GUIDANCE NOTE
ON
DIVISION II - IND AS SCHEDULE III
TO THE COMPANIES ACT, 2013

The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

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First Edition	:	July 2017
Committee/Department	:	Corporate Laws & Corporate Governance Committee
E-mail	:	clcgc@icai.in
Website	:	www.icai.org
Price	:	Rs. 200/-
ISBN No.	:	978-81-8441-868-2
Published by	:	The Publication Department on behalf of the Institute of Chartered Accountants of India. ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002, India.
Printed by	:	Sahitya Bhawan Publications, Hospital Road, Agra 282 003 July/2017/1,000

Foreword

The Companies Act, 2013 has been undergoing changes from time to time through various amendments to the Act, Rules and through notifications and circulars of the Ministry of Corporate Affairs which are issued to keep the law at par with various developments in the economic environment, regulatory requirement, policies of the country and globalization.

Further, the Government of India decided to converge Indian Accounting Standards with certain carve outs from International Financial Reporting Standards, in a phased manner to accomplish its commitment in G-20 summit with the objective of achieving high quality global accounting standards.

At this backdrop, the Ministry of Corporate Affairs vide its notification dated 6th April, 2016 notified amendments to Schedule III of the Companies Act, 2013 thereby inserting Division II to Schedule III for preparation of financial statements by those entities who have to comply with Indian Accounting Standards (Ind AS).

In the light of the notification of Division II to Schedule III, the Corporate Laws & Corporate Governance Committee (CL&CGC) of The Institute of Chartered Accountants of India (ICAI) has taken an initiative of bringing out a Guidance Note on Division II to Schedule III of the Companies Act, 2013 for companies required to comply with Ind AS. In formalising the Guidance Note on Division II- Ind AS Schedule III to the Companies Act, 2013, lot of efforts has been made.

I commend the Corporate Laws & Corporate Governance Committee in bringing out this useful publication. I place on record my appreciation to the entire team of Committee under the Chairmanship of CA. Sanjay Kumar Agarwal and Vice Chairmanship of CA. Debashis Mitra, Past Chairman, CA. Dhinal A. Shah and Past Vice Chairperson CA. K. Sripriya.

I also put on record my appreciation to the Study Group comprising of CA Dhinal A Shah, Convenor, CA. Himanshu Kishnadwala, CA. Vijay Maniar, CA. Suresh Yadav, CA. Sandeep Shah, CA. Vignesh Poojari, CA. Shriraj Bhandari, CA. Keyur Dave, CA. Pratik Haria, CA Ankita Nemani, CA Yash Kaku, CA Somshekar Yaligar, CA Monil Gala, CA Neha Gohil, CA Harsh Kapoor, CA. Amrish Darji, CA Ravi Karia, CA Gunjan Sharma, CA Ashwini

Salunke and CA Ravi Chauhan for their deliberations, comprehensive study and efforts in bringing out this Guidance Note.

I am confident that this publication would be very useful to the members and other stakeholders.

6th June, 2017 **CA. Nilesh S. Vikamsey**
New Delhi President, ICAI

Preface

The Council of the Institute has previously issued Guidance Note on Schedule III to the Companies Act 2013. In February, 2015, the Ministry of Corporate Affairs notified Indian Accounting Standards thereby laying down the roadmap for companies for adoption of Ind AS. Further, MCA notified amendments to Schedule III to the Companies Act, 2013 and the format of Schedule III was termed as Division I to be complied with by Non Ind AS companies and inserted Division II- Ind AS Schedule III, which is a format of Financial Statements for companies that are required to comply with the Companies (Indian Accounting Standards) Rules, 2015.

In view of this, the Corporate Laws & Corporate Governance Committee of The Institute of Chartered Accountants of India decided to bring out the Guidance Note on Division II- Ind AS Schedule III to the Companies Act 2013.

The Guidance Note provides guidance on each of the item of the Balance Sheet, Statement of Profit and Loss, Major differences in Division I and Division II of the Schedule III to the Companies Act, 2013 besides providing Illustrative format for Standalone financial statements and Consolidated Financial Statements etc. Few illustrations have also been included with a view to provide guidance on application of the principles provided in the Guidance Note.

The Ind AS in the first phase shall be applicable to all companies, listed or unlisted, with a net worth of Rs 500 crore or more (along with their holding, subsidiary, joint venture or associate companies) and which shall be required to adopt Ind AS for accounting periods commencing on or after 1 April 2016. To facilitate the exercise of preparation of financial statements by such companies as per Ind AS Schedule III to the Companies Act, 2013, the ICAI in its endeavour has brought this Guidance Note for the benefits of its members.

I take this opportunity in thanking the President of ICAI, CA. Nilesh S. Vikamsey and Vice President CA. Naveen N. D. Gupta for their support and guidance in bringing out the publication.

I am also thankful to all my Central Council colleagues for their valuable inputs in giving shape to this Guidance Note. I wish to place on record special appreciation to CA. Debashis Mitra, Vice Chairman, CL&CGC, CA. Dhinal A Shah, Central Council member and Convenor of the Study Group and his team comprising of CA. Himanshu Kishnadwala, CA. Vijay Maniar, CA. Suresh Yadav, CA. Sandeep Shah, CA. Vignesh Poojari, CA. Shriraj Bhandari, CA. Keyur Dave and CA. Pratik Haria deserves special compliments and mention for their substantial effort and time in having in-depth technical study and discussion in numerous meetings to bring out this Guidance Note.

I also express my thanks to CA Ankita Nemani, CA Yash Kaku, CA Somshekar Yaligar, CA Monil Gala, CA Neha Gohil, CA Harsh Kapoor, CA. Amrish Darji, CA Ravi Karia, CA Gunjan Sharma, CA Ashwini Salunke and CA Ravi Chauhan for their contribution in giving shape to this Guidance Note on the basis of discussions held.

I also thank all the Members and Special Invitees to the Committee for their support in finalising this Guidance Note.

I would also like to thank CA. Sarika Singhal, Ms S. Rita, Ms. Seema Jangid, CA. Ashita Jain and Ms Nidhi Bansal working in the Secretariat of the Corporate Laws & Corporate Governance Committee for their back up support in bringing out this application.

I trust that this Guidance Note would be very useful to the members of the Institute and others interested in the subject.

New Delhi
24th May, 2017

CA. Sanjay Kumar Agarwal
Chairman
Corporate Laws & Corporate Governance Committee

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1. Introduction

1.1 Schedule III to the Companies Act, 2013 ('the Act') was notified along with the Act itself on 29 August, 2013 thereby providing the manner in which every company registered under the Act shall prepare its Financial Statements. Financial Statements as defined under the Act include Balance Sheet, Statement of Changes in Equity for the period, the Statement of Profit and Loss for the period and Notes.

1.2 Ministry of Corporate Affairs ('MCA') notified Indian Accounting Standards ('Ind AS') on February 16, 2015 thereby laying down the roadmap for all companies, except insurance companies, banking companies and non-banking finance companies, for adoption of Ind AS ('MCA roadmap'). Further, MCA notified amendments to Schedule III to the Act on 6th April 2016 whereby:

> **1.2.1** The existing Schedule III was renamed as 'Division I' to Schedule III ('Non-Ind AS Schedule III') – which gives a format of Financial Statements for Non-Ind AS companies, that are required to comply with the Companies (Accounting Standards) Rules, 2006. In other words, Non-Ind AS companies, will be required to prepare Financial Statements as per Companies (Accounting Standards) Rules, 2006, as per the format of Division I to Schedule III to the Act;
>
> **1.2.2** 'Division II' - 'Ind AS Schedule III' (Refer **Annexure A, Pg 100**) was inserted to give a format of Financial Statements for companies that are required to comply with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time ('Companies Ind AS Rules'). This is newly inserted into Schedule III for companies that adopt Ind AS as per Rule 4(1)(i) or Rule 4(1)(ii) or Rule 4(1)(iii) of the Companies Ind AS Rules. Accordingly, such Companies, while preparing its first and subsequent Ind AS Financial Statements, would apply Division II to Ind AS Schedule III to the Act.

1.3 The requirements of Ind AS Schedule III however, do not apply to companies as referred to in the proviso to Section 129(1) of the Act, i.e., any insurance or banking company, or any company engaged in the generation or supply of electricity or to any other class of company for which a form of Balance Sheet and Statement of Profit and Loss has been specified in or under any other Act governing such class of company. Moreover, the requirements of Ind AS Schedule III do not apply to Non-Banking Finance Companies (NBFCs) that adopt Ind AS as per Rule 4(1)(iv) of Companies (Indian Accounting Standards) Rules, 2015 notified in Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

1.4 It may, however, be clarified that for companies engaged in the generation and supply of electricity, neither the Electricity Act, 2003, nor the rules framed thereunder, prescribe any specific format for presentation of Financial Statements by an electricity company. Section 1(4) of the Act states that the Act will apply to electricity companies, to the extent it is not inconsistent with the provisions of the Electricity Act. Keeping this in view, Ind AS Schedule III as applicable may be followed by such companies till the time any other format is prescribed by the relevant statute.

2. Objective and Scope

2.1. The objective of this Guidance Note is to provide guidance in the preparation and presentation of Financial Statements in accordance with various aspects of Ind AS Schedule III, for companies adopting Ind AS. The disclosure requirements under Ind AS, the Companies Act, 2013, other pronouncements of the Institute of Chartered Accountants of India (ICAI), other statutes, etc., would be in addition to the guidance provided in this Guidance Note.

2.2. Guidance given in 'Guidance Note on Schedule III to the Companies Act, 2013' published in February 2016 would continue to be applied by Non-Ind AS companies which are required to prepare Financial Statements as per the format of Non-Ind AS Schedule III.

2.3. In preparing this Guidance Note, reference has been made to Ind AS notified under Section 133 of the Act read together with Paragraph 3 of the Companies Ind AS Rules given in **Annexure D** (**Pg 155**) and various other pronouncements of the ICAI. The primary focus of the Guidance Note is to lay down broad guidelines to deal with practical issues that may arise in the implementation of Ind AS Schedule III while preparing Financial Statements as per Ind AS.

2.4. As per the clarification issued by ICAI regarding the authority attached to the Documents issued by ICAI, '*Guidance Notes' are primarily designed to provide guidance to members on matters which may arise in the course of their professional work and on which they may desire assistance in resolving issues which may pose difficulty. Guidance Notes are recommendatory in* *nature. A member should ordinarily follow recommendations in a guidance note relating to an auditing matter except where he is satisfied that in the circumstances of the case, it may not be necessary to do so. Similarly, while discharging his attest function, a member should examine whether the recommendations in a guidance note relating to an accounting matter have been followed or not. If the same have not been followed, the member should consider whether keeping in view the circumstances of the case, a disclosure in his report is necessary.*"

3. Applicability

3.1. As per the Government Notification no. S.O. 902 (E) dated 26th March, 2014, the Schedule III is applicable for the Financial Statements prepared for the financial year commencing on or after April 1, 2014. Further, as per the Government Notification no. G.S.R. 404(E) dated 6th April, 2016, the Schedule III is amended to include a format of Financial Statements for a company preparing Financial Statements in compliance with the Companies Ind AS Rules. All companies that prepare, either voluntarily or mandatorily, Financial Statements in compliance with the Companies Ind AS Rules, should consider Ind AS Schedule III as well as this Guidance Note.

3.2. Ind AS Schedule III requires that except in the case of the first Financial Statements laid before the company after incorporation, the corresponding amounts (i.e. comparatives) for the immediately preceding period are to be disclosed in the Financial Statements including the Notes to Accounts. Thus, for the Financial Statements prepared for the financial year 2016-17 (i.e. 1stApril 2016 to 31st March 2017), corresponding amounts need to be given for the financial year 2015-16. As per Ind AS 101, a company's first Ind AS financial statements shall include at least three balance sheets, two statements of profit and loss, two statements of cash flows and two statements of changes in equity and related notes. This Guidance Note does not deal with the presentation aspects of reconciliations that are required to be provided as a part of a company's first Ind AS financial statements.

3.3. For applicability, in the first and subsequent years, of the Ind AS Schedule III format by companies' to its interim Financial Statements (other than quarterly, half-yearly and annual financial results published as per SEBI guidelines), relevant paragraphs of *Ind AS 34 – Interim Financial Reporting* are quoted below:

> *"9. If an entity publishes a complete set of Financial Statements in its interim financial report, the form and content of those*

statements shall conform to the requirements of Ind AS 1 for a complete set of Financial Statements.

10. If an entity publishes a set of condensed Financial Statements in its interim financial report, those condensed statements shall include, at a minimum, each of the headings and subtotals that were included in its most recent annual Financial Statements and the selected explanatory notes as required by this Standard. Additional line items or notes shall be included if their omission would make the condensed interim Financial Statements misleading."

In case, if a company is presenting condensed interim Financial Statements, its format should also conform to that used in the company's most recent annual Financial Statements, i.e., which would be as per Ind AS Schedule III.

3.4. Listed entities shall follow guidelines issued by SEBI by way of circulars prescribing formats for publishing financial results (quarterly, half-yearly and annual) which is guided by the relevant provisions of the Ind AS and Ind AS Schedule III and may make suitable modifications, as applicable.

4. Main principles – Summary of Ind AS Schedule III

4.1. Every company to which Ind AS is applicable, shall prepare its Financial Statements in accordance with Ind AS Schedule III or with such modification as may be required under certain circumstances.

4.2. Financial Statements include Balance Sheet, Statement of Changes in Equity for the period, Statement of Profit and Loss for the period and Notes. Cash Flow Statement shall be prepared in accordance with the requirements of the relevant Ind AS.

4.3. The Ind AS Schedule III requires that if the compliance with the requirements of the Act including Ind AS as applicable to the companies, require any change in presentation or disclosure in the Financial Statements, the requirements of Ind AS Schedule III will stand modified accordingly.

4.4. Ind AS 1, para 60, states that *an entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its balance sheet, except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, an entity shall present all assets and liabilities in the order* *of liquidity.* Further, Ind AS 1, para 64, states that *a company is permitted to present some of its assets and liabilities using a current / non-current classification and others in order of liquidity when this provides information that is reliable and more relevant. The need for a mixed basis of presentation might arise when an entity has diverse operations.* However, as per para 2 of the General Instructions for Preparation of Financial Statements in Ind AS Schedule III, the option of presenting assets and liabilities in the order of liquidity as permitted by paras 60 and 64 of Ind AS 1 is not available to Companies preparing its Financial Statements as per Ind AS Schedule III. Accordingly, a Company may choose to present the assets and liabilities in the order of liquidity only in the Notes, which shall be considered as 'Additional Information' and the same shall be stated so explicitly in the Notes.

4.5. The Ind AS Schedule III clarifies that the requirements mentioned therein for disclosure on the face of the Financial Statements or in the notes are minimum requirements and in addition to the disclosure requirements specified in the Ind AS. Line items, sub-line items and sub-totals can be presented as an addition or substitution on the face of the Financial Statements when such presentation is relevant for understanding of the company's financial position or performance or to cater to industry or sector-specific disclosure requirements or when required for compliance with the amendments to the Act or under any Ind AS. For e.g., line items required by para 54 and para 82 of Ind AS 1 should be included, as an addition to or substitution of the Ind AS Schedule III line items on the face of Balance Sheet and Statement of Profit and Loss, respectively. Accordingly, requirements of both Ind AS Schedule III as well as Ind AS 1 are to be complied with. Illustrative Standalone & Consolidated Financial Statements format is given in **Annexure F (Pg 158)**.

4.6. Disclosure under Ind AS (for e.g., fair value measurement reconciliation, fair value hierarchy, risk management and capital management, disclosure of interests in other entities, components of other comprehensive income, reconciliations on first-time adoption of Ind AS, etc.) shall be made in the Notes or by way of additional statement(s) unless required to be disclosed on the face of the Financial Statements.

4.7. Where any Act or Regulation requires specific disclosures to be made in the Financial Statements of a company, the said disclosures shall be made in addition to those required under Ind AS Schedule III.

4.8. Note 8 to General Instructions for Preparation of Financial Statements in Ind AS Schedule III states that the terms used in the Ind AS Schedule III will carry the meaning as defined by the applicable Ind AS. For example, the terms such as 'associate', 'related parties', etc. will have the same meaning as defined in Ind AS notified under the Companies Ind AS Rules.

For any terms which are not specifically defined in Ind AS, attention may also be drawn to the Framework for the preparation and presentation of Financial Statements in accordance with Indian Accounting Standards ('Ind AS Framework') issued by ICAI. However, if any term is not defined in the Ind AS Framework, the entity may give consideration to the principles described in para 10 to para 12 of Ind AS 8 for the purpose of developing and applying an accounting policy.

4.9. A General Instruction on 'Materiality' has been included in Note 7 to General Instructions for Preparation of Financial Statements requiring Financial Statements to disclose items that could, individually or collectively, influence the economic decisions that users make on the basis of the Financial Statements. Materiality depends on the size or nature of the item or a combination of both, to be judged based on particular facts and in particular circumstances.

4.10. Moreover, para 29 of Ind AS 1 states w.r.t. 'materiality' that an entity shall present separately each material class of similar items. An entity shall present separately items of a dissimilar nature or function unless they are immaterial except when required by law.

5. Structure of the Ind AS Schedule III

The Structure of Ind AS Schedule III is as under:

A. General Instructions for Preparation of Financial Statements of a Company required to comply with Ind AS ('General Instructions for Preparation of Financial Statements')

B. Part I – Form of Balance Sheet and Statement of Changes in Equity

C. Part I Notes – General Instructions for Preparation of Balance Sheet

D. Part II – Form of Statement of Profit and Loss

E. Part II Notes – General Instructions for Preparation of Statement of Profit and Loss

F. Part III – General Instructions for the Preparation of Consolidated Financial Statements

6. General Instructions for Preparation of Financial Statements: Notes 1 to 9

6.1. The General Instructions lay down the broad principles and guidelines for preparation and presentation of Financial Statements.

6.2. As laid down in Part A of the Annexure to Companies Ind AS Rules, *Ind AS, which are specified, are intended to be in conformity with the provisions of applicable laws. However, if due to subsequent amendments in the law, a particular Ind AS is found to be not in conformity with law, the provisions of the said law will prevail and the Financial Statements should be prepared in conformity with such law.* However, the principle of overriding effect of law over Ind AS is not applicable to the presentation or disclosure requirements of the Ind AS Schedule III. Accordingly, Ind AS Schedule III shall stand modified to comply with Ind AS.

6.3. The Ind AS Schedule III requires that if compliance with the requirements of the Act including applicable Ind AS require any change in the presentation or disclosure including addition, amendment, substitution or deletion in the head/sub-head or any changes interse, in the Financial Statements or Notes to Accounts thereof, the same shall be made and the requirements of Ind AS Schedule III shall stand modified accordingly.

6.4. Note 3 of the General Instructions for Preparation of Financial Statements state that the disclosure requirements of the Ind AS Schedule III are in addition to and not in substitution of the disclosure requirements specified in Ind AS. They further clarify that the disclosures specified in Ind AS shall be made in the Notes or by way of additional statement(s) unless required to be disclosed on the face of the Financial Statements. Similarly, all other disclosures as required by the Act shall be made in the Notes in addition to the requirements set out in this Schedule.

6.5. Examples to illustrate the above point are:

(a) Specific disclosure is required by para 33 of *Ind AS-105 Non-current Assets Held for Sale and Discontinued Operations* which has not been incorporated in Ind AS Schedule III.

(b) *Ind AS-107 Financial Instruments: Disclosures*, which requires disclosure of information that enable users of the Financial Statements to evaluate the significance of financial instruments for its financial position and performance.

6.6. Disclosures required by Ind AS as well as by the Act will continue to be made in the Financial Statements and in the Notes to Accounts. An example of this is the separate disclosure required by Sub Section (3) of Section 182 of the Act for donations made to political parties. Such disclosures would be made in the Notes. An illustrative list of disclosures required under the Act is enclosed as **Annexure C (Pg 153).**

6.7. Though not specifically required by Ind AS Schedule III, disclosures mandated by other Acts or legal requirements will have to be made in the Financial Statements. For example, The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 requires specified disclosures to be made in the annual Financial Statements of the buyer wherever such Financial Statements are required to be audited under any law. Accordingly, such disclosures will have to be made in the buyer company's annual Financial Statements.

6.8. The above principle would apply to disclosures to be made in compliance with other legal requirements such as, disclosures required under Regulation 34 (including Schedule V) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A further extension of the above principle also means that specific disclosures required by various pronouncements of regulatory bodies such as disclosure requirements prescribed by various ICAI Guidance Notes – for e.g., Guidance Note on Accounting for Oil and Gas Producing Activities (for entities to whom Ind AS is applicable), etc. should be made in the Financial Statements in addition to the disclosures specified by Ind AS Schedule III.

6.9. The Ind AS Schedule III requires all information relating to each item on the face of the Balance Sheet and Statement of Profit and Loss to be cross-referenced to the Notes. The manner of such cross-referencing to various other information contained in the Financial Statements has been retained as "Note No." in Ind AS Schedule III. The instructions state that the Notes to Accounts should provide where required with narrative descriptions or disaggregation of items recognized in those statements. Hence, presentation of all narrative descriptions and disaggregation should preferably be presented in the form of Notes rather than in the form of Schedules. Such style of presentation is also in line with the manner of presentation of Financial Statements followed by companies internationally and would facilitate comparability of Financial Statements.

6.10. Note 4 of the General Instructions for Preparation of Financial Statements also states that the Notes should also contain information about items that do not qualify for recognition in Financial Statements. These disclosures normally refer to items such as Contingent Liabilities and Commitments which do not get recognised in the Financial Statements. These have been dealt with in para 8.2.14. below (**Pg 67**).

6.11. The General Instructions for Preparation of Financial Statements also lay down the principle that in preparing Financial Statements including Notes, 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. Compliance with this requirement is a matter of professional judgement and may vary on a case to case basis based on facts and circumstances. However, it is necessary to strike a balance between overburdening Financial Statements with excessive detail that may not assist users of Financial Statements and obscuring important information as a result of too much aggregation. For example, a company should not obscure important information by including it among a large amount of insignificant detail or in a way that it obscures important differences between individual transactions or associated risks.

6.12. Ind AS Schedule III requires using the same unit of measurement uniformly across the Financial Statements. Such requirement should be taken to imply that all figures disclosed in the Financial Statements including Notes should be of the same denomination.

6.13. Ind AS Schedule III has specified the rounding off requirements as Non-Ind AS Schedule III, as given below:

Ind AS Schedule III
• **Turnover < Rs. 100 Crores** - Round off to the nearest hundreds, thousands, lakhs or millions or decimal thereof.
• **Turnover >= Rs. 100 Crores** - Round off to the nearest lakhs, millions or crores, or decimal thereof

6.14. A Note below Note 9 of the General Instructions for Preparation of Financial Statements clarifies that Ind AS Schedule III sets out the minimum requirements for disclosure in the Financial Statements including notes. It states that 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 the understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements, apart from, when required for compliance with amendments to the Act or Ind AS.

The application of the above requirement is a matter of professional judgement. The following examples illustrate this requirement. Earnings before Interest, Tax, Depreciation and Amortization is often an important measure of financial performance of the company relevant to the various users of Financial Statements and stakeholders of the company. Hence, a company may choose to present the same as an additional line item on the face of the Statement of Profit and Loss. The method of computation adopted by companies for presenting such measures should be followed consistently over the years. Further, companies should also disclose the policy followed in the measurement of such line items.

7. Part I Notes: General Instructions for Preparation of Balance Sheet – Notes 1 to 5

7.1. Current/Non-current assets and liabilities:

The Ind AS Schedule III and *Ind AS-1 Presentation of Financial Statements requires all items in the Balance Sheet to be classified as either Current or Non-current and be reflected as such.* Notes 1 to 3 in General Instructions for Preparation of Balance Sheet define Current Asset, Operating Cycle and Current Liability, in line with Ind AS 1, as below:

A. **Current Asset** – *"An entity shall classify an asset as current when:*

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period;

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current."

B. **Operating Cycle** – *" The operating cycle of an entity is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable , it is assumed to be twelve months."*

C. **Current Liability** – *"An entity shall classify a liability as current when:*

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current."

7.2. Ind AS Schedule III, in line with Ind AS 1, defines "current assets" and "current liabilities", with the non-current category being the residual. It is therefore necessary that the balance pertaining to each item of assets and liabilities contained in the Balance Sheet be split into its current and non-current portions and be classified accordingly as on the reporting date.

7.3. Based on the definition, current assets include assets such as raw material and stores which are intended for consumption or sale in the course of the company's normal operating cycle. Items of inventory, or trade receivables which may be consumed or realized within the company's normal operating cycle should be classified as current even if the same are not expected to be so consumed or realized within twelve months after the reporting date. Current assets would also include assets held primarily for the purpose of being traded (for e.g., some financial assets that meet the definition of held for trading as per Ind AS 109) and the current portion of non-current financial assets.

7.4. Similarly, current liabilities would include items such as trade payables, employee salaries payable and other operating costs that are expected to be settled in the company's normal operating cycle or due to be settled within twelve months from the reporting date. It is pertinent to note that such operating liabilities are normally part of the working capital of the company used in the company's normal operating cycle and hence, should be classified as current even if they are due to be settled in more than twelve months after the end of the reporting date.

7.5. Further, any liability, where the company does not have an unconditional right to defer its settlement for at least twelve months after the Balance Sheet date / reporting date, will have to be classified as current.

