style="list-style-type: none"> • Nature of Security shall be specified separately in each case. A blanket disclosure of different securities covering all Loans classified under the same head such as "All Term Loans from Banks" will not suffice. • However, where one security is given for multiple Loans, the same may be clubbed together for disclosure purposes with adequate details of cross referencing. • Disclosure about the nature of security should also cover the type of asset given as security e.g. Inventories, Plant and Machinery, land and Building, etc. • When Promoters, other Shareholders or any third party have given any personal security for any borrowing, e.g. Shares or Other Assets held by them, disclosure should be made thereof, though such security does not result in the classification of such borrowing as secured.
<p>2. Guarantees: where Loans have been guaranteed by Directors or Others, the aggregate amount of such Loans under each head shall be disclosed.</p>	The word " Others " used in the phrase "Directors or Others" would mean any Person or Entity other than a Director, e.g. Related Parties, or any person associated with the Company in some manner.



<p>3. Maturity Date-wise: Bonds / Debentures (along with Rate of Interest & 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.</p>	<ul style="list-style-type: none"> • Current Maturities of all Long-Term Borrowings will be disclosed under "Other Current Liabilities" and not under Long-Term Borrowings and Short-Term Borrowings. • So, it is possible that the same Bonds/Debentures/Term Loans may be bifurcated under both "Long-Term Borrowings" as well as under "Other Current Liabilities".
<p>4. Installment Redemption: 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.</p>	<p style="text-align: center;">-----</p>
<p>5. Re-issue Powers: Particulars of any redeemed Bonds/ Debentures which the Company has power to reissue shall be disclosed.</p>	<p style="text-align: center;">-----</p>
<p>6. Terms of Repayment: Repayment of Term Loans and Other Loans shall be stated.</p>	<p>Other Loans should be interpreted to mean all categories listed under the heading 'Long-Term Borrowings' as per Sch VI (R). Disclosure of terms of repayment should be made preferably for each Loan unless the repayment terms of individual loans within a category are similar, in which case, they may be aggregated.</p>
<p>7. Default: 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.</p>	<p>The term "Continuing Default" is used w.r.t. Long Term Borrowings, whereas the term "Default" is used w.r.t. Short Term Borrowings.</p> <ul style="list-style-type: none"> • Under CARO, the Auditor shall report on the default made and the period of default. • As per Sch VI (R), the period and amount of continuing default as on the Balance Sheet date in repayment or Term Loans and Interest shall be specified separately in each case. • Disclosures relating to default should be made for all items listed under the category of Borrowings such as Bonds/ Debentures, Deposits, Deferred Payment Liabilities, Finance Lease Obligations, etc. and not only to items classified as "Loans" such as Term Loans, Loans & Advances etc.



	<ul style="list-style-type: none"> • Defaults other than in respect of repayment of Loan and Interest, e.g. non-compliance with Debt Covenants, etc. need not be disclosed. • Any default that had occurred during the year and was subsequently made good before the end of the year need not be disclosed.
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(3) (b) DEFERRED TAX LIABILITIES

Sch. VI Disclosure Requirement	Points
To be shown as a separate line item on the face of Balance Sheet.	----

(3) (c) OTHER LONG TERM LIABILITIES

Sch. VI Disclosure Requirement	Points
It shall be classified as – (a) Trade Payables	Sundry Creditors for Goods or Services, and Acceptances should be disclosed as part of Trade Payables. Disclosure Requirements under MSMED Act will also be required to be made in the annual Financial Statements
(b) Others	Amounts due under contractual obligations, e.g. payables in respect of statutory obligations like contribution to Provident Fund Purchase of Fixed Assets, Contractually Reimbursable Expenses, Interest Accrued on Trade Payables, etc. should be classified as "Others" and each such item should be disclosed nature-wise.

(3) (d) LONG TERM PROVISIONS

Sch. VI Disclosure Requirement	Points
It shall be classified as – (a) Provision for Employee Benefits	This should be classified into short-term and long-term portions, and the latter amount should be included here.
(b) Others (Specifying nature)	This would include items like Provisions for Warranties, etc.



(4) CURRENT LIABILITIES

(a) SHORT TERM BORROWINGS

Sch. VI Disclosure Requirement	Points
<p>1. Short-Term Borrowings shall be classified as –</p> <ul style="list-style-type: none"> • Loans Repayable on demand– (i) from Banks, & (ii) Other Parties, • Loans and Advances from Related Parties, • Deposits, • Others Loans and Advances (specify nature) <p>2. Security-wise Classification: Borrowings shall further be sub-classified as Secured and Unsecured. Nature of security shall be specified separately in each case.</p> <p>3. Guarantees: Where Loans have been guaranteed by Directors or others, the aggregate amount of such Loans under each head shall be disclosed.</p> <p>4. Default: Period & amount of default as on B/Sheet Date in repayment of Loans and Interest shall be separately in each case.</p>	<ul style="list-style-type: none"> • Short-Term Borrowings will include all Loans within a period of 12 months from the date of the loan, Loans payable on demand, etc. but will not include Current Maturity of Long-Term Borrowings (Which should be treated only as “Other Current Liabilities”). • In case of Short-Term Borrowings, all defaults (not continuing defaults as in the case of Long Term Borrowings) existing as at the date of the Balance Sheet should be disclosed (item-wise) • A 3-Year Loan taken for a business with an 4-year Operating Cycle will be categorized only as Short Term Borrowings, and not as Long Term Borrowings.

(4) (b) TRADE PAYABLES

Sch. VI Disclosure Requirement	Points
<p>To be shown as a separate line item on the face of Balance Sheet.</p>	<ul style="list-style-type: none"> • Refer to meaning of ‘Trade Payable’ given earlier. • Liability for Capital Goods Purchases: Amount due towards purchase disclosed under “Other Current Liabilities” with a suitable description. • Liability under Contractual Obligations: Liability towards Employees, Leases or other Contractual Liabilities should not be included under Trade Payables. Only “Commercial Dues” can be included under Trade Payables.

(4) (c) OTHER CURRENT LIABILITIES

Sch. VI Disclosure Requirement	Points
<p>It shall be classified as –</p> <p>(a) Current maturities of Long –Term Debt,</p> <p>(b) Current Maturities of Finance Lease Obligations,</p>	<ul style="list-style-type: none"> • The portion of Long Term Debts/ Lease Obligations, which is due for payments



<p>(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 (Refer Note below) (h) Unpaid Matured Deposits and Interest Accrued thereon, (i) Unpaid Matured Debentures and Interest Accrued thereon, (j) Other Payables (specify nature).</p> <p>Note:</p> <ol style="list-style-type: none"> 1. Share Application Money includes Advances towards allotment of Share Capital. 2. Terms and Conditions including the Number of Shares proposed to be issued, the Amount of Premium, if any, and the period before which shares shall be allotted shall be disclosed. 3. It shall also be disclosed whether the Company has sufficient Authorized Capital to cover the Share Capital Amount resulting from Allotment of Shares out of such Share Application Money. 4. Further, the period for which the Share Application Money has been pending beyond the period for Allotment as mentioned in the document inviting application for shares along with the reason for such Share Application Money being pending shall be disclosed. 5. Share Application Money not exceeding the Issued Capital and to the extent 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'. 	<p>within 12 months of the reporting date is required to be classified under "Other Current Liabilities", while the balance amount should be classified under Long-Term Borrowings.</p> <ul style="list-style-type: none"> • Trade Deposits and Security Deposits which are not in the nature of Borrowings should be classified separately under Other Non-Current / Current Liabilities. • Other Payables under this head may be in the nature of statutory dues such as Withholding Taxes, Service Tax, VAT, Excise Duty, etc. • Current Year Classification as Current Liability and Previous Year Non-Current Liability: Current/Non/Current Classification of Assets / Liabilities is determined a particular date, i.e. Balance Sheet date. So, if there is any change in the position at the end of the current year resulting in a different classification of Assets / Liabilities in the current year, it will not impact the classification made in the previous year.
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(4) (d) SHORT TERM PROVISIONS