7.6. The application of this criterion could be critical to the Financial Statements of a company and requires careful evaluation of the various terms and conditions of a loan liability. To illustrate, let us understand how this requirement will apply to the following example:

Company X has taken a five year loan. The loan contains certain debt covenants, e.g., filing of quarterly information, failing which the bank can recall the loan and demand repayment thereof. The company has not filed such information in the last quarter; as a result of which the bank has the right to recall the loan. However, based on the past experience and/or based on the discussions with the bank the management believes that default is minor and the bank will not demand the repayment of loan. According to the definition of Current Liability, what is important is, whether a borrower has an unconditional right at the Balance Sheet date to defer the settlement irrespective of the nature of default and whether or not a bank can exercise its right to recall the loan. If the borrower does not have such right, the classification would be "current." It is pertinent to note that as per the terms and conditions of the aforesaid loan, the loan was not repayable on demand from day one. The loan became repayable on demand only on default in the debt covenant and bank has not demanded the repayment of loan upto the date of approval of the financial statements. In the Indian context, the criteria of a loan becoming repayable on demand on breach of a covenant, is generally added in the terms and conditions as a matter of abundant caution. Also, banks generally do not demand repayment of loans on minor defaults of debt covenants as the banks view it more as a protective right which is exercised in exceptional situations. Therefore, in such situations, the companies generally continue to repay the loan as per its original terms and conditions. Hence, considering that the practical implications of a minor breach are negligible in the Indian scenario, an entity could continue to classify the loan as "non-current" as on the Balance Sheet date since the loan is not actually demanded by the bank at any time prior to the date on which the Financial Statements are approved. However, in case a bank has recalled the loan before the date of approval of the financial statements on breach of a loan covenant that occurred before the year-end, the loan will have to be classified as current. Above situation should not be confused with a loan which is repayable on demand from day one. For such loans, even if the lender does not demand repayment of the loan at any time, the same would have to be continued to be classified as "current".

Further, as per Ind AS 1, para 74, where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

With a view to focus only on the substantive breaches (e.g., amongst other covenants, those that are financial covenants) the expression used in Ind AS 1 is 'breach of a material provision'. The entity has to carefully evaluate what would be construed as a "breach of a material provision" on case-to-case basis considering the facts and the terms and conditions of each borrowing arrangement.

7.7. The term "Operating Cycle" is defined as the time between the acquisition of assets for processing and their realization in cash or cash equivalents. A company's normal operating cycle may be longer than twelve months e.g. companies manufacturing wines, etc. However, where the normal operating cycle cannot be identified, it is assumed to have a duration of twelve months.

7.8. Where a company is engaged in running multiple businesses, the operating cycle could be different for each line of business. Such a company will have to classify all the assets and liabilities of the respective businesses into current and non-current, depending upon the operating cycles for the respective businesses.

7.9. For the purpose of Ind AS Schedule III, a company also needs to classify its employee benefit obligations as current and non-current categories. While *Ind AS-19 Employee Benefits* governs the measurement of various employee benefit obligations, their classification as current and non-current liabilities will also be governed by the criteria laid down in Notes 1 to 3 to the General Instructions for Preparation of Balance Sheet in Ind AS Schedule III, which are consistent with Ind AS 1. In accordance with these criteria, a liability is classified as "current" if a company does not have an unconditional right as on the Balance Sheet date to defer its settlement for twelve months after the reporting date. Each company will need to apply these criteria to its specific facts and circumstances and decide an appropriate classification of its employee benefit obligations. Given below is an illustrative example on application of these criteria in a simple situation:

(a) Liability towards bonus, etc., payable within one year from the Balance Sheet date is classified as "current".

(b) In case of accumulated leave outstanding as on the reporting date, the employees have already earned the right to avail the leave and they are normally entitled to avail the leave at any time during the year. To the extent, the employee has an unconditional right to avail the leave, the same needs to be classified as "current" even though the same is measured as 'other long-term employee benefit' as per *Ind AS-19 Employee Benefits.*

However, whether the right to defer the employee's leave is available unconditionally with the company needs to be evaluated on a case to case basis – based on the terms of employee contract and employer's leave policy, employer's right to postpone/deny the leave, restriction to avail leave in the next year for a maximum number of days, etc. In case of such complexities, the amount of Non-current and Current portions of leave obligation should normally be determined by a qualified Actuary and presented accordingly.

(c) Regarding funded post-employment benefit obligations, amount due for payment to the fund created for this purpose within twelve months may be treated as "current" liability. Regarding the unfunded post-employment benefit obligations, a company will have settlement obligation at the Balance Sheet date or within twelve months for employees such as those who have already resigned or are expected to resign (which is factored for actuarial valuation) or are due for retirement within the next twelve months from the Balance Sheet date. Thus, the amount of obligation attributable to these employees is a "current" liability. The remaining amount attributable to other employees, who are likely to continue in the services for more than a year, is classified as "non-current" liability. Normally the actuary should determine the amount of current & non-current liability for unfunded post-employment benefit obligation based on the definition of Current and Non-current assets and liabilities.

Since, para 133 of Ind AS 19 states that it does not specify whether an entity should distinguish current and non-current portions of assets and liabilities arising from post-employment benefits, entities may continue to follow the guidance in the above paragraph (c).

7.10. For the purpose of presentation of Investments into current and non-current, a company should consider whether the investments are intended to be sold within twelve months from the balance sheet date / realizable within its operating cycle in order to classify such investments as current investments. However for recognition and measurement perspective, *Ind AS-109 Financial Instruments* requires classification of all financial assets (including investments, except investments in equity instruments) as subsequently measured at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL) on the basis of both viz., (a) the contractual cash flow characteristics of the financial asset and (b) the company's business model for managing the financial assets. Accordingly, the measurement of financial assets, i.e. at amortized cost, or FVTPL or FVOCI would not decide presentation into Current and Non-current. However, it may be one of the factors that a company may consider in the current and non-current classification of investments, based on its expected realization as at the reporting date. Ind AS 1 para 68 also states that current assets include assets held primarily for the purpose of trading (i.e., some financial assets that meet the definition of held for trading as per Ind AS 109). Where a portion of a financial asset is expected to be realized within 12 months of the balance sheet date, the portion should be presented as current asset; remainder of the financial asset should be shown as non-current.

7.11. Settlement of a liability by issue of equity instruments

7.11.1 Both, Ind AS 1 and Ind AS Schedule III clarifies that, "the terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification". A consequence of this is that if the conversion option in convertible debt is exercisable by the holder at any time, the liability cannot be classified as "current" if the maturity for cash settlement is greater than one year. A question, therefore arises, as to how does the aforesaid requirement affect the classification of items for say, a) convertible debt where the conversion option lies with the issuer, or b) mandatorily convertible debt instrument.

7.11.2 Based on the specific exemption granted only to those cases where the conversion option is with the counterparty, the same should not be extended to other cases where such option lies with the issuer or is a mandatorily convertible instrument. For all such cases, conversion of a liability into equity should be considered as a means of settlement of the liability. Accordingly, the timing of such settlement also decides the classification of such liability in terms of Current or Non-current as defined in Ind AS Schedule III.

7.12. As per *Ind AS-1 Presentation of Financial Statements* para 56 "*When an entity presents current and non-current assets, and current and non-*

current liabilities, as separate classifications in its balance sheet, it shall not classify deferred tax asset (liabilities) as current assets (liabilities)." Accordingly, deferred tax assets / liabilities will always be presented as 'non-current'. (Also, refer para 9.7.2 below **(Pg 86)** for presenting MAT Credit Entitlement in the Balance Sheet).

8. Part I – Form of Balance Sheet and Notes – General Instructions for Preparation of Balance Sheet: Notes 6 to 11

As per the Ind AS Framework, asset, liability and equity are defined as follows:

An asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity.

A liability is a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

Equity is the residual interest in the assets of the entity after deducting all its liabilities.

8.1. Assets

On the face of the Balance Sheet, Ind AS Schedule III requires the following items to be presented under non-current assets and current assets as below:

Non-current assets

(a) Property, plant and equipment

(b) Capital work in progress

(c) Investment property

(d) Goodwill

(e) Other Intangible assets

(f) Intangible assets under development

(g) Biological Assets other than bearer plants

(h) Financial assets

  (i) Investments

  (ii) Trade Receivables

(iii) Loans

(iv) Others (to be specified)

(i) Deferred tax assets (net)

(j) Other non-current assets

Current assets

(a) Inventories

(b) Financial Assets

(i) Investments

(ii) Trade receivables

(iii) Cash and cash equivalents

(iv) Bank balances other than (iii) above

(v) Loans

(vi) Others (to be specified)

(c) Current Tax Assets (net)

(d) Other current assets

Non-current Assets

8.1.1. Property, Plant and Equipment: The company shall disclose the following in the Notes as per 6(A)(I) of Part I of Ind AS Schedule III.

(i) Classification shall be given as:

(a) Land;

(b) Buildings;

(c) Plant and Equipment;

(d) Furniture and Fixtures;

(e) Vehicles;

(f) Office equipment;

(h) Bearer Plants;

(g) Others (specify nature).

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

The term "under lease" should be taken to mean assets given on operating lease in the case of lessor and assets held under finance lease in the case of lessee. An entity which has taken assets on finance lease and given assets on operating lease should show these separately. Further, leasehold improvements should continue to be shown as a separate asset class.

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

8.1.1.1. Since reconciliation of gross and net carrying amounts of Property, Plant and Equipment, Investment Property and Other Intangible assets is required, the corresponding depreciation/amortization for each class of asset should be disclosed in terms of Opening Accumulated Depreciation, Depreciation / amortization for the year, Deductions / Other adjustments and Closing Accumulated Depreciation / Amortization. Similar disclosures should also be made for Impairment, if any, as applicable.

8.1.1.2. As per Ind AS 101, para D5 and D6, an entity may elect to measure an item of property, plant and equipment at the date of transition to Ind ASs at its fair value or use a previous GAAP revaluation as deemed cost. Further, as per para D7AA of Ind AS 101, an entity may also consider previous GAAP carrying amount of all its property, plant and equipment as its deemed cost on the date of transition. In case when a company applies para D5 or para D7AA, the deemed cost considered on the date of transition shall become the new 'gross block' and accordingly presented in the reconciliation statement as required by Ind AS Schedule III.

8.1.1.3. In case if the company wants to disclose information regarding gross block of assets, accumulated depreciation and provision for impairment under previous GAAP, the same may only be disclosed as an additional information by way of a note forming part of the financial statements.

8.1.1.4. All acquisitions, whether by way of an asset acquisition or through a business combination are to be disclosed as part of the reconciliation in the note on Property, Plant and Equipment, Investment Property (refer para 8.1.3 below- **Pg 19**), Other Intangible assets (refer para 8.1.5 below- **Pg 20**) and Biological Assets other than bearer plants (refer para 8.1.7 below- **Pg 20**). Acquisitions through 'Business Combinations' need to be disclosed separately for each class of assets. Similarly, though not specifically required, it is advisable that asset disposals through demergers, etc. may also be disclosed separately for each class of assets.

8.1.1.5. Other adjustments may include items as required by disclosure requirements of Ind AS 16 and such disclosure should be made in the manner prescribed therein. It may also include, for example net exchange gain / loss arising on the translation of the financial statements from the functional currency into a presentation currency.

8.1.1.6. Under the Ind AS Schedule III, land and building are presented as two separate classes of property, plant and equipment. In contrast, paragraph 37 of Ind AS 16 gives an example of grouping land and building under same class for revaluation purposes. The para states that a class of property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations. However, companies should continue to present land and building separately as given in Ind AS Schedule III and such presentation needs to be followed consistently.

8.1.2. Capital work-in-progress

As per Ind AS Schedule III, capital advances should be included under other non- current assets and hence, cannot be included under capital work-in-progress.

8.1.3. Investment Property

Ind AS-40 Investment Property defines Investment Property as the property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for: (a) use in the production or supply of goods or services or for administrative purposes; or (b) sale in the ordinary course of business.

Ind AS Schedule III requires a reconciliation of the gross and net carrying amounts of each class of property 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 or reversals shall be disclosed separately.

The guidance given above on Property, Plant and Equipment, to the extent applicable, is also to be used for Investment Property.

8.1.4. Goodwill

Ind AS Schedule III requires a company to present Goodwill as a separate line item on the face of the balance sheet apart from 'Other Intangible Assets'. Further, it requires a reconciliation of the gross and net carrying amount of goodwill at the beginning and end of the reporting period showing additions, impairments, disposals and other adjustments.

8.1.5. Other Intangible assets

The company shall disclose the following in the Notes to Accounts:

(i) Classification shall be given as:

   (a) Brands / trademarks;

   (b) Computer software;

   (c) Mastheads and publishing titles;

   (d) Mining rights;

   (e) Copyrights, patents, other intellectual property rights, services and operating rights;

   (f) Recipes, formulae, models, designs and prototypes;

   (g) Licenses and franchise;

   (h) Others (specify nature).

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

The guidance given above on Property, Plant and Equipment, to the extent applicable, is also to be used for Other Intangible Assets.

8.1.6. Intangible assets under development

Intangible Assets under development should be disclosed under this head provided they can be recognized based on the criteria laid down in *Ind AS-38 Intangible Assets*.

8.1.7. Biological Assets other than bearer plants

As per *Ind AS-41 Agriculture*, a biological asset is a living animal or plant. Examples of biological assets are sheep, Trees in a timber plantation, Dairy Cattle, Cotton plants, Tea bushes, Oil palms, Fruit trees, etc. Some plants, for example, cotton plants, tea bushes, oil palms, fruit trees, grape vines, usually meet the definition of a bearer plant. However, the produce growing on bearer plants, viz., cotton, tea leaves, oil palm fruit, fruits, grapes, are biological assets other than bearer plants.

As per Ind AS 41, an entity shall present a reconciliation of changes in the carrying amount of biological assets between the beginning and the end of the current period. The reconciliation shall include:

(i) the gain or loss arising from changes in fair value less costs to sell;

(ii) increases due to purchases;

(iii) decreases attributable to sales and biological assets classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Ind AS 105;

(iv) decreases due to harvest;

(v) increases resulting from business combinations;

(vi) net exchange differences arising on the translation of financial statements into a different presentation currency, and on the translation of a foreign operation into the presentation currency of the reporting entity; and

(vii) other changes.

The guidance given above on Property, Plant and Equipment, to the extent applicable, is also to be used for Biological Assets other than bearer plants.

Financial Assets

8.1.8. Non-Current Investments:

(i) Investments shall be classified as:

(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; or

(g) Other investments (specify nature).

Under each classification, details shall be given of names of the bodies corporate that are –

(i) subsidiaries,

(ii) associates,

(iii) joint ventures, or

(iv) structured 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). Investments in partnership firms alongwith names of the firms, their partners, total capital and the shares of each partner shall be disclosed separately.

(ii) The following shall also be disclosed:

(a) Aggregate amount of quoted investments and market value thereof;

(b) Aggregate amount of unquoted investments; and

(c) Aggregate amount of impairment in value of investments.

8.1.8.1. Details regarding names of bodies corporate and nature and extent of the investment made

Non-Ind AS Schedule III requires companies to give the names of all the bodies corporate in which the company holds any class of investments and further, to indicate separately whether such bodies are (i) subsidiaries, (ii) associates, (iii) joint ventures, or (iv) controlled special purpose entities.

Ind AS Schedule III, however, requires companies to give names of the bodies corporate that are (i) subsidiaries, (ii) associates, (iii) joint ventures, or (iv) structured entities. It has done away with the requirement to give names of all other bodies corporates in which a company has made any form of investment (i.e. equity shares, preference shares, debentures, mutual fund units). This is however, subject to the requirements of Ind AS 107 discussed below.

Ind AS 107 para 11A requires, among other things, entities to disclose which investments in equity instruments have been designated to be measured at FVOCI along with the fair value of each such investment at the end of the reporting period. Accordingly, over and above the requirements of Ind AS Schedule III, companies will be required to disclose the names, number of equity instruments held and the face value of such instrument of all other bodies corporate for which they have designated the investments in equity instruments at FVOCI.

However, apart from investments in equity instruments designated at FVOCI and investments in subsidiaries, associates, joint ventures and structured entities, if a company intends to provide such additional disclosure, it may choose to do so.

Under each sub-classification of Investments, there is a requirement to disclose details of investments including names and the nature and extent of the investment in each body corporate which is a subsidiary, associate, joint venture and structured entity. The nature and extent would imply the number of such instruments held and the face value of such instrument. There is also a requirement to disclose separately, investments which are partly-paid. It is advisable to clearly disclose whether investments are fully paid or partly paid.

8.1.8.2. Disclosure of aggregate amount of investments and market value thereof

Ind AS Schedule III requires disclosure of the aggregate amount of quoted investments and market value thereof and the aggregate amount of unquoted investments. The aggregate amount of such investments would include aggregate amount of carrying value of these investments as at the reporting date as included in the financial statements. This disclosure would need to be made separately for non-current investments and current investments. Also, refer para 8.1.14 below (**Pg 35)**.

The market value of quoted investments would, generally, mean disclosure of the 'fair value' of quoted investments as at each reporting date. Ind AS 113 defines fair value and also states that the fair value of assets might be affected when there has been a significant decrease in the volume or level of activity for that asset in relation to normal market activity for that asset. A decrease in the volume or level of activity on its own may not indicate that a quoted price does not represent fair value. However, based on the company's evaluation, if it determines that a quoted price does not represent fair value, then the company shall disclose the market value of quoted investments based on the quoted price which would be different from the investment's fair value.

Where the investments are measured at either FVTPL or FVOCI, as per Ind AS 109, the carrying amount and the market value of such investments are expected to be same subject to considerations of fair value as per the above paragraph, and should be disclosed accordingly.

The term "quoted investments" has not been defined in Ind AS Schedule III. The expression "quoted investment", as defined in the erstwhile pre-Revised Schedule VI under the Companies Act, 1956, means an investment in respect of which there has been granted a quotation or permission to deal on a recognized stock exchange, and the expression "unquoted investment" shall be construed accordingly.

8.1.8.3. Aggregate amount for impairment in value of investments

As per Ind AS Schedule III, this amount should be disclosed separately. As per Ind AS 109, the company is required to recognize a loss allowance (i.e. impairment) for expected credit losses on investments measured at amortized cost. Such loss allowance should be presented as an adjustment to the amortized cost of the investment.

As per Ind AS 109, in case of debt investments measured at fair value through other comprehensive income, the fair value changes will be presented in other comprehensive income. A company shall estimate a portion of fair value change, if any, attributable to a change in credit risk of such investment, by applying the impairment requirements of Ind AS 109 in recognising and measuring the loss allowance, and disclose the same in the statement of profit and loss with a corresponding impact in other comprehensive income. In other words, the company shall not reduce the carrying amount of such investment in the balance sheet as the investment needs to be presented at fair value.

As per Ind AS 109, all equity investments measured at fair value and all other investments measured at fair value through profit or loss do not require a separate calculation / evaluation of impairment amount. Hence, in case of such investments, this disclosure is not applicable.

For the purpose of disclosing aggregate provision for impairment in the value of investments, an entity shall disclose an amount equal to the aggregate amount of impairment recognized and measured in accordance with Ind AS 109, as stated in the paragraphs above.

The aggregate provision for impairment in the value of investments may be either presented in totality for all the investments or separately for each class of investments (e.g., 'Investment at amortized cost', 'Investment in debt instruments at FVOCI') disclosed in the financial statements.

8.1.8.4. Investments in Subsidiaries / Associates / Joint Ventures

The terms 'subsidiary', 'associate' and 'joint venture' shall be as defined in the respective Ind AS. Ind AS 32, Ind AS 107 and Ind AS 109 scope out those interests in subsidiaries, associates, joint ventures that are accounted for in accordance with *Ind AS 110 Consolidated Financial Statements*, *Ind AS 27 Separate Financial Statements* or *Ind AS 28 Investments in Associates and Joint Ventures.* However, such investments still meet the definition of financial instruments and may be presented as a separate line item on the face of a company's standalone balance sheet. In any case, the disclosure requirements of Ind AS 107 would not apply to such investments.

In some cases, Ind AS 110, Ind AS 27 or Ind AS 28 require or permit an entity to account for an interest in a subsidiary, associate or joint venture in accordance with Ind AS 109. Accordingly, only in its Standalone Financial Statements, the entity shall present such interests in a subsidiary, associate or joint venture under the head 'Investments' separately on the face of a company's standalone balance sheet or in the notes, grouped under 'Financial Assets'. Such presentation would be in line with the guidance provided in para 8.1.8.6 (**Pg 26**) and disclosure requirements of Ind AS 107 would also apply.

For an entity's Consolidated Financial Statements, investments accounted using the equity method (i.e. associates and joint ventures) need to be shown as a separate line item outside 'Financial Assets', as per the requirements of Ind AS 1, para 54.

8.1.8.5. Structured Entities

In Ind AS Schedule III, in addition to investment in subsidiaries, associates, joint ventures, there is also a requirement to disclose the names of bodies corporate, including separate disclosure of investments in "structured entities". *Ind AS-112 Disclosure of Interests in Other Entities* states that a "structured entity" is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights are related to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Non-Ind AS Schedule III requires similar details to be given for only "controlled special purpose entities" whereas, under Ind AS Schedule III, investments in all structured entities need to be given, irrespective of whether controlled or not.

Ind AS Schedule III also requires disclosure of the 'nature and extent' of the investment so made. In a normal company, the nature and extent would imply the number of such instruments held and the face value of such instrument. However, in case of a Structured Entity, rights are mainly established by way of contractual arrangements and therefore as a part of 'nature and extent', a brief description of the nature of contracts may be provided along with the rights held in such entities as evidenced by such contracts.

8.1.8.6. Classification of Investments

As per Ind AS 107, para 8, the carrying amounts of each investments under the scope of Ind AS 109 shall be disclosed either in the Balance Sheet or in the Notes under the following categories:

(a) Measured at amortized cost;

(b) Mandatorily measured at FVTPL;

(c) Designated at FVTPL;

(d) Measured at FVOCI;

(e) Designated at FVOCI (e.g., investments in equity instruments).

Ind AS Schedule III does not specify whether the Investments should first be categorized as above or should be first classified as per the nature (e.g., investment in equity instruments, investment in preference shares, investment in debentures or bonds, etc.). Ind AS Schedule III allows addition or substitution of line items on the face of the Financial Statements in order to comply with the Act or with Ind AS. Accordingly, the companies may disclose Investments by grouping them in the following manner:

(i) Broad Categories as per Ind AS 107 (see above (a) to (e));

(ii) Under each board categorization, nature-based classification as per Ind AS Schedule III; (for e.g., Investment in Equity Instruments, Investments in Preference Shares, etc.)

(iii) Under each nature-based classification, grouping based on the relationship of bodies corporate (viz., subsidiaries, associates, joint ventures, and structured entities) as required by Ind AS Schedule III; and

(iv) Under each grouping of bodies corporate, details giving names of bodies corporate and nature and extent of investments in bodies corporate as required by Ind AS Schedule III. (for e.g., details are required for investments at FVOCI, investment in subsidiary, etc.).

An example is given below only for illustrative purposes, wherein it is assumed that each investment has such terms and conditions that qualify them for being presented under respective categories of classification and measurement as per Ind AS 109. Companies should carefully assess the terms and conditions specific to each investments for presenting them under the classification and measurement categories of Ind AS 109:

Investments

A) Investments at amortized cost

(a) Investments in Redeemable Preference Shares

(b) Investments in Redeemable Debentures

(c) Investments in Redeemable Bonds

(d) Investments in Government Securities

(e) ……..

B) Investments at fair value through other comprehensive income

(a) Investments in Equity Instruments

(b) Investments in Redeemable Preference Shares

(c) Investments in Redeemable Debentures

(d) Investments in Redeemable Bonds

(e) Investments in Government Securities

(f) …….

C) Investments at fair value through profit or loss

(a) Investments in Equity Instruments

(b) Investments in Redeemable Preference Shares

(c) Investments in Optionally Convertible Preference Shares

(d) Investments in Optionally Convertible Debentures

(e) Investments in Redeemable bonds

(f) Investments in Government Securities

(g) …….

Where an entity chooses not to provide investment details in the format given above, it could present the information in other ways by changing the order of grouping. For e.g., Investments may be classified first as per their nature (investment in equity instruments, investment in preference shares, etc.) as given in Ind AS Schedule III and then within each nature, sub-classified into broad categories (investments at amortized cost, etc.).

8.1.8.7. Disclosure relating to partnership firms in which the company has invested (under Non-current Investments in the Balance Sheet)

A company, as a juridical person, can enter into partnership. The Schedule III provides for certain disclosures where the company is a partner in partnership firms.

In the Balance Sheet, under the sub-heading "Non-current Investments", separate disclosure is to be made of any investment in the capital of partnership firm by the company. In addition, in the Notes to Accounts separate disclosure is required with regard to the names of the firms in which the company is a partner, along with the names of their partners, total capital and the shares of each partner.

The disclosure in the Balance Sheet relating to the value of the investment in the capital of a partnership firm as the amount to be disclosed as on the date of the Balance Sheet can give rise to certain issues, the same are discussed in the following paragraphs.

(a) In case of a change in the constitution of the firm during the year, the names of the other partners should be disclosed by reference to the position existing as on the date of the company's Balance Sheet.

(b) The total capital of the firm to be disclosed should be with reference to the amount of the capital on the date of the company's Balance Sheet.