Schedule VI Requirement	Disclosure	Points
It shall be classified as – (a) Provision for Employee Benefits		This should be classified into short-term and long-term portions, and the former amount should be included here.
(b) Others (Specifying nature)		This includes Provision for Dividend, Provision for Taxation, Provision for Warranties, etc.



4 C. DISCLOSURE REQUIREMENTS FOR “ASSETS” ITEMS

(1) NON-CURRENT ASSETS

(1) (a) (i) TANGIBLE ASSETS

Schedule VI Disclosure Requirement	Points
<p>1. Classification shall be given as –(a) Land, (b) Buildings, (c) Plant and Equipment, (d) Furniture & Fixtures, (e) Vehicles, (f) Office Equipment, (g) Others (Specify Nature).</p>	<p>AS-19 excludes Land Leases from its scope. Leasehold Land should be presented as a separate assets class under Tangible Assets. Also, Freehold Land should be presented as a separate asset class.</p>
<p>2. Assets under Lease shall be separately specified under each class of Asset.</p>	<ul style="list-style-type: none"> • The term “under lease” should mean – (a) Assets given on Operating Lease in the case of Lessor, and (b) Assets held under Finance Lease in the case of Lessee. • Leasehold Improvements should continue to be shown as a separate asset class.
<p>3. Revaluation: Where sums have been written off on a Reduction of Capital or Revaluation of Assets of where sums have been added on Revaluation of Assets, every Balance Sheet subsequent to date of such write-off, of addition shall show the Reduced or Increased figures as applicable and shall be way of a Note also show the amount of the Reduction or Increase as applicable together with the date thereof for the first 5 years subsequent to the date of such Reduction or Increase.</p>	<ul style="list-style-type: none"> • AS-10 requires disclosure of details such as Gross Book Value of Revalued Assets, Method adopted to compute revalued amounts, Nature of indices used, Year of appraisal, Involvement of External Valuer, etc. as long as the concerned assets are held by the Enterprise. [but only 5 years period is specified in Sch VI (R)] • AS-10 requirements will prevail. [Note:AS-26 does not permit revaluation of Intangible Assets.]
<p>4. Reconciliation: 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 Depreciation and Impairment Losses / Reversals shall be disclosed separately.</p>	<p>(a) Since reconciliation of Gross and Net Carrying Amounts of Fixed assets is required, the Depreciation / Amounts of fixed assets is required, the Depreciation / Amortization for each class of asset should be disclosed in terms of –</p> <ul style="list-style-type: none"> • Opening Accumulated Depreciation, • Depreciation/Amortization for the year, • Deductions/Other Adjustments, and • Closing Accumulated Depreciation/ Amortization <p>(b) Similar disclosures should also be made for Impairment, if any, as applicable.</p>



	<p>(c) Business Combinations:</p> <ul style="list-style-type: none"> • Business Combination should be taken as an amalgamation or acquisition or any other mode of restructuring of a set of Assets and /or a group of Assets and Liabilities constituting a business. • Acquisitions through 'Business Combinations' should be disclosed separately for each class of assets. • Asset Disposals through Demergers, etc. any also be disclosed separately for each class of assets. <p>(d) Other Adjustments: This includes –</p> <ul style="list-style-type: none"> • Capitalization of FOREX Differences where such option has been exercised by the Company as per AS-11. • Adjustments on a/c of Exchange Fluctuations for Fixed Assets in case of Non-Integral Operations (AS-11). • Borrowing Costs capitalized as per AS-16.
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(1) (a)(ii) INTANGIBLE ASSETS

Schedule VI Disclosure Requirement	Points
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).	<ul style="list-style-type: none"> • Classification of Intangible Assets has been introduced under Sch VI (R). • Intangible Assets under development should also be disclosed separately, if AS-26 criteria are met.

Note: Points 3 and 4 of Tangible Assets is also applicable for Intangible Assets.

(1) (a)(iii) CAPITAL WORK IN PROGRESS

Schedule VI Disclosure Requirement	Points
To be shown as a separate line item on the face of Balance Sheet	Capital Advances should be included under Long-Term Loans and Advances and hence, cannot be included under Capital WIP.



(1) (a)(iv) INTANGIBLE ASSETS UNDER DEVELOPMENT

Schedule VI Disclosure Requirement	Points
To be shown as a separate line item on the face of Balance Sheet	Intangible Assets under development should be disclosed under this head provided they can be recognized based on the criteria laid down in AS-26.

(1) (b) NON CURRENT INVESTMENTS

Schedule VI Disclosure Requirement	Points
<p>Non-Current Investments shall be classified as Trade Investments and Other Investments, and further classified as Investments in –</p> <p>(a) Property, (b) Equity Instruments, (c) Preference Shares (d) Government / Trust Securities, (e) Debentures or Bonds, (f) Mutual Funds, (g) Partnership Firms, and (h) Other Non-Current Investments (specify nature).</p>	<ul style="list-style-type: none"> • If a Debenture is to be redeemed partly within 12 months and balance after 12 months, the amount to be redeemed within 12 months should be disclosed as current, and balance as Non-Current. • “Trade Investment” is normally understood as an Investment made by a Company in Shares or Debentures of another Company, to promote the trade or business of the first Company.
<p>Notes:</p> <p>1. Under each classification, details shall be given of Names of 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).</p>	<p>(a) Controlled SPEs:</p> <ul style="list-style-type: none"> • Sch VI(R) requires separate disclosure of Investments in “Controlled Special Purpose Entities” in addition to Subsidiaries, Joint Venture, Associates, etc. • Since the expression “Controlled SPEs” is not defined in the Act/Sch. VI(R)/AS, no disclosures would be additionally required to be made under this caption. If and when such terminology is explained/ introduced in the applicable AS, the disclosure requirement would become applicable. <p>(b) Other Points: “Nature and Extent” of Investment in each Body Corporate should be interpreted to mean the Number and Face Value of Share. Also, it is advisable to clearly disclose whether Investments are fully paid or partly paid. (item-wise)</p>
<p>2. In regard to Investments in the capital of</p>	<p>(a) LLP: A LLP is a Body Corporate, and not a Partnership Firm as envisaged under</p>



<p>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.</p>	<p>the Partnership Act, 1932. Hence, disclosures pertaining to Investments, in Firms will not include LLPs. Investments in LLPs will be disclosed separately under "Other Investments".</p> <p>(b) Change in Constitution: In case of change in constitution of the Firm during the year, the names of the Other Partners should be disclosed based on the position existing as on the date of Company's B/s.</p> <p>(c) Capital:</p> <ul style="list-style-type: none">• The Total Capital of the Firm, to be disclosed, should be with reference to the Amount of Capital on the date of the Company's Balance Sheet.• If the Partnership Firm has separate accounts for Partner's Capital, Drawings or Current, Loans to or from Partners, etc. disclosure must be made with regard to the Total of Capital Accounts alone, since this is what constitutes the capital of the Partnership Firm.• Where, however, such Accounts have not been segregated, or where the Partnership Deed Provides that the Capital or each Partner is to be calculated by reference to the Net Amount at his credit after merging all the Accounts, the disclosure relating to the Partnership Capital must be made on the basis of the total effect of such accounts taken together. <p>(d) Share of each Partner: Share of each Partner means share in the Profits of the Firm, rather than the share in the Capital.</p> <p>(e) Different Reporting Dates: If it is not practicable to draw up the Financial Statements of the Partnership upto such date and, are drawn upto different reporting dates, drawing analogy from AS-21 and AS-27, adjustments should be made for effects of significant transactions or other events that occur between those dates and the date of the Parent's Financial Statements. Also, the difference between reporting dates should not be more than 6 months. In</p>
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	such cases, the difference in reporting dates should be disclosed.
3. Investments carried at other than at Cost should be separately stated specifying the basis for valuation thereof	Basis of Valuation: Disclosure for basis of valuation of Non-Current Investments may be either of – (a) Cost, or (b) Cost less Provision for other than temporary diminution, or (c) Lower of Cost and Fair Value.
4. 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.	it is recommended to disclose the amount of provision netted-off for each Long-Term Investment. However, the aggregate amount of provision made in respect of all Non-Current Investments should also be separately disclosed to comply with the specific disclosure requirement in Sch VI (R).