    If it is not practicable to draw up the Financial Statements of the partnership upto such date and, are drawn up to different reporting dates, drawing analogy from Ind AS 110 and Ind AS 28, adjustments should be made for the effects of significant transactions or other events that occur between those dates and the date of the parent's Financial Statements. In any case, the difference between reporting dates should not be more than three months. In such cases, the difference in reporting dates should be disclosed. This is relevant for Consolidated Financial Statements.

(c) For disclosure of the share of each partner it is suggested to disclose share of each partner in the profits of the firm rather than the share in the capital since, ordinarily, the expression "share of each partner" is understood in this sense. Moreover, disclosure is already required of the total capital of the firm as well as of the company's share in that capital. The share of each partner should be disclosed as at the date of the company's Balance Sheet.

(d) The Investments Note in the Balance Sheet is required to disclose, *inter alia,* the total capital of the partnership firm in which the company is a partner. Where such a 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 the 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 of 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.

Separate disclosure is required by reference to each partnership firm in which the company is a partner. The disclosure must be made along with the name of each such firm and must then indicate the total capital of each firm, the names of all the partners in each firm and the respective shares of each partner in the respective firm.

A limited liability partnership is a body corporate and not a partnership firm as envisaged under the Partnership Act, 1932. Hence, disclosures pertaining to Investments in partnership firms will not extend to investments in limited liability partnerships. The investments in limited liability partnerships will be disclosed separately under 'other investments'. Also, other disclosures prescribed for Investment in partnership firms, need not be made for investments in limited liability partnerships.

8.1.8.8. Application money paid towards securities

Any application money paid towards securities, where security has not been allotted on the date of the Balance Sheet, shall be disclosed as a separate line item under 'other non-current financial assets'. If the amount is material, details about the date of allotment or when the allotment is expected to be completed may also be disclosed.

In case the investment is of current investment in nature, such share application money shall be accordingly, disclosed under other current financial assets.

8.1.9. Non-current Trade Receivables

Non-current Trade Receivables, shall be sub-classified as:

(i) (a) Secured, considered good;

(b) Unsecured considered good;

(c) Doubtful

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

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

A receivable shall be classified as 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business. Hence, amounts due under contractual rights, other than arising out of sale of goods or rendering of services, cannot be included within Trade Receivables. Such items may include dues in respect of insurance claims, sale of Property, Plant and Equipment, contractually reimbursable expenses, etc. Such receivables should be classified as "other financial assets" and each such item should be disclosed nature-wise.

In disclosing a trade receivable as ‘doubtful’, the company shall disclose the amount of credit loss that is expected on that trade receivable. The balance amount of trade receivable other than the amount considered as doubtful shall be disclosed as ‘good’. Reference shall be drawn from Ind AS 109 which defines ‘credit loss’ as ‘the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. cash shortfalls), including cash flows from the sale of collateral held.’ For e.g., a company has a trade receivable of Rs. 1,50,000 at the reporting date of which the amount of credit loss expected in line with Ind AS 109 is Rs. 25,000. Accordingly, the company shall disclose trade receivables as below, assuming entire amount is unsecured:

<u>Non-current Trade Receivables</u>

	Rs.
Secured, considered good	--
Unsecured, considered good	1,25,000
Doubtful	25,000
	1,50,000
Less: Allowance for bad and doubtful debts	25,000
	1,25,000

As per Ind AS 109, the company is required to recognize a loss allowance (i.e. impairment) for expected credit losses on financial assets including trade receivables. The impairment loss allowance does not reduce the carrying amount of the trade receivables. Rather, the loss allowance is presented in separate line item as a deduction from the gross carrying amount of the trade receivable, as shown above.

8.1.10. Non-current Loans

(i) Loans shall be classified as:

  (a) Security Deposits;

  (b) Loans to related parties (giving details thereof);

  (c) Other loans (specify nature).

(ii) The above shall also be separately sub-classified as:

  (a) Secured, considered good;

  (b) Unsecured, considered good;

  (c) Doubtful.

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

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

Security deposit under loans should include those deposits which meet the definition of a financial asset.

Details of loans to related parties need to be disclosed. Since Ind AS Schedule III states that the terms used therein shall have the same meanings assigned to them in applicable Ind AS, the term "details" shall mean the disclosure requirements contained in *Ind AS-24 Related Parties Disclosures*.

Other loans may include loans given to parties other than related parties, for e.g., loans to employees, which are not expected to be realized within the next twelve months from the Balance Sheet date.

Each item of loans should be further sub-classified as:

(a) Secured, considered good;

(b) Unsecured, considered good; and

(c) Doubtful

Further, the amount of allowance for bad and doubtful loans is required to be disclosed separately under the "relevant heads".

In disclosing a loan as 'doubtful', the company shall disclose the amount of credit loss that is expected on that loan. The balance amount of loan other than the amount considered as doubtful shall be disclosed as 'good'. Reference shall be drawn from Ind AS 109 which defines 'credit loss' as 'the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. cash shortfalls), including cash flows from the sale of collateral held.' For e.g., a company has given a loan with outstanding amount of Rs. 3,85,000 at the reporting date. The amount of credit loss expected in line with Ind AS 109 is Rs. 1,25,000. Accordingly, the company shall disclose the loan as below, assuming entire amount is unsecured:

Non-current Loans

	Rs.
Secured, considered good	--
Unsecured, considered good	2,60,000
Doubtful	1,25,000
	3,85,000
Less: Allowance for bad and doubtful debts	1,25,000
	2,60,000

8.1.11. Other non-current financial assets

As per Ind AS Schedule III, Bank deposits with more than 12 months maturity shall be disclosed under 'Other financial assets'. The maturity should be construed as remaining maturity of more than 12 months.

The following disclosures as per Note 6(C) of General Instructions for Preparation of Balance Sheet should be provided for such bank deposits:

(a) Earmarked balances with banks (for e.g., for unpaid dividend) shall be separately stated;

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

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

Ind AS Schedule III does not specify about the presentation of finance lease receivables unlike finance lease obligations which are to be grouped under 'Financial Liabilities'. The scope paragraph of Ind AS 32, Ind AS 109 and Ind AS 107 acknowledges that rights and obligations under leases, to which Ind AS 17 applies, are financial instruments but their measurement is excluded from the scope of these standards. Accordingly, the non-current portion of a finance lease receivable shall be presented here under 'Other non-current financial assets' while its current portion shall be presented under 'Other current financial assets'. The disclosure requirements of Ind AS 107 would apply to such receivables.

8.1.12. Other non-current assets

Other non-current assets shall be classified as:

(i) Capital Advances; and

(ii) Advances other than capital advances

Advances other than capital advances shall be classified as:

(a) Security Deposits;

(b) Advances to related parties(giving details thereof);and

(c) Other advances (specify nature).

Advances to directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated. In case advances are of the nature of a financial asset as per relevant Ind AS, these are to be disclosed under 'other financial assets' separately.

(iii) Others (specify nature)

Under Ind AS Schedule III, Capital Advances are not to be classified under Capital Work in Progress, since they are specifically to be disclosed under other non-current assets.

Capital advances are advances given for procurement of Property, Plant and Equipment including bearer plants, Investment Property, Other Intangible assets or Biological Assets which are non-current assets. Typically, companies do not expect to realize them in cash. Rather, over the period, these get converted into Property, Plant and Equipment including bearer plants, Investment Property, Other Intangible assets or Biological Assets, respectively, which are non-current assets. Hence, capital advances should be treated as other non-current assets irrespective of when the Property, Plant and Equipment including bearer plants, Investment Property, Other Intangible assets or Biological Assets are expected to be received.

Security Deposits under other non-current assets should include those deposits which do not meet the definition of a financial asset. Classification of deposits paid into current and non current depends on the expectation of its realisation, unless an entity expects to recover the same within 12 months after the reporting date.

Advances to related parties under other non-current assets may include, long-term advances given to group entities. Details of advances to related parties need to be disclosed. Since Ind AS Schedule III states that the terms used therein should be interpreted based on applicable Ind AS, the term “details” should be interpreted to mean the disclosure requirements contained in Ind AS 24.

Other advances include all other items in the nature of advances which do not meet the definition of a financial asset viz., Prepaid expenses, CENVAT credit receivable, VAT credit receivable, Service tax credit receivable, etc., which are not expected to be realized within the next twelve months from the Balance Sheet date.

It may be noted that in case advances are of the nature of a financial asset as per Ind AS 32, these are to be disclosed under ‘other financial assets’ separately.

Current assets

As per Ind AS Schedule III, all items of assets and liabilities are to be bifurcated between current and non-current portions. In some cases, the items presented under the “non-current” head of the Balance Sheet may not have a corresponding “current” head under the format given in Ind AS Schedule III. Since Ind AS Schedule III permits the use of additional line items, in such cases the current portion should be classified under the “Current” category of the respective balance as a separate line item and other relevant disclosures should be made.

8.1.13. Inventories

(i) **Inventories shall be classified as:**

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

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

(iii) Mode of valuation shall be stated.

As per Ind AS Schedule III, goods in transit should be included under relevant heads with suitable disclosure. Further, mode of valuation for each class of inventories should be disclosed.

The heading Finished goods should comprise of all finished goods other than those stock-in-trade acquired for trading purposes.

Financial Assets

8.1.14. Current Investments

(i) Investments shall be classified as:

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

Under each classification, details shall be given of names of the bodies corporate that are –

(i) subsidiaries,

(ii) associates,

(iii) joint ventures, or

(iv) structured 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).

(ii) The following shall also be disclosed:

(a) Aggregate amount of quoted investments and market value thereof;

(b) Aggregate amount of unquoted investments; and

(c) Aggregate amount of impairment in value of investments.

Guidance in respect of above items may be drawn from the guidance given in respect of Non-current investments to the extent applicable.

Current Investments would typically include investments which either have a remaining maturity of less than twelve months or within the company's operating cycle or are intended by the company to be sold within twelve months or within the company's operating cycle. Thus, a non-current investment will be classified as a current investment due to passage of time.

Even though Ind AS Schedule III does not explicitly state the requirement to disclose, with regard to current investments in partnership firms presented under current assets, the names of the firms (with the names of all their partners, total capital and the shares of each partner), the same should be made in line with the disclosure made for investments in partnership firms presented under non- current assets.

8.1.15. Current Trade Receivables

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

(a) Secured, considered good;

(b) Unsecured considered good;

(c) Doubtful.

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

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

A trade receivable will be treated as current, if it is likely to be realized within twelve months from the date of Balance Sheet or within the operating cycle of the business.

Unlike Non-Ind AS Schedule III, Ind AS Schedule III does not require separate presentation of the aggregate amount of Current Trade Receivables outstanding for a period exceeding six months from the date they are due for payment.

Ind AS Schedule III requires separate disclosure of 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.

All other guidance given under Non-current Trade Receivables to the extent applicable, are applicable here also.

8.1.16. Cash and Bank Balances

(i) Cash and cash equivalents shall be classified as:

(a) Balances with banks (of the nature of cash and cash equivalents);

(b) Cheques, drafts on hand;

(c) Cash on hand;

(d) Others (specify nature).

(ii) Bank balances other than cash and cash equivalents as above, shall be disclosed below cash and cash equivalents on the face of the Balance Sheet

Further, Note 6(C) of General Instructions for Preparation of Balance Sheet requires the following disclosures with regard to cash and bank balances:

(a) Earmarked balances with banks (for e.g., for unpaid dividend) shall be separately stated;

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

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

Cash and cash equivalents is not defined in Ind AS Schedule III however, according to *Ind AS-7 Statement of Cash Flows*, Cash is defined to include cash on hand and demand deposits with banks. Cash Equivalents are defined as short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Ind AS 7 further explains that an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. This would include term deposits with banks that have an original maturity of three months or less. However, bank balances (including term deposits) held as margin money or security against borrowings are neither in the nature of demand deposits, nor readily available for use by the company, and accordingly, do not meet the aforesaid definition of cash equivalents.

The disclosure regarding 'bank balances other than cash and cash equivalents' should include items such as Balances with banks held as margin money or security against borrowings, guarantees, etc. and bank deposits with original maturity of more than three months but less than 12 months.

Generally, there should not be a difference in the amount of cash and cash equivalent as per Ind AS 1 and as per Ind AS 7. However, as per para 8 of Ind AS 7 "where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn." Although Ind AS 7 permits bank overdrafts to be included as cash and cash equivalent, however for the purpose of presentation in the balance sheet, it is not appropriate to include bank overdraft as a component of cash and cash equivalents unless the offset conditions as given in paragraph 42 of Ind AS 32 are complied with. Bank overdraft, in the balance sheet, should be included as 'borrowings' under Financial Liabilities.

8.1.17. Current Loans

(i) Current loans shall be classified as:

  (a) Security Deposits;

  (b) Loans to related parties (giving details thereof);

(b) Others (specify nature).

(ii) The above shall also be sub-classified as:

(a) Secured, considered good;

(b) Unsecured, considered good;

(c) Doubtful.

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

(iv) Loans 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.

The guidance for disclosures under this head should be drawn from guidance given for Non-current Loans.

8.1.18. Current Tax Assets (Net)

If amount of tax already paid in respect of current and prior periods exceeds the amount of tax due for those periods (assessment year-wise and not cumulative unless tax laws allow for e.g., say tax laws in the country of overseas subsidiary permits), then such excess tax shall be recognised as an asset. The excess tax paid (presented as current tax assets) may not be recovered / realised within one year from the balance sheet date and if so, the same shall be presented under non-current assets. An entity should evaluate whether current tax assets meets the definition of current assets or not and should accordingly present the same.

8.1.19. Other current assets (specify nature)

This is an all-inclusive heading, which incorporates current assets that do not fit into any other asset categories mentioned above. Other current assets shall be classified as:

(i) Advances other than capital advances:

(1) Advances other than capital advances shall be classified as:

(a) Security Deposits;

(b) Advances to related parties (giving details thereof);

(c) Other advances (specify nature).

(2) Advances to directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.

(ii) Others (specify nature)

In case any amount classified under this category is doubtful, it is advisable that such doubtful amount as well as any provision made against the same should be separately disclosed.

Advances to related parties under other current assets may include, advances given to group entities for group expenses, say for e.g., the company's share in group employees' insurance policy premium whereby such advance will be adjusted in future against the premium payment made by the relevant group entity who holds the insurance policy.

The guidance for disclosures under this head should be drawn from guidance given for Other Non-current Assets.

8.2. Equity and Liabilities

Equity

Under this head, following line items are to be disclosed on the face of the Balance Sheet:

- Equity Share Capital;
- Other Equity;

Ind AS Schedule III, Part I – Format of Balance Sheet includes not only the format of Balance Sheet but also includes a 'Statement of Changes in Equity' comprising (A) Equity Share Capital and (B) Other Equity. Presentation and Disclosures for both of these are included in Note 6(D) to General Instructions for Preparation of Balance Sheet.

In the Statement of Changes in Equity, the portion for 'Equity Share Capital' provides reconciliation:

(a) Balance at the beginning of the reporting period;

(b) Changes in equity share capital during the year;

(c) Balance at the end of the reporting period.

As a part of Statement of Changes in Equity, the portion for 'Other Equity' requires an entity to provide a reconciliation during a particular reporting period, as a part of one single statement, of all items other than equity share capital, that are attributable to the holders of equity instruments of an entity. The items included in columnar form are listed below:

(a) Share application money pending allotment;

(b) Equity component of compound financial instruments;

(c) Reserves and Surplus:

 (i) Capital Reserve;

 (ii) Securities Premium Reserve;

 (iii) Other Reserves (specify nature);

 (iv) Retained Earnings;

(d) Debt instruments at fair value through other comprehensive income;

(e) Equity instruments at fair value through other comprehensive income;

(f) Effective portion of Cash Flow Hedges;

(g) Revaluation Surplus;

(h) Exchange differences on translating the financial statements of a foreign operation;

(i) Other items of other comprehensive income (specify nature);

(j) Money received against share warrants;

(k) Non-controlling interests (for Statement of Changes in Equity of Consolidated Financial Statements)

The reconciliation of above line items needs to be provided by way of the following line items:

(i) Balance at the beginning of the reporting period;

(ii) Changes in accounting policy or prior period errors;

(iii) Restated balance at the beginning of the reporting period;

(iv) Total comprehensive income for the year;

(v) Dividends;

(vi) Transfer to retained earnings;

(vii) Any other change (to be specified);

(viii) Balance at the end of the reporting period.

Reconciliation as described in para 109 of Ind AS 1 states that, "*changes in an entity's equity between the beginning and the end of the reporting period reflect the increase or decrease in its net assets during the period. Except for changes resulting from transactions with owners acting in their capacity as owners (such as equity contributions, reacquisitions of the entity's own equity instruments and dividends) and transaction costs directly related to such transactions, the overall change in equity during a period represents the total amount of income and expenses, including gains and losses, generated by the entity's activities during that period."*

8.2.1. Equity Share Capital

8.2.1.1. Notes to the General Instructions for Preparation of Balance Sheet require a company to disclose in the Notes items referred to in Note 6(D). Note 6(D)(I) deals with disclosures for Equity Share Capital and such disclosures are required for each class of equity share capital. The disclosure requirements for share capital are common under Non-Ind AS Schedule III as well as Ind AS Schedule III. However, Division II restricts the disclosures to 'Equity' while Division I makes it applicable for all kinds of 'Share Capital' but states an exception that different classes of preference shares are to be treated separately.

8.2.1.2. As per ICAI Guidance Note on Terms Used in Financial Statements, 'Capital' refers "*to the amount invested in an enterprise by its owners e.g. paid-up share capital in a corporate enterprise. It is also used to refer to the interest of owners in the assets of an enterprise*."

8.2.1.3. The said Guidance Note defines 'Share Capital' as the *"aggregate amount of money paid or credited as paid on the shares and/or stocks of a corporate enterprise."*

8.2.1.4. Ind AS Framework talks about 'Concepts of Capital', wherein, it states that "*a financial concept of capital is adopted by most entities in preparing their financial statements. Under a financial concept of capital, such as invested money or invested purchasing power, capital is synonymous with the net assets or equity of the entity."*

8.2.1.5. Section 2(84) of the Act defines "share" as "*a share in the share capital of a company and includes stock"*. While, section 2(30) of the Act defines "debenture" to "*include debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not"*. Further, section 43 of the Act gives two kinds of share capital of a company limited by shares viz.,

(a) Equity share capital;

(b) Preference share capital.

8.2.1.6. On the other hand, Ind AS 32 defines an equity instrument as "*any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities"*. The accounting definition of 'Equity' is principle based as compared to the legal definition of 'Equity' or 'Share', such that any contract that evidences residual interest in an entity's net asset is termed as 'Equity' irrespective of whether it is legally recognized as a 'Share' or not. Accordingly, all instruments (including convertible preference shares and convertible debentures) that meet the definition of 'Equity' as per Ind AS 32 in its entirety and when they do not have any component of liability, should be considered as having the nature of 'Equity' for the purpose of Ind AS Schedule III. Such instruments shall be termed as 'Instruments entirely equity in nature'.

8.2.1.7. Instruments entirely equity in nature, may be presented as a separate line item on the face of the Balance Sheet under 'Equity' after 'Equity Share Capital' but before 'Other Equity', as shown below:

Name of the Company……….

Balance Sheet as at……………

(Rupees in…………)

	Particulars	**Note No.**	**Figures as at the end of current reporting period**	**Figures as at the end of previous reporting period**
	EQUITY AND LIABILITIES			
	Equity			
	(a) Equity Share Capital			
	(b) Instruments entirely equity in nature			
	(c) Other Equity			

In the Statement of Changes in Equity, the reconciliation for instruments entirely equity in nature should be presented as below:

STATEMENT OF CHANGES IN EQUITY

Name of the Company…………………..

Statement of Changes in Equity for the period ended………………..

(Rupees in……………)

A. Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the period	Balance at the end of the reporting period

B. Instruments entirely equity in nature *

(a) Compulsorily Convertible Preference Shares

Balance at the beginning of the reporting period	Changes in compulsorily convertible preference shares during the period	Balance at the end of the reporting period

(b) Compulsorily Convertible Debentures

Balance at the beginning of the reporting period	Changes in compulsorily convertible debentures during the period	Balance at the end of the reporting period

(c) [Instrument] (Any other instrument entirely equity in nature)

Balance at the beginning of the reporting period	Changes in [Instrument] during the period	Balance at the end of the reporting period

C. Other Equity

[Table providing reconciliation of Other Equity]

** It is assumed that Instruments entirely equity in nature have such terms and conditions that qualify them for being entirely equity in nature based on the criteria given in para 16 of Ind AS 32. Companies should assess terms and conditions specific to their instruments for deciding whether they are entirely equity in nature.*

All the disclosures as required by Note 6(D)(I) to General Instructions in Preparation of Balance Sheet shall be provided for all instruments entirely equity in nature, to the extent applicable.

8.2.1.8. Premium received on Compulsorily Convertible Preference Shares which are entirely equity in nature shall be classified and presented as a part of 'Other Equity' under 'Securities Premium Reserve'.

8.2.1.9. All those compound financial instruments which have both 'Equity' and 'Liability' components, shall be split in accordance with Ind AS 32 and their 'Equity component' shall be presented under 'Other Equity' portion of Statement of Changes in Equity while their 'Liability component' shall be presented as a separate line item under 'Borrowings'.

8.2.1.10. Ind AS Schedule III, Notes 9 and 10 of General Instructions for Preparation of Balance Sheet highlight that the disclosure and presentation requirements as applicable to the relevant class of 'Equity' or 'Liability' shall be applicable *mutatis mutandis* to the instruments (including, their components) classified and presented under the relevant heads in 'Equity' and 'Liabilities'. Accordingly, it is recommended that the companies provide all the relevant disclosures for 'Equity component of a compound financial instrument' as applicable to 'Equity Share Capital' (given in Note 6(D)(I) of General Instructions for Preparation of Balance Sheet), to the extent applicable. An example could be to disclose, for equity component of compound financial instrument, terms as per Clause (j) i.e. terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date, etc. For the liability component of compound financial instruments, all the disclosures applicable to 'Borrowings' (refer para 8.2.3 to para 8.2.3.20 below) shall be made, to the extent applicable. An example could be to disclose the rate of interest, particulars of redemption or conversion stated in descending order of maturity or conversion, etc. However, for those instruments which are entirely liability in nature, all disclosures applicable to 'Borrowings' should be made.

8.2.1.11. Clause(a) of Note 6(D)(I) - the number and amount of shares authorized:

As per the Guidance Note on Terms Used in Financial Statements 'Authorised Share Capital' means *"the number and par value, of each class of shares that an enterprise may issue in accordance with its instrument of incorporation. This is sometimes referred to as nominal share capital."*

This disclosure is recommended for instruments entirely equity in nature as well as for compound instruments that have an equity component, to the extent applicable.

8.2.1.12. Clause (b) of Note 6(D)(I) - the number of shares issued, subscribed and fully paid, and subscribed but not fully paid:

The disclosure is for shares:

- Issued;
- Subscribed and fully paid;
- Subscribed but not fully paid.

Though the disclosure is only for the number of shares under each of the above three categories, to make the disclosure relevant to understanding the company's share capital, even the amount for each category above should be disclosed. Issued shares are those which are offered for subscription within the authorised limit. It is possible that all shares offered are not subscribed to and to the extent of unsubscribed portion, there will be difference between shares issued and subscribed. As per the Guidance Note on Terms Used in Financial Statements, the expression 'Subscribed Share Capital' is *"that portion of the issued share capital which has actually been subscribed and allotted. This includes any bonus shares issued to the shareholders."*

Though there is no requirement to disclose the amount per share called, if shares are not fully called, it should be appropriate to state the amount per share called.

As per the definition contained in the Guidance Note on Terms Used in Financial Statements, the expression 'Paid-up Share Capital' is *"that part of the subscribed share capital for which consideration in cash or otherwise has been received. This includes bonus shares allotted by the corporate enterprise."*

This disclosure is recommended for instruments entirely equity in nature as well as for compound instruments that have an equity component, to the extent applicable.

8.2.1.13. Clause (c) of Note 6(D)(I) – par value per share:

Par value per share is the face value of a share as indicated in the Capital Clause of the Memorandum of Association of a company. It is also referred to as '*face value'* per share. In the case of a company having share capital, (unless the company is an unlimited company), the Memorandum shall also state the amount of share capital with which the company is registered and their division thereof into shares of fixed amount as required under clause (e)(i) to the sub-section (1) of section 4 of the Act. In the case of a company limited by guarantee, Memorandum shall state that each member undertakes to contribute to the assets of the company in the event of winding-up while he is a member or within one year after he ceases to be a member, for payment of debts and liabilities of the company, as the case may be. There is no specific mention for the disclosure by companies limited by guarantee and having share capital, and companies limited by guarantee and not having share capital. Such companies need to consider the requirement so as to disclose the amount each member undertakes to contribute as per their Memorandum of Association.

This disclosure is recommended for instruments entirely equity in nature as well as for compound instruments that have an equity component, to the extent applicable.

8.2.1.14. Clause (d) of Note 6(D)(I)– a reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

As per Ind AS Schedule III, opening number of shares outstanding, shares issued, shares bought back, other movements, etc. during the year and closing number of outstanding shares should be shown. Though the requirement is only for a reconciliation of the number of shares, as given for the disclosure of issued, subscribed capital, etc. [Clause (b) of Note 6(D)(I)] above, to make the disclosure relevant for understanding the company's share capital, the reconciliation is to be given even for the amount of share capital. Reconciliation for the comparative previous period is also to be given. Further, the above reconciliation should be disclosed separately for each class of Equity Shares issued.