(1) (c) DERERRED TAX ASSET

Schedule VI Disclosure Requirement	Points
To be shown as a separate line item on the face of Balance Sheet.	-----

(1) (d) LONG TERM LOANS AND ADVANCES

Schedule VI Disclosure Requirement	Points
<p>1. General Classification: Long Term Loans and Advances shall be classified as –</p> <p>(a) Capital Advances, (b) Security Deposits, (c) Loans and Advances to Related Parties (giving details thereof), (d) Other Loans and Advances (specify nature)</p>	<p>Capital Advances:</p> <ul style="list-style-type: none"> • It should be specifically included under Long-Term Loans and Advances and hence, cannot be included under Capital Work-In-Progress. • Capital Advances are advances given for procurement of Fixed Assets which are Non-Current Assets. They are not realized back in cash, nut over a period, get converted into Fixed Assets. Assets. Hence, they are always Long Term Advances, irrespective of when the Fixed Assets are expected to be recd. <p>Other Loans and Advances should include all other items in the nature of advances recoverable in cash or kind, e.g. Prepaid Expenses, Advance Tax, CENVAT Credit Receivable, VAT Credit Receivable, Service Tax Credit Receivable, etc. which are not expected to be realized within the next 12</p>



	months or operating cycle whichever is longer, from the Balance Sheet date.
<p>2. Security-wise Classification: The above shall be separately sub-classified as –</p> <p>(a) Secured, considered Good (b) Unsecured, considered Good (c) Doubtful.</p>	---
<p>3. Bad / Doubtful: Allowance for Bad and Doubtful Loans and Advances shall be disclosed under the relevant heads separately.</p>	---
<p>4. Directors, etc.: 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 of a Director of a Member should be separately stated.</p>	The term “ Details ” of Loans and Advances of Related Parties would mean disclosure requirements contained in AS-18.

(1) (e) OTHER NON CURRENT ASSETS

Schedule VI Disclosure Requirement	Points
<p>1. Other Non-Current Assets shall be classified as –</p> <p>(a) Long-term Trade Receivables (including Trade Receivables on Deferred Credit Terms) (b) Others (specify nature)</p> <p>2. Security-wise Classification: Long-Term Receivables shall be separately sub-classified as –</p> <p>(a) Secured, considered Good (b) Unsecured, Considered Good (c) Doubtful.</p> <p>3. Bad / Doubtful: Allowance for Bad and Doubtful Loans and Advances shall be disclosed under the relevant heads separately.</p> <p>4. Directors, etc.: 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.</p>	<ul style="list-style-type: none"> • A Receivable shall be classified as 'Trade Receivable' if it is in respect of the amount due on account of good sold or services rendered in the normal course of business. • Dues in respect of Insurance Claims, Sale of Fixed Assets, Contractually Reimbursable Expenses, Interest Accrued on Trade Receivables, etc. should be classified as “Others” and each such item should be disclosed nature-wise.



(2) CURRENT ASSETS

(2) (a) CURRENT INVESTMENTS

Schedule VI Disclosure Requirement	Points
<p>Current Investments shall be classified as –</p> <ol style="list-style-type: none"> (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). <p>Notes:</p> <ol style="list-style-type: none"> 1. Under each classification, details shall be given of Names of 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 party-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. 2. The following shall also be disclosed: <ol style="list-style-type: none"> (a) Basis of Valuation of individual 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. 	<p>Principles given for Non-current Investments will apply here, to the extent relevant. However, Trade vs Non-Trade Classification, is not required for Current Investments.</p>

(2) (b) INVENTORIES

Schedule VI Disclosure Requirement	Points
<p>Inventories shall be classified as –</p> <ol style="list-style-type: none"> (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) <p>Note: Goods-in-Transit shall be disclosed under the</p>	<ul style="list-style-type: none"> • Goods in Transit should be included under relevant heads with suitable disclosure. • The heading "Finished Goods" should comprise of all Finished Goods other than those acquired for trading purposes. Those acquired for trading purposes are to be shown under "Stock in Trade".



relevant sub-head of Inventories. Mode of Valuation shall be stated.	
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(2) (c) TRADE RECEIVABLES

Schedule VI Disclosure Requirement	Points
<p>1. Aggregate amount of Trade Receivables outstanding for a period exceeding 6 months from the date they are due for payment should be separately stated.</p> <p>2. Security-wise Details: Trade Receivables shall be separately sub-classified as – (a) Secured, considered Good (b) Unsecured, considered Good (c) Doubtful.</p> <p>3. Bad /Doubtful: Allowance for Bad and Doubtful Loans and Advances shall be disclosed under the relevant heads separately.</p> <p>4. Directors, etc: 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.</p>	<ul style="list-style-type: none"> • Sch VI (R) requires separate disclosure of "Trade Receivables O/s for a period exceeding 6 months from the date they become due for payment", only for the current portion of Trade Receivables. • Where no due date is specifically agreed upon, normal credit period allows by the Company should be taken into consideration for computing the due date, which may vary depending upon the Nature of Goods or Services sold and the Type of Customers, etc. • Amounts due under contractual obligations, e.g. dues in respect of Insurance Claims, Sale of Fixed Assets, Contractually Reimbursable Expenses, Interest Accrued on Trade Receivables, etc, cannot be included within Trade Receivables, such Receivables should be classified as "Other Current Assets" and each such item should be disclosed nature – wise. • Lean Period Activities: Receivables arising out of sale of materials / rendering of services during a Company's lean period, should be included under "Trade Receivables", if such activity is in the normal course of business. If they are not part of "normal course of business", they are to be classified under "Other Assets".

(2) (d) CASH AND CASH EQUIVALENTS

Schedule VI Disclosure Requirement	Points
<p>Cash and Cash Equivalents shall be classified as – (a) Balances with Banks, (b) Cheques, Drafts on Hand, (c) Cash on Hand, (d) Other (Specify nature). Notes: Earmarked Balances with Banks (e.g. for Unpaid Dividend) shall be separately</p>	<ul style="list-style-type: none"> • "Other Bank Balances" would comprise items like Balances with Banks to the extent of held as Margin Money or Security against Borrowings etc. and Bank Deposits with more than 3 months maturity. • Bank Deposits with more than 12 months maturity will also need to be separately disclosed under the above sub-head. • The Non-Current Portion of each of the



<p>stated. Balances with Banks to the extent held as margin Money or Security against the Borrowings, Guarantees, Other Commitments shall be disclosed separately. Repatriation restrictions, if any, in respect of Cash and Bank Balances shall be separately stated. Bank Deposits with more than 12 months Maturity shall be disclosed separately.</p>	<p>above balances should be classified under the head "Other Non-Current Assets" with separate disclosure thereof.</p>
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(2) (e) SHORT TERM LOANS AND ADVANCES