This disclosure is recommended for instruments entirely equity in nature. Also, for compound instruments having both equity and liability components, the reconciliation should be given for total number of shares / debentures outstanding, which will facilitate understanding the movement of compound instrument upon either redemption or conversion or when both occur partly.

8.2.1.15. Clause (e) of Note 6(D)(I)– the rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital:

As per the Guidance Note on Terms Used in Financial Statements, the expression 'Preference Share Capital' means *"that part of the share capital of a corporate enterprise which enjoys preferential rights in respect of payments of fixed dividend and repayment of capital. Preference shares may also have full or partial participating rights in surplus profits or surplus capital."* The rights, preferences and restrictions attached to shares are based on the classes of shares, terms of issue, etc., whether equity or preference. In respect of Equity Share Capital, it may be with voting rights or with differential voting rights as to dividend, voting or otherwise in accordance with such rules and subject to such conditions as may be prescribed under Companies (Share Capital and Debentures) Rules, 2014. In respect of Preference Shares, the rights include (a) with respect to dividend, a preferential right to be paid a fixed amount or at a fixed rate and, (b) with respect to capital, a preferential right of repayment of amount of capital on winding up. For Compulsorily Convertible Debentures, the rights could be with the holder to convert into Equity Shares.

This disclosure is recommended for instruments entirely equity in nature as well as for compound instruments that have an equity component, to the extent applicable.

8.2.1.16. Clause (f) of Note 6(D)(I)– shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:

The requirement is to disclose shares of the company held by -

- Its holding company;
- Its ultimate holding company;
- Subsidiaries of its holding company;
- Subsidiaries of its ultimate holding company;

- Associates of its holding company; and
- Associates of its ultimate holding company.

Aggregation should be done for each of the above categories.

The terms 'subsidiary' and 'associate' should be understood as defined under Ind AS 110 and Ind AS 28. The term 'holding company' is not defined in Ind AS, therefore, it may be referred from the definition as per Section 2 (46) of the Act. However, the equivalent term 'parent' is defined in Ind AS 110. Based on the aforesaid definitions, for the purposes of the above disclosures, shares held by the entire chain of subsidiaries and associates starting from the holding company and going right up to the ultimate holding company would have to be disclosed.

In case of a joint arrangement viz., a joint venture or a joint operation conducted through a separate legal entity, disclosure may be made for shares of such joint arrangement held by its venturers.

This disclosure is recommended for instruments entirely equity in nature, to the extent applicable.

8.2.1.17. Clause (g) of Note 6(D)(I)–shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held:

In the absence of any specific indication of the date of holding, the date for computing such percentage should be taken as the Balance Sheet date. For example, 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. Though it is not specified as to whether the disclosure is required for each class of shares or not, companies should disclose the shareholding for each type of Equity Instruments. Accordingly, such percentage should be computed separately for each class of shares outstanding within Equity Shares. This information should also be given for the comparative previous period.

This disclosure is recommended for instruments entirely equity in nature, to the extent applicable.

8.2.1.18. Clause (h) of Note 6(D)(I)– shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts:

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. The disclosure would be 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.

This disclosure is recommended for instruments entirely equity in nature as well as for compound instruments that has an equity component and liability component, to the extent applicable.

8.2.1.19. Clause (i) of Note 6(D)(I) – For the period of five years immediately preceding the date as at which the Balance Sheet is prepared:(a) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash. (b) Aggregate number and class of shares allotted as fully paid up by way of bonus shares. (c) Aggregate number and class of shares bought back:

(a) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.

The following illustrate the allotments which are considered as shares allotted for payment being received in cash and not as without payment being received in cash and accordingly, the same are not to be disclosed under this Clause:

(i) If the subscription amount is adjusted against a *bona fide* debt payable in money at once by the company;

(ii) Conversion of loan into shares in the event o*f default* in repayment.

(b) Aggregate number and class of shares allotted as fully paid up by way of bonus shares.

As per the Guidance Note on Terms Used in Financial Statements 'Bonus shares' are defined as shares allotted by capitalisation of the reserves or surplus of a corporate enterprise. The requirement of disclosing the source of bonus shares is omitted in the Schedule III.

(c) Aggregate number and class of shares bought back.

The total number of shares bought back for each class of shares needs to be disclosed.

All the above details pertaining to aggregate number and class of shares allotted for consideration other than cash, bonus shares and shares bought back need to be disclosed only if such event has occurred during a period of five years immediately preceding the Balance Sheet date. Since disclosure is for the aggregate number of shares, it is not necessary to give the year-wise break-up of the shares allotted or bought back, but the aggregate number for the last five financial years needs to be disclosed.

This disclosure is recommended for instruments entirely equity in nature, to the extent applicable.

8.2.1.20. Clause (j) of Note 6(D)(I)– 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:

Under this Clause, disclosure is required for any security, when it is either convertible into equity or preference shares. In this case, terms of such securities and the earliest date of conversion are required to be disclosed. If there are more than one date of conversion, disclosure is to be made in the descending order of conversion. If the option can be exercised in different periods then earlier date in that period is to be considered. In case of compulsorily convertible securities, where conversion is done in fixed tranches, all the dates of conversion have to be considered. Terms of convertible securities are required to be disclosed under this Clause. However, 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 Non-current borrowings where these are required to be classified in the Balance Sheet, rather than disclosing the same again under this clause.

This disclosure is recommended for instruments entirely equity in nature and compound instruments that have an equity component and a liability component. In other words, this disclosure is not required for instruments entirely liability in nature (for e.g., those instruments which entirely meet the definition of a financial liability as per para 11 of Ind AS 32) since similar disclosure needs to be provided as a part of ‘Borrowings’. Accordingly, duplication of disclosures is not intended.

8.2.1.21. Clause (k) of Note 6(D)(I) - Calls unpaid (showing aggregate value of calls unpaid by directors and officers):

A separate disclosure is required for the aggregate value of calls unpaid by directors and also officers of the company.

However, the unpaid amount towards shares subscribed by the subscribers of the Memorandum of Association should be considered as 'subscribed and paid-up capital' in the Balance Sheet and the debts due from the subscriber should be appropriately disclosed as an asset in the balance sheet.

This disclosure is recommended for instruments entirely equity in nature, to the extent applicable.

8.2.2. Other Equity

Note 6(D)(II) of the General Instructions for Preparation of Balance Sheet deals with the disclosures of "Other Equity" in the Notes. Disclosure should be made for the nature and amount of each item.

Disclosures in Other Equity are required to be made for the following:

(i) *Share application money pending allotment*

Share Application money pending allotment is to be disclosed as a separate line item under Other Equity. Note 8 of General Instructions for Preparation of Balance Sheet states that share application money pending allotment shall be classified into equity or liability in accordance with relevant Ind AS. Share application money to the extent not refundable shall be shown in this line item and share application money to the extent refundable shall be separately shown under 'other financial liabilities'.

(ii) *Equity component of compound financial instruments*

For compound financial instruments that have both equity as well as liability component, Ind AS 32 requires splitting the two components and separately recognizing 'equity component of compound financial instrument'. Such equity component is required to be presented as a part of 'Other Equity' under this head. On the other hand, the 'liability component of compound financial instrument' is required to be presented as a part of 'Borrowings' (refer para 8.2.3. below).For recommended disclosures for equity component of compound financial instrument, refer guidance given in para 8.2.1.10.to para 8.2.1.22.

(iii) *Reserves and Surplus – these shall be further disclosed as (discussed in para 8.2.2.1. below-* ***Pg 54*** *):*

(a) Capital Reserve;

(b) Securities Premium Reserve;

(c) Other Reserves (specify nature);

(d) Retained Earnings;

(iv) *Debt Instruments through Other Comprehensive Income –*

As per Ind AS 109, investments are subsequently measured at FVOCI based on the company's business model for managing the portfolio of debt instruments as well as the debt instruments' contractual cash flow characteristics. Any fair value gain or loss on debt instruments measured at FVOCI is presented as a part of Other Equity under this heading until the debt instrument is derecognized;

(v) *Equity Instruments through Other Comprehensive Income* –

As per Ind AS 109, companies have an option to designate investments in equity instruments to be measured at FVOCI. For such instruments, the cumulative fair value gain or loss is presented as a part of Other Equity under this heading;

(vi) *Effective portion of Cash Flow Hedges* –

For all qualifying cash flow hedges, this component of Other Equity associated with the hedged item (i.e. cash flow hedge reserve) is adjusted to the lower of the cumulative change in the fair value of the hedging instrument and the cumulative change in the fair value of the hedged item attributable to the hedged risk. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge (i.e. the portion that is offset by the change in the cash flow hedge reserve) is recognized in Other Comprehensive Income. Also, Ind AS 109 requires that exchange differences on monetary items that qualify as hedging instruments in a cash flow hedge are recognized initially in other comprehensive income to the extent that the hedge is effective;

(vii) *Revaluation Surplus* –

As per Ind AS 16, if an asset's carrying amount is increased as a result of revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, such increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss.

Correspondingly, decreases as a result of revaluation are recognized in other comprehensive income thereby reducing the amount accumulated under this heading of revaluation surplus, to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

(viii) *Exchange differences on translating the Financial Statements of a foreign operation* –

In accordance with *Ind AS 21 The Effects of Changes in Foreign Exchange Rates*, the exchange differences arising on translation of the financial statements of foreign operation from functional currency to presentation currency needs to be included in this head of OCI.

(ix) *Other items of Other Comprehensive Income (specific nature)*

Any other items that need to be presented in Other Comprehensive Income as per the relevant Ind AS shall be included under this head of OCI.

Refer para 8.2.2.3. below **Pg 57** for guidance on presentation of 're-measurement of defined benefit plans'.

(x) *Money received against share warrants*

Generally, in case of listed companies, share warrants are issued to promoters and others in terms of the Guidelines for preferential issues viz., SEBI (Issue of Capital and Disclosure Requirements), Guidelines, 2009. *Ind AS 33 Earnings per Share* defines 'warrants' as "financial instruments which give the holder the right to acquire equity shares". Thus, effectively, warrants are nothing but the amount which would ultimately form part of the Shareholders' 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 – 'Money received against share warrants.'

8.2.2.1. Reserves & Surplus:

Ind AS 103, Appendix C on Business Combinations under Common Control defines the term 'Reserve' as *"the portion of earnings, receipts or other surplus of an entity (whether capital or revenue) appropriated by the management for a general or a specific purpose other than a provision for depreciation."* 'Reserves' should be distinguished from 'provisions'. For this purpose, reference may be made to the definition of the expression 'provision' in *Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.*

As per *Ind AS 37*, *a 'provision' is "a liability of uncertain timing or amount". A 'liability' is "a present obligation of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits." 'Present obligation' – "an* *obligation is a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the end of the reporting period".*

(a) Capital Reserves :

It is necessary to make a distinction between capital reserves and revenue reserves in the accounts. A revenue reserve is a reserve which is available for distribution. The term "Capital Reserve" has not been defined under Ind AS Schedule III. However, as per the Guidance Note on Terms Used in Financial Statements, the expression 'capital reserve' is defined as "a reserve of a corporate enterprise which is not available for distribution as dividend". Though the Ind AS Schedule III does not have the requirement of "transferring capital profit on reissue of forfeited shares to capital reserve", since profit on re-issue of forfeited shares is basically profit of a capital nature and, hence, it should be credited to capital reserve.

A gain on bargain purchase arising in a business combination where clear evidence of the underlying reasons does not exist, shall be recognized directly in equity as Capital Reserves as per Ind AS 103.

(b) Securities Premium Reserve :

The Guidance Note of Terms Used in Financial Statements defines 'Share Premium' as *"the excess of the issue price of shares over their face value."* Though the terminology used in Ind AS Schedule III is 'Securities Premium Reserve", the nomenclature as per the Act is "Securities Premium Account". Accordingly, the terminology of the Act may be used.

(c) Other Reserves (specify the nature and purpose of reserve and the amount in respect thereof) :

Every other reserve which is not covered in above paragraphs is to be reflected as 'Other Reserves'. However, since the nature, purpose and the amount are to be shown, each reserve under 'Other Reserves' is to be shown separately in Notes to Accounts. This would include, for e.g., reserves to be created under other statutes like Tonnage Tax Reserve to be created under the Income Tax Act, 1961.

(i) Capital Redemption Reserve:

Under the Act, Capital Redemption Reserve is required to be created in the following two situations:

(a) Under the provisions of Section 55 of the Act, where the redemption of preference shares is out of profits, an amount equal to nominal value of shares redeemed is to be transferred to a reserve called 'capital redemption reserve'.

(b) Under Section 69 of the Act, if the buy-back of shares is out of free reserves, the nominal value of the shares so purchased is required to be transferred to capital redemption reserve from distributable profit.

(ii) Debenture Redemption Reserve :

According to Section 71 of the Act where a company issues debentures, it is required to create a debenture redemption reserve for the redemption of such debentures. The company is required to credit adequate amounts, out of its profits every year to debenture redemption reserve, until such debentures are redeemed.

On redemption of the debentures for which the reserve is created, the amounts no longer necessary to be retained in this account need to be transferred to the General Reserve.

(iii) Share Options Outstanding Account :

Ind AS Schedule III requires Share Options Outstanding Account to be shown as a part of 'Reserve and Surplus' under 'Other Reserves'.

(d) Additions and deductions since the last Balance Sheet to be shown under each of the specified heads:

This requires the company to disclose the movement in each of the reserves and surplus since the last Balance Sheet.

Further, as per Ind AS Schedule III, a reserve specifically represented by earmarked investments shall disclose the fact that it so represented.

(e) Debit balance of Statement of Profit and Loss and in Other Equity:

Debit balance of Statement of Profit and Loss which would arise in case of accumulated losses, is to be shown as a negative figure under the head 'Retained Earnings'. The aggregate amount of the balance of 'Other Equity', is to be shown after adjusting negative balance of retained earnings, if any. If the net result is negative, the negative figure is to be shown under the head 'Other Equity'.

8.2.2.2. Gain / Loss on changes in the proportion held by non-controlling interests

Ind AS 110, para B96 requires that an entity shall recognize directly in 'Equity' any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent.

Ind AS 1, para 106(d)(iii) requires for each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from changes in ownership interests in subsidiaries that do not result in a loss of control.

For such difference, which is the gain / loss on changes in the proportion held by non-controlling interests, Ind AS does not specify whether such gain / loss should be presented separately under 'Capital Reserve' or under 'Other Reserves'. Ind AS Schedule III also does not specify anything in this regard. An entity may present such gain / loss separately as 'Non-controlling Interest Reserve' shown under 'Other Reserves' by specifying the nature.

8.2.2.3. Reconciliation of items in Other Equity

Reconciliations for each component of other equity are required to be made in the following manner (to the extent applicable):

(i) Balance at the beginning of the reporting period

(ii) Changes in accounting policy or prior period error

(iii) Restated balance at the beginning of the reporting period

(iv) Total Comprehensive Income for the year

(v) Dividends

(vi) Transfer to retained earnings

(vii) Any other change (to be specified)

(viii) Balance at the end of reporting period

Apart from the above items, Ind AS Schedule III states that:

- Re-measurement of defined benefit plans; and
- Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss,

shall be recognised as a part of retained earnings with separate disclosure of such items along with the relevant amounts in the Notes.

Ind AS 19 states that re-measurements of the net defined benefit liability (asset) recognized in other comprehensive income shall not be reclassified to profit or loss in a subsequent period. However, the entity may transfer those amounts recognized in other comprehensive income within equity.

Ind AS Schedule III requires 're-measurements of defined benefit plans' during the reporting period to be shown as a separate line item in other comprehensive income. (Refer para 10.2. below **Pg 88**)

As per Ind AS Schedule III requirement mentioned above, such re-measurements of defined benefit plans, when accumulated at the end of every reporting period, shall be recognized as a part of retained earnings with separate disclosure of such item along with the relevant amounts in the Notes to Accounts.

Accordingly, a company shall present the accumulated re-measurements of defined benefit plans at the end of each reporting period as a part of retained earnings.

Liabilities

On the face of the Balance Sheet, Ind AS Schedule III requires the following items to be presented under non-current liabilities as well as current liabilities as below :

Non-current Liabilities

(a) Financial Liabilities

  (i) Borrowings

  (ii) Trade payables

  (iii) Other financial liabilities (other than those specified in item (b), to be specified)

(b) Provisions

(c) Deferred tax liabilities (Net)

(d) Other non-current liabilities

Current Liabilities

(a) Financial Liabilities

  (i) Borrowings

  (ii) Trade payables

  (iii) Other financial liabilities (other than those specified in item (c))

(b) Other current liabilities

(c) Provisions

(d) Current Tax Liabilities (Net)

8.2.3. Non-current Borrowings

Non-current borrowings shall be classified as:

(a) Bonds or debentures;

(b) Term loans;

- (i) from banks;
- (ii) from other parties;

(c) Deferred payment liabilities;

(d) Deposits;

(e) Loans from related parties;

(f) Long term maturities of finance lease obligations;

(g) Liability component of compound financial instruments;

(h) Other loans (specify nature).

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

8.2.3.2. Where loans have been guaranteed by directors or others, the aggregate amount of such loans under each head shall be disclosed. The word "others" used in the phrase "directors or others" would mean any person or entity other than a director. Therefore, this is not restricted to mean only related parties. However, in the normal course, a person or entity guaranteeing a loan of a company will generally be associated with the company in some manner.

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

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

8.2.3.5. Terms of repayment of term loans and other loans is also required to be stated.

8.2.3.6. Period and amount of default as on the Balance Sheet date in repayment of borrowings and interest shall be specified separately in each case.

8.2.3.7. The phrase "long-term" used in 'long-term maturities of finance lease obligations' has not been defined. However, the definition of 'non-current liability' in the Schedule III may be used as long-term liability for the above disclosure. Also, the phrase "term loan" has not been defined in the Schedule III. Term loans normally have a fixed or pre-determined maturity period or a repayment schedule.

8.2.3.8. As referred to in para 72 of the 2005 edition of the ICAI Statement on Companies (Auditor's Report) Order, 2003 (CARO) in the banking industry, for example, loans with repayment period beyond thirty six months are usually known as "term loans" (The same guidance is relevant for this item as per CARO 2016 also). Cash credit, overdraft and call money accounts/ deposit are, therefore, not covered by the expression "terms loans". Term loans are generally provided by banks and financial institutions for acquisition of capital assets which then become the security for the loan, i.e., end use of funds is normally fixed.

8.2.3.9. Deferred payment liabilities would include any liability for which payment is to be made on deferred credit terms. E.g. deferred payment for acquisition of Property, Plant and Equipment, etc.

8.2.3.10. Guidance on liability component of compound financial instrument, to the extent applicable, should be drawn from guidance given in paragraphs for Equity Share Capital (refer para 8.2.1.10. to para 8.2.1.22.). Moreover, disclosure requirements as applicable to 'Borrowings' should be given for compound instruments with liability component and instruments entirely liability in nature (for e.g., those instruments which entirely meet the definition of a financial liability as per para 11 of Ind AS 32).

8.2.3.11. Ind AS Schedule III also stipulates that the 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 or cross referencing.

8.2.3.12. 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. This is because the extent to which loan is secured may vary with the nature of asset against which it is secured.

8.2.3.13. When promoters, other shareholders or any third party have given any personal security for any borrowing, such as 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.

8.2.3.14. Ind AS Schedule III requires that under the head "Borrowings," period and amount of default as on the Balance Sheet date in repayment of borrowings and interest shall be specified separately in each case. Even one default by a company would create an obligation to disclose the period and amount of default. Further, in line with para 18 of Ind AS 107, if there was a default during the reporting period, an entity shall provide a disclosure even if the default was remedied before the financial statements were approved for issue.

8.2.3.15. The word "loan" has been used in a more generic sense. Hence, the 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, etc.

8.2.3.16. Ind AS Schedule III requires separate disclosure for default, as on the balance sheet date, in repayment of borrowings and interest but does not require any disclosure of breaches. However, para 18 of Ind AS 107 would require an entity to disclose only those breaches made during the reporting period, which permitted the lender to demand accelerated repayment and, were not remedied on or before the end of the reporting period.

8.2.3.17. Terms of repayment of term loans and other loans shall be disclosed. The term 'other loans' is used in general sense and should be interpreted to mean all categories listed under the heading 'Non – Current borrowings' as per Ind AS Schedule III. 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.

8.2.3.18. Disclosure of repayment terms should include the period of maturity with respect to the Balance Sheet date, number and amount of instalments due, the applicable rate of interest and other significant relevant terms, if any.

8.2.3.19. Deposits classified under Borrowings would include deposits accepted from public and inter corporate deposits which are in the nature of borrowings.

8.2.3.20. Loans from related parties are required to be disclosed. All the disclosure requirements of Non-current borrowings would be applicable to such loans from related parties.

8.2.4. Non-current Trade Payables

8.2.4.1. Ind AS Schedule III requires presenting 'Trade Payables' as a separate line item on the face of the Balance Sheet under 'Financial Liabilities'.

8.2.4.2. A payable shall be classified as 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. Hence, amounts due under contractual obligations or which are statutory payables can no longer be included within Trade Payables. Such items may include dues payable in respect of statutory obligations like contribution to provident fund or contractual obligations like contractually reimbursable expenses, amounts due towards purchase of capital goods, etc.

8.2.4.3. The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 however, requires specific disclosures to be made in the annual Financial Statements of the buyer wherever such Financial Statements are required to be audited under any law. Though not specifically required by Ind AS Schedule III, such disclosures will still be required to be made in the annual Financial Statements. The trade payables should present separately the portion representing outstanding dues of micro and small enterprises from the portion representing other trade payables.

8.2.4.4. The following disclosures are required under Sec 22 of MSMED Act, 2006 under the Chapter on Delayed Payments to Micro and Small Enterprises:

(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of accounting year;

(b) the amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;

(c) the amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid);

(d) The amount of interest accrued and remaining unpaid at the end of accounting year; and

(e) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.

8.2.4.5. The terms "appointed day", "buyer", "enterprise", "micro enterprise", "small enterprise" and" supplier", shall be as defined under clauses (b), (d), (e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006. Such statutory disclosures should be made by an entity in its Notes to Accounts.

8.2.5. Non-current other financial liabilities

8.2.5.1. Ind AS Schedule III requires presenting 'Other Financial Liabilities' as a separate line item on the face of the Balance Sheet under 'Financial Liabilities'. Items which meet the definition of financial liabilities as per Ind AS 32, like contingent consideration, derivative contracts, financial guarantee contracts issued, contractually reimbursable expenses etc., should be presented under other financial liabilities.

8.2.6. Non-current Provisions

8.2.6.1. This should be classified into 'provision for employee benefits' and 'others' specifying the nature. Provision for employee benefits, mainly unfunded defined post-employment benefits, are bifurcated into non-current and current of which the non-current portion shall be disclosed under this para. All non-current provisions, other than those related to employee benefits should be disclosed separately based on their nature. Such items would include provision for warranties, etc.

8.2.7. Other non-current liabilities

8.2.7.1. These should be classified as 'advances' and 'others', specifying the nature. All advances that are not financial liabilities as defined in Ind AS 32 should be classified under 'Other non-current liabilities'. For e.g., amount received in advance against goods to be sold or services to be provided. 'Others' should include other non-current liabilities for e.g., statutory dues payable, legal claims outstanding, interest payable on unpaid amount to supplier as per MSMED Act, 2006, if such interest payable is not a contractual obligation as per the MSMED Act, 2006.

Current Liabilities

As per Ind AS Schedule III, all items of assets and liabilities are to be bifurcated between current and non-current portions. In some cases, the items presented under the "non-current" head of the Balance Sheet may not have a corresponding "current" head. Since Ind AS Schedule III permits the use of additional line items, in such cases the current portion should be classified under the "Current" category of the respective balance as a separate line item and other relevant disclosures should be made.

8.2.8. Current Borrowings

(i) Current Borrowings shall be classified as:

  (a) Loans repayable on demand

  - from banks;
  - from other parties.

  (b) Loans from related parties;

  (c) Deposits;

  (d) Other loans (specify nature).

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

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

(iv) Period and amount of default as on the Balance Sheet date in repayment of borrowings and interest shall be specified separately in each case.

Loans payable on demand should be treated as part of current borrowings. Current borrowings will include all loans payable within a period of 12 months from the date of the loan. In the case of current borrowings, the period and amount of defaults existing as at the date of the Balance Sheet should be disclosed (item-wise).

Guidance on disclosure on various matters under this para should also be drawn, to the extent possible, from the guidance given under Non-current Borrowings.

8.2.9. Current Trade Payables

Guidance on disclosure under this clause should be drawn from the guidance given under Non-Current Trade Payables, to the extent applicable.

8.2.10. Other Current Financial Liabilities

The amounts shall be classified as:

(a) Current maturities of long-term debt;

(b) Current maturities of finance lease obligations;

(c) Interest accrued;

(d) Unpaid dividends;

(e) Application money received for allotment of securities to the extent refundable and interest accrued thereon;

(g) Unpaid matured deposits and interest accrued thereon;

(h) Unpaid matured debentures and interest accrued thereon;

(i) Others (specify nature).

The portion of non-current borrowings / lease obligations, which is due for payments within twelve months of the reporting date is required to be classified under "Other current financial liabilities" while the balance amount should be classified under non-current borrowings.