Schedule VI Disclosure Requirement	Points
<ol style="list-style-type: none"> 1. General Classification: Short-Term Loans and Advances shall be classified as – <ol style="list-style-type: none"> (a) Loans and Advances to Related Parties (giving details thereof), (b) Others (specify nature). 2. Security-wise Classification: The above shall also be sub-classified as- <ol style="list-style-type: none"> (a) Secured, considered Good, (b) Unsecured, considered Good, (c) Doubtful 3. Bad/ Doubtful: Allowance for Bad and Doubtful Loans and Advances shall be disclosed under the relevant heads separately. 4. Directors, etc.: Loans & 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. 	<p>Principles given for Long Term Loans and Advances will apply here, to the extent relevant.</p>

(f) OTHER CURRENT ASSETS

Schedule VI Disclosure Requirement	Points
<p>This is an all-inclusive heading, which incorporates Current Assets that do not fit into any other Asset Categories. Nature of each item should be specified</p>	<ul style="list-style-type: none"> • This is an all-inclusive heading, which incorporates Current Assets that do not fit into any other asset categories, e.g. Unbilled Revenue, Unamortized Premium on Forward Contracts, etc. • In case any amount classified under this category is doubtful, it is advisable that such doubtful amount as well as any provision made there against should be separately disclosed.



Special Point:

Unamortised portion of share issue expenses, etc.

1. Sch VI (R) does not contain any specifies disclosure requirement for the unamortized portion of expense items such as Share Issue Expenses, Ancillary Borrowing Costs and Discount or Premium relating to Borrowings.
2. As per AS-16, Ancillary Borrowing Costs and Discount or Premium relating to Borrowings could be amortized over the loan period. Further, share Issue Expenses, Discount on Shares, Ancillary Costs-Discount, Premium on Borrowing, etc. being special nature items, are excluded from the scope of AS-26 Intangible Assets.
3. Certain companies have taken a view that it is an acceptable practice to amortize these expenses over the period of benefit, i.e. normally 3 to 5 years.
4. **Conclusion:** Sch VI (R) does not deal with any accounting treatment of these items, and the same continues to be governed by the respective AS / best practices. So, a Company can disclose the Unamortized Portion of such expenses as "Unamortized Expenses", under the head "Other Current/ Non-Current Assets", depending on whether the amount will be amortized in the next 12 months or thereafter.

Name of the Company :

Profit and Loss Statement for the year ended:..... (₹ in)

	Particulars	Note No.	Figures for the Current Reporting Period	Figures for the Previous Reporting Period
I	Revenue from Operations		XXX	XXX
II	Other Income		XXX	XXX
III	Total Revenue (I+II)		XXX	XXX
IV	Expenses:			
	Cost of Materials Consumed		XXX	XXX
	Purchases of Stock-In-Trade		XXX	XXX
	Changes in Inventories of Finished Goods / Work-in-progress and Stock-In-Trade		XXX	XXX
	Employee Benefits Expense			
	Finance Costs			
	Depreciation and Amortization Expense			
	Other Expenses			
	Total Expenses		XXX	XXX
V	Profit before Exceptional & Extraordinary Items		XXX	XXX



CMA Students Newsletter(For Intermediate Students)

Vol.8B: Aug 5, 2014

	and Tax (III – IV)			
VI	Exceptional Items		XXX	XXX
VII	Profit before Extraordinary Items and IAX (V-VI)		XXX	XXX
VIII	Extraordinary Items		XXX	XXX
IX	Profit before Tax (VII-VIII)		XXX	XXX
X	Tax Expenses: (1) Current Tax (2) Deferred Tax		XXX XXX	XXX XXX
XI	Profit /(Loss) for the period from Continuing Operations (IX – X)		XXX	XXX
XII	Profit /(Loss) from Discontinuing Operations		XXX	XXX
XIII	Tax Expense of Discontinuing Operations		XXX	XXX
XIV	Profit /(Loss) from Discontinuing Operations (After Tax) (XII-XIII)		XXX	XXX
XV	Profit / (Loss) for the period (XI + XIV)		XXX	XXX
XVI	Earnings per Equity Share: (1) Basic (2) Diluted		XXX	XXX