Current maturities of long-term debt

Ind AS Schedule III requires presenting 'current maturities of long-term debt' under 'Other Financial Liabilities' grouped under 'Current Liabilities'. Long-term debt is specified in Ind AS Schedule III as a borrowing having a period of more than twelve months at the time of origination. However, current maturities of long-term debt are of the nature of a 'Borrowings' but since Ind AS Schedule III specifically provides a separate line item for presenting current maturities of long-term debt under Other Financial Liabilities, it is recommended that companies follow the presentation requirements of Ind AS Schedule III.

Interest Accrued

Interest accrued on financial liabilities shall form part of its carrying amount whether it is at amortized cost (i.e. as per effective interest method), or at fair value. Accordingly, an entity may not present 'Interest Accrued' separately from the related financial liability.

8.2.11. Other Current Liabilities

The amounts shall be classified as:

(a) revenue received in advance;

(b) other advances (specify nature);

(c) others (specify nature);

Other advances, that satisfy the requirements for being classified as current and that are not financial liabilities as defined in Ind AS 32, should be classified under 'Other current liabilities'. For e.g., amount received in advance. Others should include items under other current liabilities for e.g., statutory dues payable, legal claims outstanding.

Trade Deposits and Security Deposits, which do not meet the definition of financial instruments, should be classified as 'Others' grouped under this head. Others may also include liabilities in the nature of statutory dues such as Withholding taxes, Service Tax, VAT, Excise Duty, Goods and Services Tax (GST), etc.

Guidance on disclosure under this clause should be drawn from the guidance given under Other Non-Current Liabilities, to the extent applicable.

8.2.12. Current provisions

The amounts shall be classified as:

(a) Provision for employee benefits;

(b) Others (specify nature).

Others would include all provisions other than provisions for employee benefits such as provision for warranties, provision for decommissioning liabilities, etc. These amounts should be disclosed separately specifying nature thereof.

8.2.13. Liabilities for non-current assets held for sale

The presentation of liabilities associated with group of assets classified as held for sale and non-current assets classified as held for sale shall be in accordance with Ind AS 105. (Refer Annexure F for Illustrative Standalone & Consolidated Financial Statements **Pg 158**)

8.2.14. Contingent liabilities and commitments

(i) Contingent liabilities shall be classified as:

- (a) Claims against the company not acknowledged as debt;
- (b) Guarantees excluding financial guarantees; and
- (c) Other money for which the company is contingently liable

(ii) Commitments shall be classified as:

- (a) Estimated amount of contracts remaining to be executed on capital account and not provided for;
- (b) Uncalled liability on shares and other investments partly paid
- (c) Other commitments (specify nature).

The provisions of *Ind AS-37 Provisions, Contingent Liabilities and Contingent Assets*, will be applied for determining contingent liabilities.

8.2.14.1. A contingent liability in respect of guarantees arises when a company issues guarantees to another person on behalf of a third party e.g. when it undertakes to guarantee the loan given to a subsidiary or to another company or gives a guarantee that another company will perform its contractual obligations. However, where a company undertakes to perform its own obligations, and for this purpose issues, what is called a "guarantee", it does not represent a contingent liability and it is misleading to show such items as contingent liabilities in the Balance Sheet. For various reasons, it is customary for guarantees to be issued by Bankers e.g. for payment of insurance premium, deferred payments to foreign suppliers, letters of credit, etc. For this purpose, the company issues a "counter-guarantee" to its Bankers. Such "counter-guarantee" is not really a guarantee at all, but is an undertaking to perform what is in any event the obligation of the company, namely, to pay the insurance premium when demanded or to make deferred payments when due. Hence, such performance guarantees and counter-guarantees should not be disclosed as contingent liabilities.

8.2.14.2. Ind AS Schedule III requires guarantees other than financial guarantees to be disclosed as a part of contingent liabilities, since financial guarantees are recognized on the balance sheet in accordance with Ind AS 109. Ind AS 107 specifies certain disclosure in respect of the exposure to credit risk on financial guarantee contracts as a part of the disclosures on ‘credit risk exposures’, which an entity should provide in its Notes to Accounts.

8.2.14.3. The Ind AS Schedule III also requires disclosures pertaining to various commitments such as Capital commitments not provided for and Uncalled liability on shares. It also requires disclosures pertaining to ‘Other commitments’, with specification of nature thereof.

8.2.14.4. The word ‘commitment’ has not been defined in the Schedule III. The Guidance Note on Terms Used in Financial Statements issued by ICAI defines ‘Capital Commitment’ as future liability for capital expenditure in respect of which contracts have been made. Hence, drawing inference from such definition, the term ‘commitment’ would simply imply future liability for contractual expenditure. Accordingly, the term ‘Other commitments’ would include all expenditure related contractual commitments apart from capital commitments such as commitments arising from long-term contracts for purchase of raw material, employee contracts, lease commitments, etc. The scope of such terminology is very wide and may include contractual commitments for purchase of inventory, services, investments, employee contracts, etc. However, the disclosure of all contractual commitments should be made bearing in mind the overarching principle under Note 4(ii) in General Instructions for Preparation of Financial Statements that “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.”

8.2.14.5. Disclosures relating to lease commitments for non-cancellable leases are required to be disclosed by *Ind AS-17 Leases*.

8.2.14.6. Accordingly, the disclosures required to be made for ‘other commitments’ should include only those non-cancellable contractual commitments (i.e. cancellation of which will result in a penalty disproportionate to the benefits involved) based on the professional judgement of the management which are material and relevant in understanding the Financial Statements of the company and impact the decision making of the users of Financial Statements. Examples may include commitments in the nature of buy-back arrangements, commitments to fund subsidiaries and associates, non-disposal of investments in subsidiaries and undertakings, derivative related commitments, etc.

8.2.14.7. The Ind AS Schedule III requires disclosure of the amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share to be disclosed separately. Though, the Act prohibits issue of irredeemable preference shares, Ind AS Schedule III requires separate disclosure of the arrears of fixed cumulative dividends on irredeemable preference shares. Term ‘irredeemable’ is used in the context of compulsorily convertible preference share rather than in the context of perpetual preference share which are neither convertible nor redeemable. *Ind AS-10 Events after the Reporting Period* requires that dividends in respect of the period covered by the Financial Statements, which are proposed or declared by the enterprise after the Balance Sheet date but before approval of the Financial Statements, should not be adjusted but should be disclosed in accordance with *Ind AS-1 Presentation of Financial Statements*.

8.2.14.8. The Ind AS Schedule III requires that where, in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specific purpose at the Balance Sheet date, then the company shall indicate by way of note, how such unutilized amounts have been used or invested.

8.3. Regulatory Deferral Account Balances

Regulatory Deferral Account Balances are defined in Ind AS 114 as that arising when an entity provides goods or services to customers at a price or rate that is subject to rate regulation.

Note 11 of General Instruction for Preparation of Balance Sheet requires Regulatory Deferral Account Balances to be presented in the Balance Sheet in accordance with the relevant Ind AS.

Accordingly, as per Ind AS 114, the entity shall not classify the totals of regulatory deferral account balances as current or non-current. Instead, the separate line items for the totals of all regulatory deferral account debit balances and the totals of all regulatory deferral account credit balances shall be distinguished from the assets and liabilities that are presented in accordance with other Standards by the use of sub-totals, which are drawn before the regulatory deferral account balances are presented.

8.4. Presentation of earlier comparative period

Note 7 to General Instructions for Preparation of Balance Sheet states that when a company applies an accounting policy retrospectively or makes a restatement of items in the financial statements or when it reclassifies items in its financial statements, the company shall attach to the Balance Sheet, a Balance Sheet as at the beginning of the earliest comparative period presented.

Similar requirement is also in para 40A of Ind AS 1, which requires an entity to present a third balance sheet as at the beginning of the preceding period in addition to the minimum comparative financial statements required if:

a. An entity applies an accounting policy retrospectively, makes a retrospective restatement of items in its financial statements or reclassifies items in its financial statements; and

b. The retrospective application, retrospective restatement or the reclassification has a material effect on the information in the balance sheet at the beginning of the preceding period.

8.5 Specified Bank Notes

As per the amendments notified on 30th March, 2017 to Ind AS Schedule III, Clause K is inserted in Note 6 to General Instructions for Preparation of Balance Sheet stating that every company shall disclose the details of Specified Bank Notes (‘SBN’) held and transacted during the period

8th November, 2016 to 30th December, 2016 as provided in the following table:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016			
(+) Permitted receipts			
(-) Permitted payments			
(-) Amounts deposited in Banks			
Closing cash in hand as on 30.12.2016			

It is further stated that the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8th November, 2016.

The companies may disclose separately, the details about SBNs as required above, in Notes to Accounts.

It is recommended that one should refer 'Implementation Guide on Auditor's Report under Rule 11(d) of Companies (Audit and Auditors) Amendment Rules, 2017 and Amendment to Schedule III to Companies Act, 2013', pursuant to Notification No. G. S.R. 307(E) and Notification No. G.S.R. 308(E) dated 30th March, 2017, as issued by the Auditing and Assurance Standards Board of ICAI

9. Part II – Statement of Profit and Loss and Notes – General Instructions for Preparation of Statement of Profit and Loss: Notes 1 to 6

Part II deals with disclosures relating to the Statement of Profit and Loss. The format prescribed is the vertical form wherein disclosure for revenues and expenses has been given in various line items. Part II contains items I to XVIII which lists items of Revenue, Expenses, Profit / (Loss) and Other Comprehensive Income. "General Instructions for Preparation of Statement of Profit and Loss" govern the other disclosures and presentation aspects related to the Statement of Profit and Loss.

As per Note 1 of "General Instructions for Preparation of Statement of Profit and Loss", the provisions of this part also apply to the income and expenditure account referred to in sub clause (ii) of clause (40) of section 2 of the Act in the same manner as they apply to a Statement of Profit and Loss.

As per Note 2 of "General Instructions for Preparation of Statement of Profit and Loss", the Statement of Profit and Loss shall include:

(1) Profit or loss for the period;

(2) Other Comprehensive Income for the period.

The sum of (1) and (2) above is 'Total Comprehensive Income'.

'Profit or loss' is defined in Ind AS 1 as '*the total of income less expenses, excluding the components of other comprehensive income*.

'Other comprehensive income' is defined in Ind AS 1 as '*comprising items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other Ind ASs*.

Other comprehensive income shall be presented as:

(a) Items that will not be reclassified to profit or loss and its related income tax effects;

(b) Items that will be reclassified to profit or loss and its related income tax effects.

'Reclassification adjustments' are defined in Ind AS 1 as *amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods.*

As per Ind AS 1 'Total Comprehensive Income' comprises all components of 'profit or loss' and of 'other comprehensive income'.

The Statement of Profit and Loss is a single statement of profit and loss, with profit or loss and other comprehensive income presented in two sections, as per Part II of Ind AS Schedule III. The sections are presented together, with the profit or loss section presented first followed directly by the other comprehensive income section. This is in sync with para 10A of Ind AS 1.

Ind AS 1 prohibits an entity from presenting any items of income or expense as extraordinary items, in the statement of profit and loss or in the notes. Accordingly, there are no line items like 'Extraordinary items' and 'Profit before extraordinary items and tax' in this Schedule.

The specific format laid down for presentation of various items of Income and

Expenses in the Statement of Profit and Loss indicate that expenses should be aggregated based on their nature, which is in sync with Ind AS 1 para 99. Accordingly, functional classification of expenses is prohibited.

As per the Ind AS Framework for the Preparation and Presentation of Financial Statements, Income and expenses are defined as follows:

(a) *Income* encompasses both revenue and gains. Revenue arises in the course of the ordinary activities of an entity. Gains represent other items that meet the definition of income and may or may not, arise in the course of the ordinary activities of an entity. Gains represent increases in economic benefits and as such are no different in nature from revenue.

(b) *Expenses* encompasses losses as well as those expenses that arise in the course of the ordinary activities of the entity. Losses represent other items that meet the definition of expenses and may or may not, arise in the course of the ordinary activities of the entity. Losses represent decreases in economic benefits and as such they are no different in nature from other expenses.

Further, separate line items should be included in the profit or loss section of the Statement of Profit and Loss to present the following items in line with para 82 of Ind AS 1:

(a) Revenue, presenting separately interest revenue calculated using the effective interest method;

(b) Gains and losses arising from the de-recognition of financial assets measured at amortized cost;

(c) Finance costs

(d) Impairment losses (including impairment gains or reversals of impairment losses) determined as per Ind AS 109, Section 5.5;

(e) Share of profit or loss of associates and joint ventures accounted for using the equity method;

(f) Any gain or loss arising from a difference between the previous amortized cost of the financial asset and its fair value at the date when the financial asset is reclassified from amortized cost to fair value through profit or loss;

(g) Any cumulative gain or loss previously recognized in other comprehensive income that is reclassified to profit or loss, when the financial asset is reclassified from fair value through other comprehensive to fair value through profit or loss;

(h) A single amount for the total of discontinued operations, as per Ind AS 105.

In separately disclosing the above, consideration should be given to Note 7(c) of General Instructions for Preparation of Statement of Profit and Loss, that requires disclosure of any item of income or expenditure exceeding one percent of the revenue from operations or Rs. 10,00,000, whichever is higher, in addition to the consideration of 'materiality'. An entity should consider these requirements as mutually exclusive.

9.1. Revenue from operations

The aggregate of Revenue from operations needs to be disclosed on the face of the Statement of Profit and Loss as per Schedule III.

9.1.1. Note 3 of General Instructions for the Preparation of Statement of Profit and Loss require that revenue from operations is to be separately disclosed in the notes, showing revenue from:

(a) Sale of products (including Excise Duty);

(b) Sale of services; and

(c) Other operating revenues

9.1.2. As per the definition of Revenue in Ind AS 18, *"revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants."* Further, as per Ind AS 18, revenue includes only the gross inflows of economic benefits received / receivable by the entity on its own account. Amounts collected on behalf of third parties such as sales taxes, goods and service taxes and value added taxes are not economic benefits which flow to the entity and do not result in increases in equity. Therefore, they are excluded from revenue. Similarly, in an agency relationship, the gross inflow of economic benefits include amounts collected on behalf of the principal and which do not result in increases in equity for the entity. The amounts collected on behalf of the principal are not revenue.

9.1.3. Indirect taxes such as Sales tax, Service tax, etc. are generally collected from the customer on behalf of the government in majority of the cases. However, this may not hold true in all cases and it is possible that a company may be acting as principal rather than as an agent in collecting these taxes. Whether revenue should be presented gross or net of taxes should depend on whether the company is acting as a principal and hence, is responsible for paying tax on its own account or, whether it is acting as an agent i.e. simply collecting and paying tax on behalf of government authorities. If the entity is the principal, then revenue should also be grossed up for the tax billed to the customer and the tax payable should be shown as an expense. However, in cases, where a company collects such taxes only as an agent, revenue should be presented net of taxes.

9.1.4. On the other hand, recovery of excise duty is an inflow that the entity receives on its own account. For the manufacturer it is a part of the cost of production, irrespective of whether the goods are sold or not. The manufacturer acts as a principal in collecting excise duty and therefore, revenue should be grossed up to include excise duty. Excise duty paid should be presented as a separate line item under the 'Expenses' head on the face of Statement of Profit and Loss. (Refer **Annexure F (Pg 158)**)

9.1.5. Moreover, SEBI issued clarification, regarding its format for publishing financial information by listed entities, that 'Income from Operations' may be disclosed inclusive of excise duty.

9.1.6. Under the GST regime, the collection of GST by an entity would not be an inflow on the entity's own account but it shall be made on behalf of the government authorities. Accordingly, the revenue should be presented net of GST.

9.1.7. Revenue from operations needs to be disclosed separately as revenue from

(a) sale of products,

(b) sale of services and

(c) other operating revenues.

It is important to understand what is meant by the term "other operating revenues" and which items should be classified under this head vis-à-vis under the head "Other Income".

9.1.8. The term "other operating revenue" is not defined. This would include Revenue arising from a company's operating activities, i.e., either its principal or ancillary revenue-generating activities, but which is not revenue arising from sale of products or rendering of services. Whether a particular income constitutes "other operating revenue" or "other income" is to be decided based on the facts of each case and detailed understanding of the company's activities.

9.1.9. The classification of income would also depend on the purpose for which the particular asset is acquired or held. For instance, a group engaged in manufacture and sale of industrial and consumer products also has one real estate arm. If the real estate arm is continuously engaged in leasing of real estate properties, the rent arising from leasing of real estate is likely to be "other operating revenue". On the other hand, consider a consumer products company which owns a 10 storied building. The company currently does not need one floor for its own use and has given the same temporarily on rent. In that case, lease rent is not an "other operating revenue"; rather, it should be treated as "other income".

9.1.10. To take other examples, sale of Property, Plant and Equipment is not an operating activity of a company, and hence, profit on sale of Property, Plant and Equipment should be classified as other income and not other operating revenue. On the other hand, sale of manufacturing scrap arising from operations for a manufacturing company should be treated as other operating revenue since the same arises on account of the company's main operating activity.

9.2. Other income

The aggregate of 'Other income' is to be disclosed on face of the Statement of Profit and Loss. As per Note 5 of General Instructions for the Preparation of Statement of Profit and Loss 'Other Income' shall be classified as:

(a) Interest Income;

(b) Dividend Income;

(c) Other non-operating income (net of expenses directly attributable to such income).

Ind AS 107, para 20(b) requires total interest revenue calculated using the effective interest method for financial assets that are measured at amortized cost and that are measured at FVOCI, to be shown separately.

Accordingly, 'Interest Income' for financial assets measured at amortized cost and for financial assets measured at FVOCI, calculated using effective interest method, should be presented in separate line items under 'Other Income'.

Further, Ind AS 107 para B5(e) requires a company to disclose whether interest income on financial assets measured at FVTPL is included as a part of fair value changes. Accordingly, a company shall disclose as its accounting policy, whether it presents interest income on financial assets at FVTPL as a part of fair value changes or presents separately.

Presentation and disclosure of 'net gains (losses) on fair value changes' should be made as below:

Net gains (losses) on fair value changes

As per Ind AS 107 para 20(a), the fair value gains or losses (net) on financial assets which are measured at FVTPL should be presented under 'Other non-operating income' with the following line items:

Net gains (losses) on fair value changes		
	Figures at current reporting period end	**Figures at previous reporting period end**
Investments classified at FVTPL		
Investments designated at FVTPL		
Derivatives at FVTPL		
Other Financial Instruments classified as FVTPL		
Other Financial Instruments designated at FVTPL		
Reclassification adjustments		
Realised gain on debt investments classified as FVOCI		
Others (to be specified)		
Total Net gains (losses) on fair value changes*		

** Total Net gains (losses) on fair value changes include Rs. xxxx (previous year: Rs. xxxxx) as 'Net gain or loss on sale of investments'.*

For other non-operating income, income should be disclosed under this head net off expenses directly attributable to such income. However, the expenses so netted off should be separately disclosed.

9.3. Share of profits/losses in a Partnership firms

9.3.1. Though, there is no specific requirement in the Ind AS Schedule III to disclose profit or losses on investments in a partnership firm as was required by the Old Schedule VI, the same should be disclosed as discussed hereunder.

9.3.2. The accounting of return on investment (i.e. profit share from partnership) will depend on the terms of contract between Company and partnership firm. The share of profit in partnership firm shall be recognised as income in the statement of profit and loss as and when the right to receive the profit share is established. Hence, the same should be accordingly accounted for by the company in its Standalone Financial Statements,, except where the investment in partnership firm is identified as a joint operation (Refer para 9.3.6. below- **Pg 78**).

9.3.3. Separate disclosure of profits or losses from partnership firms should be made. In a case where the company was a partner during the year but is not a partner at the end of the year, the disclosure should be made for the period during which the company was a partner.

9.3.4. The company's share of the profits or losses of the partnership firm should be calculated by reference to the company's own accounting year. The Financial Statements of the partnership for computing the share of profits and losses should be drawn up to the same reporting date. If it is not practicable to draw up the Financial Statements of the partnership upto such date and, are drawn up to a different reporting date, drawing analogy from Ind AS 110 – Consolidated Financial Statements and Ind AS 111 – Joint Arrangements, adjustments should be made for the effects of significant transactions or other events that occur between that date and the date of the parent's Financial Statements. In any case, the difference between reporting dates should not be more than three months. In such cases, the difference in reporting dates should be disclosed.

9.3.5. In case the year ending of the company and of the firm fall on different dates, the Financial Statements of the company should also contain a note to indicate that the accounting period of the partnership firm in respect of which the profits or losses have been accounted for in the company's books.

9.3.6. If however, a partnership firm happens to be in the nature of a Joint Operation as defined in Ind AS 111, the share of incomes, expenses, assets or liabilities will have to be accounted by the company in itsStandalone Financial Statements as prescribed in Ind AS 111.

9.3.7. In case the partnership firm is a Subsidiary under Ind AS 110, Associate under Ind AS 28 or Joint Venture /Joint Operation under Ind AS 111, in the Consolidated Financial Statements, the share of profit/loss from the firm should be accounted for in terms of the applicable Ind AS as stated above.

9.3.8. The aforesaid principles should also be applied to accounting for the share of profits and losses in an Association of Persons (AOP).

9.4. Share of profits/losses in a Limited Liability Partnership (LLP)

9.4.1. A Limited Liability Partnership, as per the LLP Act, is a body corporate. The accounting of return on investment in LLP (i.e. profit share from LLP) will depend on the terms of contract between Company and LLP. The share of profit in LLP shall be recognised as income in the statement of profit and loss as and when the right to receive its profit share is established by the company.

9.4.2. Depending upon the terms of agreement between the Partners, the LLP may be a Subsidiary under Ind AS 110, Associate under Ind AS 28 or Joint Arrangement under Ind AS 111. Hence, accounting in respect of the same in the Consolidated Financial Statements would be governed by the applicable Ind AS.

9.4.3. Additionally, principles of para 9.3.4 and para 9.3.5 above will apply to an LLP as well.

9.5. Expenses

The aggregate of the following expenses are to be disclosed on the face of the Statement of Profit and Loss:

- 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

9.5.1. Cost of materials consumed

This disclosure is applicable for manufacturing companies. Materials consumed would consist of raw materials, packing materials (where classified by the company as raw materials) and other materials such as purchased intermediates and components which are 'consumed' in the manufacturing activities of the company. Where packing materials are not classified as raw materials the consumption thereof should be disclosed separately. However, intermediates and components which are internally manufactured are to be excluded from the classification:

9.5.1.1. For purpose of classification of inventories, internally manufactured components may be disclosed as below:

(i) where such components are sold without further processing they are to be disclosed as 'finished products'.

(ii) where such components are sold only after further processing, the better course is to disclose them as 'work-in-progress' but they may also be disclosed as 'manufactured components subject to further processing' or with such other suitable description as 'semi-finished products' or 'intermediate products'.

(iii) where such components are sometimes sold without further processing and sometimes after further processing it is better to disclose them as 'manufactured components'.

9.5.1.2. For the purpose of interpreting the requirement to classify the raw materials, some guidance may be necessary with regard to the question as to what constitutes raw materials. According to the strict dictionary connotation of this term, raw materials would include only materials obtained in the state of nature. Such a definition would, however, be unrealistic in context of this requirement because it would exclude even a basic material such as steel. Generally speaking, the term “raw materials” would include materials which physically enter into the composition of the finished product. Materials, such as stores, fuel, spare parts etc, which do not enter physically into the composition of the finished product, would therefore, be excluded from the purview of the term “raw materials”.

9.5.1.3. The requirement is silent with regard to containers and packaging materials. It is, therefore, open to question whether such materials constitute a category of “raw materials” for the purpose of the classification. The matter should be decided in the light of the facts and circumstances of each case, the nature of the containers and packaging materials, their relative value in comparison to the raw materials consumed, and other similar considerations. Where, however, packaging materials, because of their nature are included in raw materials it is preferable to show the description as “raw materials including packaging materials consumed”.

9.5.1.4. Since in case of a company which falls under the category of manufacturing or manufacturing and trading company, disclosure is required with regard to raw materials consumed, care should be taken to ensure that the figures relate to actual consumption rather than "derived consumption". The latter figure is ordinarily obtained by deducting the closing inventory from the total of the opening inventory and purchases, but this figure may not always represent a fair indication of actual consumption because it might conceal losses and wastages. On the other hand, if the figure of actual consumption can be compiled from issue records or other similar data, it is likely to be more accurate. Where this is not possible, the derived figure of consumption may be shown and it is left to the company, according to the circumstances of each case, to determine whether any footnote is required to indicate that the consumption disclosed is on the basis of derived figures rather than actual records of issue.

9.5.1.5. Where the consumption is disclosed on the basis of actual records of issue, a further question arises with regard to the treatment of shortages, losses and wastages. In most manufacturing companies, these are inevitable. It is, therefore, suggested that the company should itself establish reasonable norms of acceptable margins. Any shortages, losses or wastages which are within these norms may be regarded as an ordinary incidence of the manufacturing process and may, therefore, be included in the figure of consumption. On the other hand, any shortages, losses or wastages which are beyond the permitted margin or when they are known to have occurred otherwise than in the manufacturing process, should not be included in the consumption figures. Whether or not such abnormal variations need to be separately disclosed in the accounts would depend upon the facts and circumstances of each case. The General Instructions for Preparation of Statement of Profit and Loss do not require any specific disclosures.

9.5.1.6. In the case of industries where there are several processes, materials may move from process to process, so that the finished product of one department constitutes the raw materials of the next. The consumption of raw materials for production of such intermediates would have to be accounted as raw materials consumed and so, it follows that internal transfers from one department to another should be disregarded in determining the consumption figures to be disclosed.