General Instructions for preparation of Statement of P&L

Item	Description		
1. Sec.25 of Companies Act, 1956	The provisions of this Part shall apply to the Income and Expenditure Account referred to in Sec. 210(2) of the Act, in like manner as they apply to a Statement of Profit and Loss.		
2. Revenue from Operations	<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none; vertical-align: top;"> For Company other than a Finance Company: Revenue from Operations shall disclose separately in the Notes, Revenue from – (a) Sale of Products (b) Sale of Services (c) Other Operating Revenues (d) Less: Excise Duty </td> <td style="width: 50%; border: none; vertical-align: top;"> For Finance Company: Revenue from Operations shall include Revenue from: (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. </td> </tr> </table>	For Company other than a Finance Company: Revenue from Operations shall disclose separately in the Notes, Revenue from – (a) Sale of Products (b) Sale of Services (c) Other Operating Revenues (d) Less: Excise Duty	For Finance Company: Revenue from Operations shall include Revenue from: (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.
For Company other than a Finance Company: Revenue from Operations shall disclose separately in the Notes, Revenue from – (a) Sale of Products (b) Sale of Services (c) Other Operating Revenues (d) Less: Excise Duty	For Finance Company: Revenue from Operations shall include Revenue from: (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. Finance Costs	Finance Costs shall be classified as –		



	(a) Interest Expenses, (b) Other Borrowing Costs, (c) Applicable Net Gain / Loss on Foreign Currency Transactions and Translation.
4. Other Income	Other Income shall be classified as – (a) Interest Income (in case of a Company other than a Finance Company), (b) Dividend Income, (c) Net Gain/Loss on Sale of Investments, (d) Other Non-Operating Income (Net of Expenses directly attributable to such income).
5. Additional Information:	A Company shall disclose by way of Notes, additional information regarding Aggregate Expenditure and Income on the following items referred below.

(i) Employee Benefits, Expense, Income Items, etc:

- (a) **Employee Benefits Expense** [showing separately – (i) Salaries & Wages, (ii) Contribution to PF and Other Funds, (iii) Expense on ESOP and Employee Stock Purchase Plan (ESPP), (iv) Staff Welfare Expenses]
- (b) Depreciation and Amortization Expenses,
- (c) Any item of Income or Expenditure which exceeds 1% of Revenue from Operations or ₹ 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 / Loss on Foreign Currency Transaction & 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) Item of Exceptional and Extraordinary Nature,
- (l) Prior Period Items.

(ii) Materials, Goods, Services, etc.

- (a) In the case of **Manufacturing Companies** –
Raw Materials under broad heads.
Goods Purchased under broad heads.
- (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 from 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 head.
- (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) Reserves – Creation & Utilisation:**
- (a) The aggregate, if materials, 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) Provision – Creation & Utilisation:**
- (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) Expenses, etc:** 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,
- (f) Repairs to Machinery,
- (g) Insurance,
- (h) Rates and Taxes, excluding, Taxes on Income,
- (i) Miscellaneous Expenses.
- (vii) Subsidiaries Information:**
- (a) Dividends from Subsidiary Companies.
- (b) Provisions for Losses of Subsidiary Companies.
- (viii) FOREX Information:** The P&L A/c shall also contain by way of a Note the following Information, namely –



CMA Students Newsletter(For Intermediate Students)

Vol.8B: Aug 5, 2014

- (a) Value of Imports Calculated on **CIF 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) 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-
Export of Goods calculated on FOB Basis,
Royalty, Know-How, Professional & Consultation Fees,
Interest and Dividend,
Other Income, indicating the nature thereof.

Note: Broad heads shall be decided taking into account the concept of **Materiality** and **Presentation of True and Fair view** of Financial Statements.