9.5.2. Purchases of Stock in Trade

Stock-in-trade refers to goods purchased normally with the intention to resell or trade in. In case, any semi-finished goods/materials are purchased with an intention of doing further processing activities on the same, the same should be included in 'cost of materials consumed' rather than under this item.

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

This requires disclosure of difference between opening and closing inventories of finished goods, work-in-progress and stock-in-trade. The difference should be disclosed separately for finished goods, work in progress and stock in trade.

9.5.4. Employee benefits expense [Note 7(a)]

This requires disclosure of the following details:

9.5.4.1. Salaries and wages

The aggregate amounts paid/payable by the company for payment of salaries and wages are to be disclosed here. Expenses on account of bonus, leave encashment, compensation and other similar payments also need to be disclosed here. Where a separate fund is maintained for Gratuity payouts, contribution to Gratuity fund should be disclosed under the sub-head Contribution to provident and other funds.

The term employee should be deemed to include directors who are either in whole-time or part-time employment of the company. It will exclude those directors who attend only Board meetings and are not under a contract of service with the company. Those who act as consultants or advisers without involving the relationship of master and servant with the company should also be excluded. A distinction should be made between persons engaged under a contract of service and those engaged under a contract for services. Only the former are to be included in the computation. Whether part-time employees are to be included would depend on the facts and circumstances of each case - the basic criterion being whether they are employed under a contract of service or a contract for services.

9.5.4.2. Contribution to provident and other funds

The aggregate amounts paid / payable by a company on account of contributions to provident fund and other funds like Superannuation fund are to be disclosed here. This is true for defined contribution plans since the expense recognized for a defined benefit plan is not necessarily the amount of the contribution due for the period.

Contributions for such funds for contract labour may also be separately disclosed here. However, penalties and other similar amounts paid to the statutory authorities are not strictly in the nature of 'contribution' and should not be disclosed here.

9.5.4.3. Share based payment to employees

The amount of expense under this head should be determined in accordance with *Ind AS 102 – Share-based Payments* and/or the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as applicable. Companies should also consider all disclosures required by the Ind AS 102.

9.5.4.4. Staff welfare expense

The total expenditure on staff welfare is to be disclosed herein.

9.5.5. Finance Costs

As per Note 4 of the General Instructions for the Preparation of the Statement of Profit and Loss, disclosure of Finance costs is to be bifurcated under the following:

(A) Interest;

(B) Dividend on redeemable preference shares

(C) Exchange differences regarded as an adjustment to borrowing costs;

(D) Other borrowing costs (specify nature).

A) Interest expense

This would present the following types of finance charges incurred by the Company:

(a) Interest cost on financial liabilities measured at amortized cost such as borrowings from banks and others, on debentures, bonds or similar instruments etc. calculated as per the effective interest method;

(b) Unwinding of the discount that results in an increase in financial liabilities such as security deposits for assets taken on lease;

(c) Increases in the carrying amount of provisions / decommissioning liabilities where such increase reflects the passage of time;

(d) Finance charges on finance leases that are in the nature of interest expense;

(e) Net interest on net defined benefit liability which reflects the change in net defined benefit liability that arises from the passage of time.

Accordingly, all of the above should also be classified as interest expense, except that an entity shall have a choice in presenting, as employee benefits costs, the net interest on net defined benefit liability which reflects the change in net defined benefit liability that arises from the passage of time.

Further, Ind AS 107 para 20(b) requires total interest expense calculated using the effective interest method for financial liabilities that are not measured at FVTPL to be shown separately. Accordingly, the same shall be presented as a separate line item under ' Finance Costs'.

B) Dividend on redeemable preference shares

Dividend on preferences shares, whether redeemable or convertible, is of the nature of 'Interest expense', only where there is no discretion of the issuer over the payment of such dividends. In such case, the portion of dividend as determined by applying the effective interest method should be presented as 'Interest expense' under 'Finance cost'. Accordingly, the corresponding Dividend Distribution Tax on such portion of non-discretionary dividends should also be presented in the Statement of Profit and Loss under 'Interest expense'.

On the other hand, where there is a discretion of issuer over the payments of dividend on preference shares, whether redeemable or convertible, the entire dividend is in the nature of distribution of profit and accordingly, shall be presented in Statement of Changes in Equity. Accordingly, the corresponding Dividend Distribution Tax should also be presented in Statement of Changes in Equity.

C) Exchange differences regarded as an adjustment to borrowing costs

Foreign exchange differences arising on foreign currency borrowings shall be disclosed under finance cost.

In accordance with Ind AS 23 – 'Borrowing Costs' that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense. Such borrowing costs will also include exchange difference regarded as an adjustment to borrowing costs in accordance with para 6(e) and 6A of Ind AS 23.

Accordingly, foreign exchange differences relating to foreign currency borrowings to the extent not capitalized in accordance with Ind AS 23, would continue to be disclosed under finance costs.

D) Other borrowing costs

Other borrowing costs would include commitment charges, loan processing charges, guarantee charges, loan facilitation charges, discounts/premium on borrowings, other ancillary costs incurred in connection with borrowings, or amortization of such costs, etc. Such finance costs that do not meet the definition of transaction costs directly attributable to issue of a financial liability and are therefore not included as a part of EIR, shall be presented under 'Other borrowing costs'.

9.5.6. Depreciation and amortization expense

A company has to disclose depreciation provided on Property, Plant and Equipment, Investment Property and amortization of intangible assets under this head.

9.5.7. Other Expenses

All other expenses not classified under other heads will be classified here. Net losses on fair value changes should be classified under 'Other Expenses'. (Refer para 9.2. for the line items to be presented as a part of Net gains (losses) on fair value changes)

9.6. Exceptional items

The term 'Exceptional items' is neither defined in Ind AS Schedule III nor in Ind AS. However, Ind AS 1 has reference to such items in paras 85, 86, 97 and 98.

Para 85 states that additional line items, headings and subtotals in the statement of profit and loss shall be presented, when such presentation is relevant to an understanding of the entity's financial performance.

Further, para 86 states that disclosing the components of financial performance assists users in understanding the financial performance achieved and in making projections of future financial performance. An entity considers factors including materiality and the nature and function of the items of income and expense.

Para 97 states that when items of income or expense are material, an entity shall disclose their nature and amount separately. Para 98 gives circumstances that would give rise to the separate disclosure of items of income and expense and includes:

(a) Write-downs of inventories to net realisable value or of property, plant and equipment to recoverable amount, as well as reversals of such write-downs;

(b) restructurings of the activities of an entity and reversals of any provisions for the costs of restructuring;

(c) disposals of items of property, plant and equipment;

(d) disposals of investments;

(e) discontinued operations;

(f) litigation settlements; and

(g) other reversals of provisions.

In case the company has more than one such item of income / expense of the above nature which is exceptional, then such items should be disclosed on the face of the Statement of Profit and Loss. Details of the all individual items should be disclosed in the Notes.

9.7. Tax expense

This is to be disclosed on the face of the Statement to Profit and Loss and bifurcated into:

(1) Current tax and

(2) Deferred tax

9.7.1. Current tax

The term 'Current tax' has been defined under Ind AS-12 "Income Taxes" as the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for a period. Hence, details of all taxes on income payable under the applicable taxation laws should be disclosed here.

Any interest on shortfall in payment of advance income-tax is in the nature of finance cost and hence should not be clubbed with the Current tax. The same should be classified as Interest expense under finance costs. However, such amount should be separately disclosed.

Any penalties levied under Income tax laws should not be classified as Current tax. Penalties which are compensatory in nature should be treated as interest and disclosed in the manner explained above. Other tax penalties should be classified under 'Other Expenses'.

Excess/Short provision of tax relating to earlier years should be separately disclosed.

9.7.2. Deferred tax

Any charge/credit for deferred taxes needs to be disclosed separately on the face of the Statement of Profit and Loss.

Ind AS 12 defines 'deferred tax liabilities', 'deferred tax assets', 'temporary differences' as:

'Deferred tax liabilities' are the amounts of income taxes payable in future periods in respect of taxable temporary differences;

'Deferred tax assets' are the amounts of income taxes recoverable in future periods in respect of:

(a) deductible temporary differences;

(b) the carry forward of unused tax losses; and

(c) the carry forward of unused tax credits.

'Temporary differences' are differences between the carrying amount of an asset or liability in the balance sheet and its tax base

Ind AS 12 has the concept of temporary differences as against AS 22 which had a concept of timing differences. Moreover, deferred tax asset is defined in Ind AS 12 to include the carry forward of unused tax credits. MAT Credits are in the form of unused tax credits that are carried forward by the company for a specified period of time. Accordingly, MAT Credit Entitlement should be grouped with Deferred Tax Asset (net) in the Balance Sheet of an entity and a separate note should be provided specifying the nature and amount of MAT Credit included as a part of deferred tax. However, the company should review at each balance sheet date the reasonable certainty to recover deferred tax asset including MAT Credit Entitlement. (Also, refer para 7.12 above for classification of MAT Credit Entitlement)

Correspondingly, MAT Credit Entitlement should be grouped with deferred tax in the Statement of Profit and Loss and a separate note should be provided specifying the amount of MAT Credit.

9.8. Profit / (loss) from discontinued operations

The term 'discontinued operations' is defined in Ind AS 105 *"Non-current Assets Held for Sale and Discontinued Operations" as a component of an entity that either has been disposed of or is classified as held for sale and:*

(a) represents a separate major line of business or geographical area of operations,

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Profit or loss from Discontinued Operations needs to be separately disclosed on the face of Statement of Profit and Loss. This disclosure is in line with the disclosure requirement of Ind AS 105 para 33(a) which requires a single amount in the statement of profit and loss comprising the total of: (i) post-tax profit or loss of discontinued operations; and (ii) post-tax gain or loss recognized on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

Further, Ind AS-105 para 33(b) requires an entity to present an analysis of a single amount either in Notes or on the face of the Statement of Profit and Loss:

(i) the revenue, expenses and pre-tax profit or loss of discontinued operations;

(ii) the gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

(iii) the related income tax expense as required by paragraph 81(h) of Ind AS 12.

If the above analysis is presented in the Statement of Profit and Loss, then it shall be presented in a section identified as relating to discontinued operations, i.e. separately from continuing operations.

9.9. Tax expense of discontinued operations

In case there are any taxes payable / tax credits available on profits / losses of discontinued operations, the same needs to be disclosed as a separate line item on the Statement of Profit and Loss, when presenting a separate analysis as per para 33(b) of Ind AS 105, as stated above in para 9.8.

9.10. Earnings per equity share

Computation of Basic and Diluted Earnings per Share should be made in accordance with *Ind AS 33 Earnings per Share*. It is pertinent to note that the nominal value of equity shares should be disclosed along with the Earnings per Share figures as required by Ind AS 33.

10. Other Comprehensive Income

10.1 'Other comprehensive income' (OCI) is defined in Ind AS 1 as '*comprising items of income and expense (including reclassification adjustments) that are not recognised in profit or loss as required or permitted by other Ind ASs.*

10.2 Note 6A of General Instructions for Preparation of Statement of Profit and Loss state that 'Other Comprehensive Income' shall be classified into:

(a) Items that will not be reclassified to profit or loss and its related income tax effects:

(1) Changes in revaluation surplus;

(2) Re-measurements of the defined benefit plans;

(3) Fair value changes on Equity Instruments through other comprehensive income;

(4) Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss;

(5) Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent not to be classified into profit or loss; and

(6) Others (specify nature);

(b) Items that will be reclassified to profit or loss and its related income tax effects:

(1) Exchange differences in translating the financial statements of a foreign operation;

(2) Fair value changes in Debt Instruments through other comprehensive income;

(3) The effective portion of gain and loss on hedging instruments in a cash flow hedge;

(4) Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent to be classified into profit or loss; and

(5) Others (specify nature).

10.3 As a part of the definition of OCI given in Ind AS 1, the components of OCI, which are in addition to above, are stated to include:

Items that will not be reclassified to profit or loss and its related income tax effects:

(a) Gains and losses on hedging instruments that hedge investments in equity instruments measured through Other Comprehensive Income;

Items that will be reclassified to profit or loss and its related income tax effects:

(b) Changes in time value of options when separating the intrinsic value and time value of an option contract and designating only intrinsic value changes as the hedging instrument;

(c) Changes in the value of the forward elements of forward contracts when separating the forward element and spot element of a forward contract and designating only spot element changes as hedging instrument;

(d) Changes in the value of the foreign currency basis spread of a financial instrument when excluding it from the designation of that financial instrument as the hedging instrument.

10.4 Ind AS 1, para 91 gives a choice of presentation for tax effects of items presented in other comprehensive income. An entity may present items of OCI either:

(a) Net of related tax effects, or

(b) Before related tax effects with one amount shown for the aggregate amount of income tax relating to those items.

10.5 If an entity elects alternative (b) above, then it shall allocate the tax between the items that might be reclassified subsequently to the profit or loss section and those that will not be reclassified subsequently to the profit or loss section.

10.6 Further, an entity shall present for each component of equity, an analysis of other comprehensive income by item as required by Ind AS 1, para 106A (including, reclassification adjustments as required by Ind AS 1, para 92). Such presentation may be made either in the Statement of Changes in Equity or in the Notes to Accounts.

10.7 Ind AS Schedule III does not highlight about the presentation of bargain purchase gains arising in a business combination. Para 34 of Ind AS 103, requires an acquirer to recognize a bargain purchase gain in other comprehensive income on the acquisition date, after meeting the requirements of para 36 of Ind AS 103. Such gain shall be attributed to the acquirer (i.e. parent and not non-controlling interest) and may be presented under 'Other Items of other comprehensive income' in statement of changes in equity. However, if para 36 requirements are not met. Then, the acquirer shall recognize and disclose such gain directly in capital reserve as per para 36A of Ind AS 103.

11. Additional information to be disclosed by way of Notes to Statement of Profit and Loss

Besides the above disclosures, Note 7 of the General instructions for Preparation of Statement of Profit and Loss also require disclosure by way of notes, additional information regarding aggregate expenditure and income on the following items:

11.1. Employee Benefits expense [Clause (a) of Note 7]

Employee benefits should be disclosed showing separately (i) salaries and wages, (ii) contribution to provident and other funds, (iii) share-based payments to employees, (iv) staff welfare expenses.

11.2. Net gain or loss on sale of investments [Clause (g) of Note 7]

Ind AS Schedule III does not provide a distinction in presenting realized and unrealized gains or losses on fair value changes. However, para 9.2 above provides an illustrative format for presenting items as a part of Net gains (losses) on fair value changes. Accordingly, an entity shall present "net gain or loss on sale of investments" separately by way of a note below the table on 'Net gains (losses) on fair value changes'.

11.3. Net gain or loss on foreign currency translation (other than considered as finance cost) [Clause (h) of Note 7]

Any gains / losses on account of foreign exchange fluctuations are to be disclosed separately as per Ind AS 21. Thus, net exchange loss should be classified under other expenses and the amount so included should be separately disclosed. Under this head, net gain or loss on foreign currency transaction and translation to the extent considered as finance costs should not be disclosed.

11.4. Payments to the auditor [Clause (i) of Note 7]

Payments covered here should be for payments made to the firm of auditor(s). Expenses incurred towards such auditor's remuneration should be disclosed under each of the following sub-heads as follows:

(a) Auditor,

(b) For taxation matters,

(c) For company law matters,

(d) For other services,

(e) For reimbursement of expenses;

11.5. Expenditure incurred on corporate social responsibility activities [Clause (j) of Note 7]

This new requirement introduced by the Act is that the companies which are covered under Section 135 are required to disclose the amount of expenditure incurred on corporate social responsibility activities. The Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities issued may be referred to for disclosure requirements, which are essentially as under:

(a) From the perspective of better financial reporting and in line with the requirements of Schedule III in this regard, it is recommended that all expenditure on CSR activities, that qualify to be recognised as expense should be recognised as a separate line item as 'CSR expenditure' in the statement of profit and loss. Further, the relevant note should disclose the break-up of various heads of expenses included in the line item 'CSR expenditure'.

(b) The notes to accounts relating to CSR expenditure should also contain the following:

    (1) Gross amount required to be spent by the company during the year.

    (2) Amount spent during the year on:

        (i) Construction/acquisition of any asset

        (ii) On purposes other than (i) above

    The above disclosure, to the extent relevant, may also be made in the notes to the cash flow statement, where applicable.

(c) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per Ind AS 24, Related Party Disclosures.

(d) Where a provision is made in accordance with paragraph above the same should be presented as per the requirements of Schedule III to the Act. Further, movements in the provision during the year should be shown separately.

11.6. Disclosures in addition to consideration of 'materiality' [Clause (c) of Note 7]

Any item of income or expenditure which exceeds one per cent of revenue from operations or Rs. 10,00,000, whichever is higher, in addition to the consideration of 'materiality' as specified in Note 7 of the General Instructions for Preparation of Financial Statements of a Company.

Ind AS 1 defines materiality as depending on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor. Further, the Ind AS Framework states in para 30 that 'Information is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial statements.' Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions.

11.7. Changes in Regulatory Deferral Account Balances

Ind AS Schedule III (Note 8 of General Instructions to Statement of Profit and Loss) requires changes in Regulatory Deferral Account Balances for the reporting period to be presented in the Statement of Profit and Loss in accordance with the relevant Ind AS.

Accordingly, as per Ind AS 114, the net movement in all Regulatory Deferral Account Balances relating to items recognised in other comprehensive income, shall be presented as separate line items in OCI for the net movement related to items that :

(a) Will not be reclassified subsequently to profit or loss; and

(b) Will be reclassified subsequently to profit or loss when specific conditions are met.

The remaining net movement in all Regulatory Deferral Account Balances for the reporting period shall be presented as a separate line item in the profit or loss section of the Statement Profit or Loss. This separate line item shall be distinguished from the income and expenses that are presented in accordance with other Ind ASs.

12. Part III – General Instructions for Preparation of Consolidated Financial Statements

The Act defines a ‘subsidiary company’ and an ‘associate company’ which is different from the definition of a ‘subsidiary’, an ‘associate’ and a ‘joint venture’ under Ind AS. An amendment to Companies (Accounts) Rules, 2014 on 4 September 2015, newly inserted Rule 4A which state that *“financial statements shall be in the form specified in Schedule III to the Act and comply with Accounting Standards or Indian Accounting Standards as applicable, provided that the items contained in financial statements shall be prepared in accordance with the definitions and other requirements specified in the Accounting Standards or the Indian Accounting Standards, as the case may be.”*

The Act mandates that the companies which have one or more subsidiaries or associates (which as per the Act includes joint ventures) are required to prepare Consolidated Financial Statements (CFS), except under certain circumstances exempted under the Act and Rules.

Accordingly, Ind AS definitions of subsidiary, associate and joint venture shall be considered for assessment of control, joint control and significant influence even though the requirement of preparation of CFS will be governed by the Act.

The companies are expected to prepare the Standalone Financial Statements in addition to Consolidated Financial Statements.

Part III of Ind AS Schedule III provides for General Instructions for Preparation of Consolidated Financial Statements. This is a new addition brought in under the Act.

12.1. General requirements

Where the company is required to prepare Consolidated Financial Statements, i.e. consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of profit and loss, the company shall *mutatis mutandis* follow the requirements of this Schedule as applicable to a company in preparation of the Standalone Financial Statements. This means that all the reporting requirements of the Schedule III need to be aggregated and reported for the group as a whole in the Consolidated Financial Statements.

In addition, the Consolidated Financial Statements shall disclose the information as per the requirements specified in the applicable Ind AS notified under the Companies Ind AS Rules, including the following, namely:

(1) Profit or loss attributable to 'non-controlling interest' and to 'owners of the parent' in the statement of profit and loss shall be presented as allocation for the period. Further, 'total comprehensive income' for the period attributable to 'non-controlling interest' and to 'owners of the parent' shall be presented in the statement of profit and loss as allocation for the period. The aforesaid disclosures for 'total comprehensive income' shall also be made in the statement of changes in equity. In addition to the disclosure requirements in the Indian Accounting Standards, the aforesaid disclosures shall also be made in respect of 'other comprehensive income'. This requirement is in line with para 81B of Ind AS 1.

(2) 'Non-controlling interests' in the Balance Sheet and in the Statement of Changes in Equity, within equity, shall be presented separately from the equity of the 'owners of the parent'.

(3) Investments accounted for using the equity method.

(4) Ind AS 110 para B96 deals with Changes in proportion held by non-controlling interest. When the proportion of the equity held by non-controlling interests changes, an entity shall adjust the carrying amounts of the controlling and non-controlling interests to reflect the changes in their relative interests in the subsidiary. The entity shall recognise directly in equity any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, and attribute it to the owners of the parent. An entity may present such gain / loss separately as 'Non-controlling Interest Reserve' shown under 'Other Reserves' by specifying the nature.

All of these would also indicate the need to obtain such information for all the subsidiaries / associates for preparing the Consolidated Financial Statements, including where such subsidiaries / associates are not audited under the Act.

However, due note has to be taken of the fact that the Schedule III itself states that the provisions of the schedule are to be followed *mutatis mutandis* for a Consolidated Financial Statements. MCA has also clarified vide General Circular No. 39 / 2014 dated 14th October 2014 that Schedule III to the Act [Refer **Annexure E (Pg 157)**] read with the applicable Accounting Standards does not envisage that a company while preparing its CFS merely repeats the disclosures made by it under stand-alone accounts being consolidated. Accordingly, the company would need to give all disclosures relevant for CFS only.

In this context, the requirements of Ind AS Schedule III shall apply to a CFS, subject to the following exemptions / modifications based on the relevance to the CFS:

Ind AS Schedule III Requirements	Applicability to CFS (if left blank, is applicable, as it is)
Share capital – authorized, issued, subscribed and paid up	It is adequate to present paid up capital and any calls in arrears Note: It has no relevance in the CFS context.
Source from which bonus shares are issued, e.g., capitalisation of	Not relevant at CFS level and hence, may be dispensed with.

profits or Reserves or from Securities Premium Account.	
Disclosure of all unutilized monies out of the issue indicating the form in which such unutilized funds have been invested.	Not relevant at CFS level and hence, may be dispensed with.
(a) Period and amount of continuing default as on the Balance Sheet date in repayment of borrowings and interest, shall be specified separately in each case. (b) Loans and advances due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director is a partner or a director or a member should be separately stated (c) 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 (d) Where in respect of an issue of securities made for a specific purpose, the whole or part of the amount has not been used for the specific purpose at the Balance Sheet date, there shall be indicated by way of note	On all these items, disclosure can be limited to those which are material to the CFS; materiality could be considered at 10% of the respective balance sheet item

how such unutilized amounts have been used or invested.	
Share application money pending allotment shall be classified into equity or liability in accordance with relevant Ind AS. Share application money to the extent not refundable shall be shown under the head 'Equity' and share application money to the extent refundable shall be separately shown under 'Other financial liabilities'.	Separate disclosure should be given for such monies due outside the group in respect of entities which are consolidated.
Additional Information for disclosure: (a) Payments to the auditor as (a) auditor,(b) for taxation matters, (c) for company law matters, (d) for other services, (e) for reimbursement of expenses; (b) In case of Companies covered under section 135, amount of expenditure incurred on corporate social responsibility activities (c) Disclosures required as per the MSMED Act, 2006	Not relevant at CFS level and hence, may be dispensed with.

12.2. Indian Accounting Standards

The Consolidated Financial Statements shall also disclose the information as required under the various Indian Accounting Standards applicable.

12.3. Additional information on the entities included in the Consolidated Financial Statements

Ind AS Schedule III also requires specific disclosure of additional information on the entities which are included in the Consolidated Financial Statements in the following format:

Name of the entity in the Group	Net Assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated net assets	Amount	As % of Consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent Subsidiaries Indian								
1								
2								
3								
…								
…..								
Foreign								
1								
2								
3								
…								
…..								
Non-controlling interest in all subsidiaries Associates (Investment as per equity method)								
Indian								
1								
2								
3								
…								
…								
Foreign								

1								
2								
3								
…								
…..								
Joint Ventures (Investment as per equity method)								
Indian								
1								
2								
3								
…								
…..								
Foreign								
1								
2								
3								
…								
…..								
TOTAL								

Certain joint arrangements which are of the nature of joint operations will be consolidated to the extent of the share of joint operator based on the principles laid down in Ind AS 111. Even though the above table does not specify a disclosure about joint operations' net assets, profit or loss, other comprehensive income and total comprehensive income, it should be disclosed in similar manner as disclosed for joint ventures. This requirement would apply only if a joint operation is conducted through a separate legal entity.

Moreover, as regards consolidation adjustments (including elimination of intra-group transactions), it should be ensured that these are either disclosed as a single line item separately or adjusted in the information (e.g., net assets) disclosed for the parent and its each component.

These are necessary in order to match the respective amounts reported in Consolidated Financial Statements with the respective Total amounts in the above table.

12.4. Entities not consolidated

Entities which are not covered in the Consolidated Financial Statements, whether subsidiaries, associates or joint ventures are to be listed in the Consolidated Financial Statements along with the reasons for not consolidating such entities. Additional disclosure requirements as set out in Ind AS 112 should also be complied with in this regard.

12.5. Definition of terms relevant for consolidation

The terms "Control", "Subsidiary" and "Associate" are defined very differently in the Act as compared to definition in Ind AS. Rule 6 of the Companies (Accounts) Rules, 2015 however states that Consolidated Financial Statements shall be prepared in accordance with the provisions of Ind AS Schedule III of the Act and the applicable Ind AS. Further, Rule 4A of the Companies (Accounts) Rules, 2015 provides that the items contained in the financial statements shall be prepared in accordance with the definitions and other requirements specified in Ind AS.

Annexure A

SCHEDULE III
(See Section 129)
"Division I

Financial Statements for a company whose Financial Statements are required to comply with the Companies (Accounting Standards) Rules, 2006.

GENERAL INSTURCTIONS FOR PREPARATION OF BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS OF A COMPANY".

3. In the principal Act, in Schedule III, at the end, the following shall be inserted, namely:-

"Division II

Financial Statements for a company whose financial statements are drawn up in compliance of the Companies (Indian Accounting Standards) Rules, 2015.

GENERAL INSTURCTIONS FOR PREPARATION OF FINANCIAL STATEMENTS OF A COMPANY REQUIRED TO COMPLY WITH Ind AS

1. Every company to which Indian Accounting Standards apply, shall prepare its financial statements in accordance with this Schedule or with such modification as may be required under certain circumstances.

2. Where compliance with the requirements of the Act including Indian Accounting Standards (except the option of presenting assets and liabilities in the order of liquidity as provided by the relevant Ind AS) 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 under this Schedule shall stand modified accordingly.

3. The disclosure requirements specified in this Schedule are in addition to and not in substitution of the disclosure requirements specified in the Indian Accounting Standards. Additional disclosures specified in the Indian Accounting Standards shall be made in the Notes or by way of additional statement or statements unless required to be disclosed on the face of the Financial Statements. Similarly, all other disclosures as required by the Companies Act, 2013 shall be made in the Notes in addition to the requirements set out in this Schedule.

4. (i) Notes 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, Statement of Changes in Equity and Statement of Profit and Loss shall be cross-referenced to any related information in the Notes. In preparing the Financial Statements including the Notes, 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.

5. Depending upon the turnover of the company, the figures appearing in the Financial Statements shall be rounded off as below:

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

Once a unit of measurement is used, it should be used uniformly in the Financial Statements.

6. Financial Statements shall contain the corresponding amounts (comparatives) for the immediately preceding reporting period for all items shown in the Financial Statements including Notes except in the case of first Financial Statements laid before the company after incorporation.

7. Financial Statements shall disclose all 'material' items, i.e., the items if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size or nature of the item or a combination of both, to be judged in the particular circumstances.

8. For the purpose of this Schedule, the terms used herein shall have the same meanings assigned to them in Indian Accounting Standards.

9. Where any Act or Regulation requires specific disclosures to be made in the standalone financial statements of a company, the said disclosures shall be made in addition to those required under this Schedule.

Note: This Schedule sets out the minimum requirements for disclosure on the face of the Financial Statements, i.e., Balance Sheet, Statement of Changes in Equity for the period, the Statement of Profit and Loss for the period (The term 'Statement of Profit and Loss' has the same meaning as 'Profit and Loss Account') and Notes. Cash flow statement shall be prepared, where applicable, in accordance with the requirements of the relevant Indian Accounting Standard.

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 or sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act, 2013 or under the Indian Accounting Standards.

PART I –BALANCE SHEET

Name of the Company……………………..

Balance Sheet as at ………………………

(Rupees in…………)

	Particulars	**Note No.**	**Figures as at the end of current reporting period**	**Figures as at the end of the previous reporting period**
	1	**2**	**3**	**4**
(1)	**ASSETS** **Non-current assets** (a) Property, Plant and Equipment (b) Capital work-in-progress (c) Investment Property (d) Goodwill (e) Other Intangible assets (f) Intangible assets under development (g) Biological Assets			

	other than bearer plants (h) Financial Assets (i) Investments (ii) Trade receivables (iii) Loans (iv) Others (to be specified) (i) Deferred tax assets (net) (j) Other non-current assets			
(2)	**Current assets** (a) Inventories (b) Financial Assets (i) Investments (ii) Trade receivables (iii) Cash and cash equivalents (iv) Bank balances other than (iii) above (v) Loans (vi) Others (to be specified) (c) Current Tax Assets (Net) (d) Other current assets			
	Total Assets			
	EQUITY AND LIABILITIES **Equity** (a) Equity Share capital (b) Other Equity			
(1)	**LIABILITIES** **Non-current liabilities** (a) Financial Liabilities (i) Borrowings (ii) Trade payables			

(2)	(iii) Other financial liabilities (other than those specified in item (b), to be specified) (b) Provisions (c) Deferred tax liabilities (Net) (d) Other non-current liabilities **Current liabilities** (a) Financial Liabilities (i) Borrowings (ii) Trade payables (iii) Other financial liabilities (other than those specified in item (c) (b) Other current liabilities (c) Provisions (d) Current Tax Liabilities (Net)			
	Total Equity and Liabilities			

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN EQUITY

Name of the Company…………………….

Statement of Changes in Equity for the period ended ……………………

(Rupees in……………..)

A. Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period

B. Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrant	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings								
Balance														

at the beginning of the reporting period														
Changes in accounting policy or prior period errors														
Restated balance at the beginning of the reporting period														
Total Comprehensive Income for the year														
Dividends														

Transfer to retained earnings														
Any other change (to be specified)														
Balance at the end of the reporting period														

Note: Re-measurement of defined benefit plans and fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss shall be recognised as a part of retained earnings with separate disclosure of such items along with the relevant amounts in the Notes.

Notes:

GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET

1. An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

2. The operating cycle of an entity is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. When the entity's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

3. An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

4. A receivable shall be classified as a 'trade receivable' if it is in respect of the amount due on account of goods sold or services rendered in the normal course of business.

5. A payable shall be classified as a 'trade payable' if it is in respect of the amount due on account of goods purchased or services received in the normal course of business.

6. A company shall disclose the following in the Notes:

A. Non-Current Assets

I. Property, Plant and Equipment:

(i) Classification shall be given as:

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

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

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

II. Investment Property:

A reconciliation of the gross and net carrying amounts of each class of property 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 or reversals shall be disclosed separately.

III. Goodwill:

A reconciliation of the gross and net carrying amount of goodwill at the beginning and end of the reporting period showing additions, impairments, disposals and other adjustments.

IV. Other Intangible assets:

(i) Classification shall be given as:

- (a) Brands or trademarks

(b) Computer software

(c) Mastheads and publishing titles

(d) Mining rights

(e) Copyrights, patents, other intellectual property rights, services and operating rights

(f) Recipes, formulae, models, designs and prototypes

(g) Licenses and franchises

(h) Others (specify nature)

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

V. Biological Assets other than bearer plants:

A reconciliation of the 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 shall be disclosed separately.

VI. Investments:

(i) Investments shall be classified as:

(a) Investments in Equity Instruments;

(b) Investments 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; or

(g) Other investments (specify nature).

Under each classification, details shall be given of names of the bodies corporate that are-

(i) subsidiaries,

(ii) associates,

(iii) joint ventures, or

(iv) structured 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). Investments in partnership firms alongwith names of the firms, their partners, total capital and the shares of each partner shall be disclosed separately.

(ii) The following shall also be disclosed:

(a) Aggregate amount of quoted investments and market value thereof;

(b) Aggregate amount of unquoted investments; and

(c) Aggregate amount of impairment in value of investments.

VII. Trade Receivables:

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

(a) Secured, considered good;

(b) Unsecured considered good; and

(c) Doubtful.

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

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

VIII. Loans:

(i) Loans shall be classified as-

(a) Security Deposits;

(b) Loans to related parties (giving details thereof); and

(c) Other loans (specify nature).

(ii) The above shall also be separately sub-classified as-

(a) Secured, considered good;

(b) Unsecured, considered good; and

(c) Doubtful.

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

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

IX. Bank deposits with more than 12 months maturity shall be disclosed under 'Other financial assets';

X. Other non-current assets: Other non-current assets shall be classified as-

(i) Capital Advances; and

(ii) Advances other than capital advances;

(1) Advances other than capital advances shall be classified as:

(a) Security Deposits;

(b) Advances to related parties (giving details thereof); and

(c) Other advances (specify nature).

(2) Advances to directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated. In case advances are of the nature of a financial asset as per relevant Ind AS, these are to be disclosed under 'other financial assets' separately.

(iii) Others (specify nature).

B. Current Assets

I. Inventories:

(i) Inventories shall be classified as-

(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; and

(g) Others (specify nature).

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

(iii) Mode of valuation shall be stated.

II. Investments:

(i) Investments shall be classified as-

(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; and

(g) Other investments (specify nature).

Under each classification, details shall be given of names of the bodies corporate that are-

(i) subsidiaries,

(ii) associates,

(iii) joint ventures, or

(iv) structured 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).

(ii) The following shall also be disclosed-

(a) Aggregate amount of quoted investments and market value thereof;

(b) Aggregate amount of unquoted investments;

(c) Aggregate amount of impairment in value of investments.

III. Trade Receivables:

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

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

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

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

IV. Cash and cash equivalents: Cash and cash equivalents shall be classified as-

- a. Balances with Banks (of the nature of cash and cash equivalents);
- b. Cheques, drafts on hand;
- c. Cash on hand; and
- d. Others (specify nature).

V. Loans:

(i) Loans shall be classified as:

- (a) Security deposits;
- (b) Loans to related parties (giving details thereof); and
- (c) Others (specify nature).

(ii) The above shall also be sub-classified as-

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

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

(iv) Loans 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.

VI. Other current assets (specify nature): This is an all-inclusive heading, which incorporates current assets that do not fit into any other asset categories. Other current assets shall be classified as-

(i) Advances other than capital advances

(1) Advances other than capital advances shall be classified as:

(a) Security Deposits;

(b) Advances to related parties (giving details thereof);

(c) Other advances (specify nature).

(2) Advances to directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.

(ii) Others (specify nature)

C. Cash and Bank balances:

The following disclosures with regard to cash and bank balances shall be made:

(a) Earmarked balances with banks (for example, for unpaid dividend) shall be separately stated.

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

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

D. Equity

I. Equity Share Capital: For each class of equity share capital:

(a) the number and amount of shares authorised;

(b) the number of shares issued, subscribed and fully paid, and subscribed but not fully paid;

(c) par value per share;

(d) a reconciliation of the number of shares outstanding at the beginning and at the end of the period;

(e) the rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital;

(f) shares in respect of each class in the company held by its holding company or its ultimate holding company including shares held by subsidiaries or associates of the holding company or the ultimate holding company in aggregate;

(g) shares in the company held by each shareholder holding more than five per cent. shares specifying the number of shares held;

(h) shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts;

(i) for the period of five years immediately preceding the date at which the Balance Sheet is prepared-

- aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash;
- aggregate number and class of shares allotted as fully paid up by way of bonus shares; and
- aggregate number and class of shares bought back;

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

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

(l) forfeited shares (amount originally paid up).

II. Other Equity:

(i) ‘Other Reserves’ shall be classified in the notes as-

(a) Capital Redemption Reserve;

(b) Debenture Redemption Reserve;

(c) Share Options Outstanding Account; and

(d) Others– (specify the nature and purpose of each reserve and the amount in respect thereof);

(Additions and deductions since last balance sheet to be shown under each of the specified heads)

(ii) Retained Earnings represents surplus i.e. balance of the relevant column in the Statement of Changes in Equity;

(iii) A reserve specifically represented by earmarked investments shall disclose the fact that it is so represented;

(iv) Debit balance of Statement of Profit and Loss shall be shown as a negative figure under the head 'retained earnings'. Similarly, the balance of 'Other Equity', after adjusting negative balance of retained earnings, if any, shall be shown under the head 'Other Equity' even if the resulting figure is in the negative; and

(v) Under the sub-head 'Other Equity', disclosure shall be made for the nature and amount of each item.

E. Non-Current Liabilities

I. Borrowings:

(i) borrowings shall be classified as-

(a) Bonds or debentures

(b) Term loans

(I) from banks

(II) from other parties

(c) Deferred payment liabilities

(d) Deposits

(e) Loans from related parties

(f) Long term maturities of finance lease obligations

(g) Liability component of compound financial instruments

(h) Other loans (specify nature);

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

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

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

(v) particulars of any redeemed bonds or debentures which the company has power to reissue shall be disclosed;

(vi) terms of repayment of term loans and other loans shall be stated; and

(vii) period and amount of default as on the balance sheet date in repayment of borrowings and interest shall be specified separately in each case.

III. Provisions: The amounts shall be classified as-

(a) Provision for employee benefits; and

(b) Others (specify nature).

IV. Other non-current liabilities;

(a) Advances; and

(b) Others (specify nature).

F. Current Liabilities

I. Borrowings:

(i) Borrowings shall be classified as-

(a) Loans repayable on demand

(I) from banks

(II) from other parties

(b) Loans from related parties

(c) Deposits

(d) Other loans (specify nature);

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

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

(iv) period and amount of default as on the balance sheet date in repayment of borrowings and interest, shall be specified separately in each case.

II. Other Financial Liabilities: Other Financial liabilities shall be classified as-

(a) Current maturities of long-term debt;

(b) Current maturities of finance lease obligations;

(c) Interest accrued;

(d) Unpaid dividends;

(e) Application money received for allotment of securities to the extent refundable and interest accrued thereon;

(f) Unpaid matured deposits and interest accrued thereon;

(g) Unpaid matured debentures and interest accrued thereon; and

(h) Others (specify nature).

'Long term debt' is a borrowing having a period of more than twelve months at the time of origination

III. Other current liabilities:

The amounts shall be classified as-

(a) revenue received in advance;

(b) other advances (specify nature); and

(c) others (specify nature);

IV. Provisions: The amounts shall be classified as-

(i) provision for employee benefits; and

(ii) others (specify nature).

G. The presentation of liabilities associated with group of assets classified as held for sale and non-current assets classified as held for sale shall be in accordance with the relevant Indian Accounting Standards (Ind ASs).

H. Contingent Liabilities and Commitments:

(to the extent not provided for)

(i) Contingent Liabilities shall be classified as-

(a) claims against the company not acknowledged as debt;

(b) guarantees excluding financial guarantees; and

(c) other money for which the company is contingently liable.

(ii) Commitments shall be classified as-

(a) estimated amount of contracts remaining to be executed on capital account and not provided for;

(b) uncalled liability on shares and other investments partly paid; and

(c) other commitments (specify nature).

I. The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately. Arrears of fixed cumulative dividends on irredeemable preference shares shall also be disclosed separately.

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

7. When a company applies an accounting policy retrospectively or makes a restatement of items in the financial statements or when it reclassifies items in its financial statements, the company shall attach to the Balance Sheet, a "Balance Sheet" as at the beginning of the earliest comparative period presented.

8. Share application money pending allotment shall be classified into equity or liability in accordance with relevant Indian Accounting Standards. Share application money to the extent not refundable shall be shown under the head Equity and share application money to the extent refundable shall be separately shown under 'Other financial liabilities'.

9. Preference shares including premium received on issue, shall be classified and presented as 'Equity' or 'Liability' in accordance with the requirements of the relevant Indian Accounting Standards. Accordingly, the disclosure and presentation requirements in this regard applicable to the relevant class of equity or liability shall be applicable *mutatis mutandis* to the preference shares. For instance, redeemable preference shares shall be classified and presented under 'non-current liabilities' as 'borrowings' and the disclosure requirements in this regard applicable to such borrowings shall be applicable *mutatis mutandis* to redeemable preference shares.

10. Compound financial instruments such as convertible debentures, where split into equity and liability components, as per the requirements of the relevant Indian Accounting Standards, shall be classified and presented under the relevant heads in 'Equity' and 'Liabilities'

11. Regulatory Deferral Account Balances shall be presented in the Balance Sheet in accordance with the relevant Indian Accounting Standards.

PART II – STATEMENT OF PROFIT AND LOSS

Name of the Company…………………….

Statement of Profit and Loss for the period ended ………………………

(Rupees in…………)

	Particulars	**Note No.**	**Figures for the current reporting period**	**Figures for The previous reporting Period**
I	Revenue From Operations			
II	Other Income			
III	Total Income (I+II)			
IV	**EXPENSES** Cost of materials consumed			
	Purchases of Stock-in-Trade			
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress			
	Employee benefits expense			
	Finance costs			
	Depreciation and amortization expense			
	Other expenses			
	Total expenses (IV)			
V	Profit/(loss) before exceptional items and tax (I- IV)			
VI	Exceptional Items			
VII	Profit/(loss) before tax (V-VI)			
VIII	Tax expense: (1) Current tax (2) Deferred tax			
IX	Profit (Loss) for the period from continuing operations (VII-VIII)			

X	Profit/(loss) from discontinued operations			
XI	Tax expense of discontinued operations			
XII	Profit/(loss) from Discontinued operations (after tax) (X-XI)			
XIII	Profit/(loss) for the period (IX+XII)			
XIV	Other Comprehensive Income A (i) Items that will not be reclassified to profit or loss (ii) Income tax relating to items that will not be reclassified to profit or loss B (i) Items that will be reclassified to profit or loss (ii) Income tax relating to items that will be reclassified to profit or loss			
XV	Total Comprehensive Income for the period (XIII+XIV)(Comprising Profit (Loss) and Other Comprehensive Income for the period)			
XVI	Earnings per equity share (for continuing operation): (1) Basic (2) Diluted			
XVII	Earnings per equity share (for discontinued operation): (1) Basic (2) Diluted			
XVIII	Earnings per equity share (for discontinued & continuing operations) (1) Basic (2) Diluted			

See accompanying notes to the financial statements

Notes:

GENERAL INSTRUCTIONS FOR PREPARATION OF STATEMENT OF PROFIT AND LOSS

1. The provisions of this Part shall apply to the income and expenditure account, in like manner as they apply to a Statement of Profit and Loss.

2. The Statement of Profit and Loss shall include:

   (1) Profit or loss for the period;

   (2) Other Comprehensive Income for the period.

   The sum of (1) and (2) above is 'Total Comprehensive Income'.

3. Revenue from operations shall disclose separately in the notes

   (a) sale of products (including Excise Duty);

   (b) sale of services; and

   (c) other operating revenues.

4. Finance Costs: Finance costs shall be classified as-

   (a) interest;

   (b) dividend on redeemable preference shares;

   (c) exchange differences regarded as an adjustment to borrowing costs; and

   (d) other borrowing costs (specify nature).

5. Other income: Other income shall be classified as-

   (a) interest Income ;

   (b) dividend Income; and

   (c) other non-operating income (net of expenses directly attributable to such income).

6. Other Comprehensive Income shall be classified into-

(A) Items that will not be reclassified to profit or loss

   (i) Changes in revaluation surplus;

   (ii) Re-measurements of the defined benefit plans;

(iii) Equity Instruments through Other Comprehensive Income;

(iv) Fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss;

(v) Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent not to be classified into profit or loss; and

(vi) Others (specify nature).

(B) Items that will be reclassified to profit or loss;

(i) Exchange differences in translating the financial statements of a foreign operation;

(ii) Debt Instruments through Other Comprehensive Income;

(iii) The effective portion of gains and loss on hedging instruments in a cash flow hedge;

(iv) Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent to be classified into profit or loss; and

(v) Others (specify nature).

7. Additional Information: A Company shall disclose by way of notes, additional information regarding aggregate expenditure and income on the following items:

(a) employee Benefits expense [showing separately (i) salaries and wages, (ii) contribution to provident and other funds, (iii) share based payments to employees, (iv) staff welfare expenses].

(b) depreciation and amortisation expense;

(c) any item of income or expenditure which exceeds one per cent of the revenue from operations or Rs.10,00,000, whichever is higher, in addition to the consideration of 'materiality' as specified in clause 7 of the General Instructions for Preparation of Financial Statements of a Company;

(d) interest Income;

(e) interest Expense;

(f) dividend income;

(g) net gain or loss on sale of investments;

(h) net gain or loss on foreign currency transaction and translation (other than considered as finance cost);

(i) payments to the auditor as (a) auditor, (b) for taxation matters, (c) for company law matters, (d) for other services, (e) for reimbursement of expenses;

(j) in case of companies covered under section 135, amount of expenditure incurred on corporate social responsibility activities; and

(k) details of items of exceptional nature;

8. Changes in Regulatory Deferral Account Balances shall be presented in the Statement of Profit and Loss in accordance with the relevant Indian Accounting Standards.

PART III- GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Name of the entity in the Group	**Net Assets, i.e., total assets minus total liabilities**		**Share in profit or loss**		**Share in other comprehensive income**		**Share in total comprehensive income**	
	As % of consolidate	Amount	As % of consolidate	Amount	As % of consolidate	Amount	As % of total	Amount
Parent Subsidiaries Indian 1. 2. 3. . . Foreign 1. 2. 3. . . Non-controlling Interests in all Subsidiaries Associates (Investment as per the								

equity method) Indian 1. 2. 3. . . Foreign 1. 2. 3. . . Joint Ventures (investment as per the equity method) Indian 1. 2. 3. . . Foreign 1. 2. 3. . .								
Total								

1. Where a company is required to prepare Consolidated Financial Statements, i.e., consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of profit and loss, the company shall *mutatis mutandis* follow the requirements of this Schedule as applicable to a company in the preparation of balance sheet, statement of changes in equity and statement of profit and loss. In addition, the consolidated financial statements shall disclose the information as per the requirements specified in the applicable Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules 2015, including the following, namely:-

(i) Profit or loss attributable to 'non-controlling interest' and to 'owners of the parent' in the statement of profit and loss shall be presented as allocation for the period. Further, 'total comprehensive income' for the period attributable to 'non-controlling interest' and to 'owners of the parent' shall be presented in the statement of profit and loss as allocation for the period. The aforesaid disclosures for 'total comprehensive income' shall also be made in the statement of changes in equity. In addition to the disclosure requirements in the Indian Accounting Standards, the aforesaid disclosures shall also be made in respect of 'other comprehensive income'.

(ii) 'Non-controlling interests' in the Balance Sheet and in the Statement of Changes in Equity, within equity, shall be presented separately from the equity of the 'owners of the parent'.

(iii) Investments accounted for using the equity method.

2. In Consolidated Financial Statements, the following shall be disclosed by way of additional information:

3. All subsidiaries, associates and joint ventures (whether Indian or foreign) will be covered under consolidated financial statements.

4. An entity shall disclose the list of subsidiaries or associates or joint ventures which have not been consolidated in the consolidated financial statements along with the reasons of not consolidating.

Annexure B

Key Differences in Division I and Ind AS Schedule III to the Companies Act, 2013

Division I	Division II
1. Applicability	
Division I is applicable to a Company whose Financial Statements *are not required to comply Ind AS.*	Division II is applicable to a Company whose Financial Statements are required to ***comply with Ind AS.***
2. What it includes?	
Division I includes 1. Balance Sheet 2. Statement of Profit and Loss 3. Statement of Cash Flow 4. Notes, comprising a summary of significant accounting policies and other explanatory information	Division II includes 1. Balance Sheet *2.* ***Statement of Changes in Equity*** 3. Statement of Profit and Loss. 4. Statement of Cash Flow 5. Notes, comprising a summary of significant accounting policies and other explanatory information ***6. A balance as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its Financial Statements, or when it reclassifies items in its Financial Statements.*** ***Statement of Profit and Loss shall include profit or loss for the period and Other Comprehensive Income for the period.***
3. Materiality	
A Company shall disclose by way of	A Company shall disclose by way of

Division I	Division II
notes additional information any item of expenditure and income which exceeds one per cent of the revenue from operations or *Rs. 1,00,000* whichever is higher.	notes additional information any item of expenditure and income which exceeds one per cent of the revenue from operations or **Rs. 10,00,000** whichever is higher. ***Also disclosure is to be made of all material items i.e. the items if they could, individually or collectively, influence the economic decisions that users make on the Financial Statements.***
4. Earnings per Share	
No separate disclosure is required for earning per share for continuing and discontinuing operations.	Division II requires ***separate disclosure*** of the earning per share for continuing and discontinuing operations.
5. Extraordinary Items	
Separate disclosure is required.	There is ***no separate disclosure*** of extraordinary items which is in line with IND AS 1.
6. Investments	
Under each classification of investments details shall be given of names of bodies corporate indicating separately whether such bodies are 1. Subsidiaries 2. Associates 3. Joint ventures 4. Controlled special purpose entities The following shall also be disclosed. (a) The basis of valuation of individual investment (b) Aggregate amount of quoted investments and market value thereof	Under each classification of investments details shall be given of names of bodies corporate ~~indicating separately whether such bodies~~ that are 1. Subsidiaries 2. Associates 3. Joint ventures 4.~~Controlled special purpose entities~~ **4. *Structured entities*** The following shall also be disclosed. ~~(a) The basis of valuation of individual investment~~

Division I	Division II
(c) Aggregate amount of unquoted investments (d) Aggregate provision made for diminution in value of investments	(a) Aggregate amount of quoted investments and market value thereof (b) Aggregate amount of unquoted investments (c) Aggregate amount of impairment in value of investments
7. Trade Receivables	
Aggregate amount of Trade receivable outstanding for a period exceeding six months from the date they are due for payment should be separately disclosed	***No such requirement***
8. Contingent liabilities	
Contingent *liabilities includes all guarantees*	Contingent liabilities pertaining to guarantees ***excluding financial guarantees.***
9. Finance Cost	
Finance cost shall be classified as (a) Interest Expense (b) Other borrowing cost *(c) Applicable net gain/loss on foreign currency transactions and translations*	Finance cost shall be classified as ~~(a)~~ Interest ~~Expense~~ ***(b) Dividend on redeemable preference shares*** ***(c) Exchange differences regarded as an adjustment to borrowing cost and*** (d) Other borrowing cost (specify nature)
10. Revenue	
Revenue is disclosed as *Sales net of Excise duty*	Revenue ***includes excise duty***.
11. Bank deposits	
Bank deposits with more than 12 months maturity should be classified under *Other bank balances*	Bank deposits with more than 12 months maturity should be classified under ***Other Financial Assets***

Division I	Division II
12. Defined benefit plan	
Gains/losses arising on defined benefit plan is recognized in statement of profit and loss	Ind AS Schedule III states that Re-measurement gains/ losses on ***defined benefit plans should form part of retained earnings.*** Ind AS requires that Re-measurement gains/ (losses) arising on defined benefit plans should be ***recognized in the other comprehensive income (OCI) and these gains/ losses cannot subsequently be reclassified to profit or loss.*** However, Ind AS does not contain any specific guidance/ requirement whether such gains/ losses should be recognized in the retained earnings or should appear as a separate reserve within the statement of changes in equity.
13. Liquidity	
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.	Where compliance with the requirements of the Act including Indian Accounting Standards ***(except the option of presenting assets and liabilities in the order of liquidity as provided by the relevant Ind AS)*** 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 under this Schedule shall stand modified accordingly.

Division I	Division II
14. Other disclosures of Statement of Profit and Loss	
The following disclosures are required *A. (a) In the case of manufacturing companies,* *(1) Raw materials under broad heads.* *(2) 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 heads.* *(e) In the case of other companies, gross income derived under broad heads.* *B. In the case of all concerns having works in progress under broad heads.* *C. (a) The aggregate, if material, of any amounts set aside or proposed to be set aside, to reserve, but not including provisions made to meet*	***These disclosures are no longer required*** under Division II to Schedule III.

Division I	Division II
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.* *D. (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.* *E. 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) Insurance;* *(g) Rates and taxes, excluding taxes on income;* *(h) Miscellaneous expenses,* *F. (a) Dividends from subsidiary companies.* *(b) Provisions for losses of subsidiary companies.* *G. The profit and loss account shall also contain by way of a note the following information, namely:* *(a) Value of imports calculated on C.I.F basis by the company during*	

Division I	Division II
the financial year in respect of *I. Raw materials;* *II. Components and spare parts;* *III. Capital goods;* *(b) Expenditure in foreign currency during the financial year on account of royalty, know-how, professional and consultation fees, interest, and other matters;* *(c) Total value if all imported raw materials, spare parts and components consumed during the financial year and the total value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;* *(d) The amount remitted during the year in foreign currencies on account of dividends with a specific mention of the total number of non-resident shareholders, the total number of shares held by them on which the dividends were due and the year to which the dividends related;* *(e) Earnings in foreign exchange classified under the following heads, namely:* *I. Export of goods calculated on F.O.B. basis;* *II. Royalty, know-how, professional and consultation fees;* *III. Interest and dividend;* *IV. Other income, indicating the nature thereof.*	

Division I	Division II
15. Dividend on Preference Shares	
Dividend on redeemable preference shares was regarded *as an adjustment to reserves.*	Dividend on redeemable preference shares is ***now presented as a part of Finance cost.***
16. Prior Period Items	
A *separate disclosure was* required for Prior Period Items.	There is ***no concept of Prior period items*** and ***any retrospective application*** of accounting policy or retrospective restatement of items in Financial Statements, or reclassification of items in Financial Statements ***requires restatement of comparative period***.
17. Rounding off Disclosure	
Depending upon the turnover of the company, the figures appearing in the Financial Statements *may* be rounded off as given in Non-Ind AS Schedule III.	Depending upon the turnover of the company, the figures appearing in the Financial Statements ***shall*** be rounded off as given in Ind AS Schedule III.
18. Investments - Names of Bodies Corporate	
Under each classification of investments details shall be given of names of bodies corporate indicating separately whether such bodies are 1. Subsidiaries 2. Associates 3. Joint ventures *4. Control special purpose entities*	Under each classification of investments details shall be given of names of bodies corporate that are 1. Subsidiaries 2. Associates 3. Joint ventures ~~4. Control special purpose entities~~ ***4. Structured entities*** Accordingly details of bodies Corporates other than those listed above may not be given.
19. Investment Property	
Investment property was disclosed as	Investment Property is disclosed as

Division I	Division II
a *part of Investments*.	***a separate line item on the face of balance sheet.*** Also the following disclosure needs to be given ***A reconciliation of the gross and net carrying amounts of each class of property 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 or reversals shall be disclosed separately.***
20. Disclosure in standalone financial statements	
No such explicit Requirement	***Disclosures required by Act or Regulation shall be made in the standalone financial statements which shall be made in addition to those required under this Schedule.***
21. Property, Plant and Equipment and Intangible Assets	
Tangible assets Classification shall be given as: (i) Land; (ii) Buildings; (iii) Plant and Equipment; (iv) Furniture and Fixtures; (v) Vehicles; (vi) Office equipment; (vii) Others (specify nature)	***Property, Plant and Equipment*** Classification shall be given as: (i) Land (ii) Buildings (iii) Plant and Equipment (iv) Furniture and Fixtures (v) Vehicles (vi) Office equipment ***(vii) Bearer Plants*** (viii) Others (specify nature)
Intangible Assets included Goodwill	*Goodwill is shown separately on the face of the Balance Sheet and*

Division I	Division II
	remaining shall be shown as Other Intangible Assets. Clause common to Property, Plant & Equipment and Other Intangible Assets: (ix)
Clause common to Tangible assets and Intangible assets:	
22. Capital reduction	
Where sums have been written-off on a reduction of capital or revaluation of assets or where sums have been added on revaluation of assets, every balance sheet subsequent to date of such write-off, or addition shall show the reduced or increased figures as applicable and shall by way of a note also show the amount of the reduction or increase as applicable together with the date thereof for the first five years subsequent to the date of such reduction or increase.	***No such requirement***
23. Biological Assets other than bearer plants	
No such requirement	***A reconciliation of the 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 shall be disclosed separately.***
24. Loans: Non-current	
Long-term loans and advances shall be classified as: (a) *Capital Advances*; (b) Security Deposits;	Loans shall be classified as- ~~(a) Capital Advances;~~ (a) Security Deposits; (b) Loans to related parties

Division I	Division II
(c) Loans and advances to related parties (giving details thereof); (d) Other loans and advances (specify nature).	(giving details thereof); and (c) Other loans (specify nature).
25. Other non-current assets	
Other non-current assets shall be classified as: *(i) Long-term Trade Receivables (including trade receivables on deferred credit terms);* (ii) *Others (specify nature);* (iii) *Long-term Trade Receivables, shall be sub-classified as:* *a. Secured, considered good;* *b. Unsecured, considered good;* *c. Doubtful.* *Allowance for bad and doubtful debts shall be disclosed under the relevant heads separately.* *Debts due by* directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.	***Other non-current assets shall be classified as:*** ***(i) Capital Advances;*** ***(ii) Advances other than capital advances;*** ***Advances other than capital advances shall be classified as:*** **a) Security Deposits;** **b) Advances to related parties (giving details thereof); and** **c) Other advances (specify nature)** ***Advances to*** directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated. ***In case advances are of the nature of a financial asset as per relevant Ind AS, these are to be disclosed under 'other financial assets' separately.*** (iii) ***Others (specify nature)***
26. Loans: Current	
Short-term loans and advances shall be classified as: *(a) Loans and advances to related*	*~~Short Term~~* **Loans** *~~and advances~~* ***shall be classified as:*** ***(a) Security deposits;***

Division I	Division II
parties (giving details thereof); (b) *Others (specify nature).*	(b) Loans to related parties (giving details thereof); and (c) Others (specify nature).
27. Other current assets	
This is an all-inclusive heading, which incorporates current assets that do not fit into any other asset categories.	This is an all-inclusive heading, which incorporates current assets that do not fit into any other asset categories. ***Other current assets shall be classified as:*** ***(i) Advances other than capital advances*** ***Advances other than capital advances shall be classified as:*** ***a) Security Deposits;*** ***b) Advances to related parties (giving details thereof);*** ***c) Other advances (specify nature).*** ***Advances to directors or other officers of the company or any of them either severally or jointly with any other persons or advances to firms or private companies respectively in which any director is a partner or a director or a member should be separately stated.*** (ii) ***Others (specify nature)***
28. Share capital	
For each class of share capital (different classes of preference shares to be treated separately): (j) terms of any securities convertible into equity/preference shares issued along with the earliest	For each class of ***equity*** share capital ~~(different classes of preference shares to be treated separately)~~: (j) terms of any securities

Division I	Division II
date of conversion in descending order starting from the farthest such date;	convertible into equity~~/ preference~~ shares issued along with the earliest date of conversion in descending order starting from the farthest such date;
29. Reserves and Surplus / Other Equity	
(i) Reserves and Surplus shall be classified as:	(i) '***Other Reserves' shall be classified in the notes as-***
(a) Capital Reserves;	~~(a) Capital Reserve;~~
(b) Capital Redemption Reserve;	(b) Capital Redemption Reserve;
(c) *Securities Premium Reserve*;	~~(c) Securities Premium Reserve;~~
(d) Debenture Redemption Reserve;	(d) Debenture Redemption Reserve;
(e) Revaluation Reserve;	~~(e) Revaluation Reserve;~~
(f) Share Options Outstanding Account;	(f) Share Options Outstanding Account; and
(g) Other *Reserves*-(specify the nature and purpose of each reserve and the amount in respect thereof);	(g) Others– (specify the nature and purpose of each reserve and the amount in respect thereof);
(h) Surplus i.e., balance in Statement of Profit and Loss disclosing allocations and appropriations such as dividend, bonus shares and transfer to/ from reserves, etc.;	(Additions and deductions since last balance sheet to be shown under each of the specified heads)
(Additions and deductions since last balance sheet to be shown under each of the specified heads);	***(ii) Retained Earnings represents surplus i.e. balance of the relevant column in the Statement of Changes in Equity;***
(ii) A reserve specifically represented by earmarked investments *shall be termed as a "fund".*	(iii) A reserve specifically represented by earmarked ***investments shall disclose the fact that it is so represented***;
(iii) Debit balance of statement of profit and loss shall be shown as a negative figure under the head	(iv) Debit balance of Statement of Profit and Loss shall be shown as a negative figure under the head '***retained earnings'***. Similarly, the balance of '***Other Equity'***, after

Division I	Division II
"*Surplus*". Similarly, the balance of "*Reserves and Surplus*", after adjusting negative balance of surplus, if any, shall be shown under the head "*Reserves and Surplus*" even if the resulting figure is in the negative.	adjusting negative balance of ***retained earnings***, if any, shall be shown under the head '***Other Equity'*** even if the resulting figure is in the negative; and ***(v) Under the sub-head 'Other Equity', disclosure shall be made for the nature and amount of each item.***
30. Borrowings: Non-current	
Long-term borrowings shall be classified as: (a) .. (b) .. (c) .. (d) .. (e) Loans *and advances from* related parties (f) .. (g) Other loans and advances (specify nature) 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.	~~Long-term~~ Borrowings shall be classified as- (i) .. (ii) .. (iii) .. (iv) .. (v) Loans ~~and advances~~ from related parties (vi) .. ***(vii) Liability component of compound financial instruments*** (viii) Other loans ~~and advances~~(specify nature) Period and amount of ~~continuing~~ default as on the balance sheet date in repayment of ~~loans~~ ***borrowings*** and interest shall be specified separately in each case.
31. Other non-current liabilities	
Other Long-term Liabilities shall be classified as: *(a) Trade payables* (b) Others	Other ~~Long-term~~ ***non-current*** liabilities; ~~(a) Trade Payables~~ (a) Advances

Division I	Division II
	(b) Others (specify nature)
32. Borrowings: Current	
Short-term borrowings shall be classified as: (a) .. (b) Loans *and advances from* related parties (c) .. (d) Other loans *and advances* (specify nature) Period and amount of default as on the balance sheet date in repayment of loans and interest, shall be specified separately in each case.	~~Short-term~~ Borrowings shall be classified as- (a) .. (b) Loans ~~and advances~~ from related parties (c) .. (d) Other loans ~~and advances~~ (specify nature) Period and amount of default as on the balance sheet date in repayment of ~~loans~~ ***borrowings*** and interest, shall be specified separately in each case.
33. Other current liabilities	
The amounts shall be classified as: (a) Current maturities of long-term debt; (b) Current maturities of finance lease obligations; *(c) Interest accrued but not due on borrowings;* *(d) Interest accrued and due on borrowings;* *(e) Income received in advance;* (f) Unpaid dividends; (g) Application money received for allotment of securities *and due for refund* and interest accrued thereon; (h) Unpaid matured deposits and interest accrued thereon; (i) Unpaid matured debentures and interest accrued thereon;	***Other Financial liabilities*** shall be classified as- (i) Current maturities of long-term debt; (ii) Current maturities of finance lease obligations; ***(iii) Interest accrued;*** (iv) Unpaid dividends; (v) Application money received for allotment of securities ***to the extent refundable*** and interest accrued thereon; (vi) Unpaid matured deposits and interest accrued thereon; (vii) Unpaid matured debentures and interest accrued thereon; and (viii) Others (specify nature). '***Long term debt' is a borrowing***

Division I	Division II
(j) *Other payables* (specify nature).	***having a period of more than twelve months at the time of origination.*** ***Other current liabilities shall be classified as-*** ***(a) revenue received in advance;*** ***(b) other advances (specify nature); and*** (c) ***others (specify nature);***
34. Non-current assets held for sale	
No such requirement	***The presentation of liabilities associated with group of assets classified as held for sale and non-current assets classified as held for sale shall be in accordance with the relevant Indian Accounting Standards (Ind ASs).***
35. Proposed dividend	
The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately. Arrears of fixed cumulative dividends on *preference shares* shall also be disclosed separately. As per *AS 4 Contingencies and Events Occurring After the Balance Sheet Date (Revised 2016)*, proposed dividends should not be recognized as a liability but rather should be disclosed as a separate note.	The amount of dividends proposed to be distributed to equity and preference shareholders for the period and the related amount per share shall be disclosed separately. Arrears of fixed cumulative dividends on ***irredeemable preference shares*** shall also be disclosed separately. As per *Ind AS 10 Events after the Reporting Period*, proposed dividends should not be recognized as a liability but rather should be disclosed as a separate note. Hence, there is no difference

Division I	Division II
	between Indian GAAP and Ind AS.
36. Share application money	
Share application money includes advances towards allotment of share capital. The 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. It shall also be disclosed whether the company has sufficient authorised capital to cover the share capital amount resulting from allotment of shares out of such share application money. 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. 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"*	***Share application money pending allotment shall be classified into equity or liability in accordance with relevant Indian Accounting Standards. Share application money to the extent not refundable shall be shown under the head Equity and share application money to the extent refundable shall be separately shown under 'Other financial liabilities'.***
37. Classification of preference shares	
No such requirement	***Preference shares including premium received on issue, shall be classified and presented as 'Equity' or 'Liability' in***

Division I	Division II
	accordance with the requirements of the relevant Indian Accounting Standards. Accordingly, the disclosure and presentation requirements in this regard applicable to the relevant class of equity or liability shall be applicable mutatis mutandis to the preference shares. For instance, redeemable preference shares shall be classified and presented under 'non-current liabilities' as 'borrowings' and the disclosure requirements in this regard applicable to such borrowings shall be applicable mutatis mutandis to redeemable preference shares.
38. Compound financial instruments	
No such requirement	***Compound financial instruments such as convertible debentures, where split into equity and liability components, as per the requirements of the relevant Indian Accounting Standards, shall be classified and presented under the relevant heads in 'Equity' and 'Liabilities'***
39. Regulatory Deferral Account	
No such requirement	***Regulatory Deferral Account Balances and changes in such Balances shall be presented in the Balance Sheet and Statement of Profit and Loss in accordance with the relevant Indian Accounting Standards.***

<table>
<tr><th>Division I</th><th>Division II</th></tr>
<tr><td colspan="2">40. Board's opinion on realisable value</td></tr>
<tr><td>If, in the opinion of the Board, any of the assets other than fixed assets and non-current investments do not have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated, the fact that the Board is of that opinion, shall be stated.</td><td>No such requirement in accordance with Ind AS.</td></tr>
<tr><td colspan="2">41. Revenue from operations</td></tr>
<tr><td>In respect of a 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;
Less:
(d) Excise duty
In respect of a 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><td>Revenue from operations shall disclose separately in the notes
(a) sale of products (including Excise Duty);
(b) sale of services
(c) other operating revenues</td></tr>
<tr><td colspan="2">42. Other income</td></tr>
<tr><td>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</td><td>Other income shall be classified as-
(a) interest income<s>(in case of a company other than a finance company)</s>
(b) dividend income
(c) other non-operating income</td></tr>
</table>

Division I	Division II
investments (d) other non-operating income (net of expenses directly attributable to such income)	(net of expenses directly attributable to such income) Additional information still requires separate presentation of 'Net gain / loss on sale of investment. The same may be shown under 'Other Income'
43. Employee benefits expense	
Employee benefits expense shall classified as: (i) salaries and wages, (ii) contribution to provident and other funds *(iii) expense on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)* (iv) staff welfare expenses	Employee benefits expense shall classified as: (a) salaries and wages (b) contribution to provident and other funds **(c) share based payments to employees** (d) staff welfare expenses
44. Adjustments to carrying amount of investments	
A Company shall disclose by way of notes additional information regarding aggregate expenditure and income on adjustments to the carrying amount of investments.	***No such requirement***
45. Payment to auditors	
Payments to auditor shall be classified 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	Payments to auditor shall be classified as: (a) auditor (b) for taxation matters (c) for company law matters ~~(d) for management services~~ (d) for other services (e) for reimbursement of expenses

Division I	Division II
46. Consolidated financial statements	
"*Minority interests" in the balance sheet* within equity shall be presented separately from the equity of the owners of the parent.	'***Non-controlling interests'*** in the Balance Sheet ***and in the Statement of Changes in Equity***, within equity, shall be presented separately from the equity of the 'owners of the parent'. ***Consolidated financial statements shall also disclose investments accounted for using the equity method.***
47. Retrospective restatement or reclassification	
No such requirement	***When a company applies an accounting policy retrospectively or makes a restatement of items in the financial statements or when it reclassifies items in its financial statements, the company shall attach to the Balance Sheet, a "Balance Sheet" as at the beginning of the earliest comparative period presented.***
48. Other Comprehensive Income	
No such requirement	***Other Comprehensive Income shall be classified into:*** ***(A) Items that will not be reclassified to profit or loss:*** ***(i) Changes in revaluation surplus;*** ***(ii) Remeasurements of the defined benefit plans;*** ***(iii) Equity Instruments through Other Comprehensive Income;*** ***(iv) Fair value changes***

Division I	Division II
	relating to own credit risk of financial liabilities designated at FVTPL; or *(v) Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent not to be classified into profit or loss; and* *(vi) Others (specify nature).* *Income tax relating to items that will not be reclassified to profit or loss* *(B) Items that will be reclassified to profit or loss:* *(i) Exchange differences in translating the financial statements of a foreign operation;* *(ii) Debt Instruments through Other Comprehensive Income;* *(iii) The effective portion of gains and loss on hedging instruments in a cash flow hedge;* *(iv) Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent to be classified into profit or loss; and* (v) *Others (specify nature).*

Division I	Division II
	Income tax relating to items that will be reclassified to profit or loss

Annexure C

Illustrative list of disclosures required under the Companies Act 2013

1. Section 69 - Transfer of certain sums to capital redemption reserve account.

Where a company purchases its own shares out of free reserves or securities premium account, a sum equal to the nominal value of the shares so purchased shall be transferred to the capital redemption reserve account and details of such transfer shall be disclosed in the balance sheet.

2. Section 129 - Financial Statements

(*5*) Without prejudice to sub-section (*1*), where the Financial Statements of a company do not comply with the accounting standards referred to in sub-section (*1*), the company shall disclose in its Financial Statements, the deviation from the accounting standards, the reasons for such deviation and the financial effects, if any, arising out of such deviation.

3. Section 131 - Voluntary revision of Financial Statements or Board's report

(*1*) If it appears to the directors of a company that—

(*a*) the Financial Statements of the company; or

(*b*) the report of the Board, do not comply with the provisions of section 129 or section 134 they may prepare revised Financial Statements or a revised report in respect of any of the three preceding financial years after obtaining approval of the Tribunal on an application made by the company in such form and manner as may be prescribed and a copy of the order passed by the Tribunal shall be filed with the Registrar:

Provided that the Tribunal shall give notice to the Central Government and the Income tax authorities and shall take into consideration the representations, if any, made by that Government or the authorities before passing any order under this section:

Provided further that such revised Financial Statements or report shall not be prepared or filed more than once in a financial year:

Provided also that the detailed reasons for revision of such Financial Statements or report shall also be disclosed in the Board's report in the relevant financial year in which such revision is being made.

4. Section 135 - Corporate Social Responsibility

(2) The Board's report under sub-section (*3*) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

5. Section 182 - Prohibitions and restrictions regarding political contributions (as amended)

(*3*) Every company shall disclose in its profit and loss account the total amount contributed by it under this section during the financial year to which the account relates.

6. Section 183 - Power of Board and other persons to make contributions to national defence fund, etc.

(*2*) Every company shall disclose in its profits and loss account the total amount or amounts contributed by it to the Fund referred to in sub-section (*1*) during the financial year to which the amount relates.

7. Section 186 - Loan and investment by company

(*4*) The company shall disclose to the members in the Financial Statements the full particulars of the loans given, investment made or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security.

8. Section 272 - Petition for winding up

(*4*) The Registrar shall be entitled to present a petition for winding up under subsection (*1*) on any of the grounds specified in sub-section (*1*) of section 271, except on the grounds specified in clause (*b*), clause (*d*) or clause (*g*) of that sub-section:

Provided that the Registrar shall not present a petition on the ground that the company is unable to pay its debts unless it appears to him either from the financial condition of the company as disclosed in its balance sheet or from the report of an inspector appointed under section 210 that the company is unable to pay its debts:

Provided further that the Registrar shall obtain the previous sanction of the Central Government to the presentation of a petition:

Provided also that the Central Government shall not accord its sanction unless the company has been given a reasonable opportunity of making representations.

Annexure D

List of Indian Accounting Standards notified as on date:

Ind AS	**Description**
Ind AS 101	First-time Adoption of Indian Accounting Standards
Ind AS 102	Share-based Payment
Ind AS 103	Business Combinations
Ind AS 104	Insurance Contracts
Ind AS 105	Non-current Assets Held for Sale and Discontinued Operations
Ind AS 106	Exploration for and Evaluation of Mineral Resources
Ind AS 107	Financial Instruments: Disclosures
Ind AS 108	Operating Segments
Ind AS 109	Financial Instruments
Ind AS 110	Consolidated Financial Statements
Ind AS 111	Joint Arrangements
Ind AS 112	Disclosure of Interests in Other Entities
Ind AS 113	Fair Value Measurement
Ind AS 114	Regulatory Deferral Accounts
Ind AS 1	Presentation of Financial Statements
Ind AS 2	Inventories
Ind AS 7	Statement of Cash Flows
Ind AS 8	Accounting Policies, Changes in Accounting Estimates and Errors
Ind AS 10	Events after the Reporting Period
Ind AS 11	Construction Contracts
Ind AS 12	Income Taxes
Ind AS 16	Property, Plant and Equipment
Ind AS 17	Leases

Ind AS 18	Revenue
Ind AS 19	Employee Benefits
Ind AS 20	Accounting for Government Grants and Disclosure of Government Assistance
Ind AS 21	The Effects of Changes in Foreign Exchange Rates
Ind AS 23	Borrowing Costs
Ind AS 24	Related Party Disclosures
Ind AS 27	Separate Financial Statements
Ind AS 28	Investments in Associates and Joint Ventures
Ind AS 29	Financial Reporting in Hyperinflationary Economies
Ind AS 32	Financial Instruments: Presentation
Ind AS 33	Earnings per Share
Ind AS 34	Interim Financial Reporting
Ind AS 36	Impairment of Assets
Ind AS 37	Provisions, Contingent Liabilities and Contingent Assets
Ind AS 38	Intangible Assets
Ind AS 40	Investment Property
Ind AS 41	Agriculture

Annexure E

General Circular No. 39/2014 dated: 14th October, 2014

To

All Regional Directors,

All registrars of Companies,

All Stakeholders

Subject: Clarification on matters relating to Consolidated Financial Statements.

Sir,

Government has received representations from stakeholders seeking clarifications on the manner of presentation of notes in Consolidated Financial Statements (CFS) to be prepared under Schedule III to the Act. These representations have been examined in consultation with the Institute of Chartered Accountants of India (ICAI) and it is clarified that Schedule III to the Act read with the applicable Accounting Standards does not envisage that a company while preparing its CFS merely repeats the disclosures made by it under stand-alone accounts being consolidated. In the CFS, the company would need to give all disclosures relevant for CFS only.

2. This issues with the approval of the competent authority.

Annexure F

Illustrative Standalone Financial Statements

Balance Sheet as at ________				
	Particulars	**Note No.**	**Figures at the end of current reporting period**	**Figures at the end of previous reporting period**
(1)	ASSETS Non-current assets (a) Property, Plant and Equipment (b) Capital work-in-progress (c) Investment Property (d) Goodwill (e) Other Intangible assets (f) Intangible assets under development (g) Biological Assets other than bearer plants (h) Financial Assets (i) Investments (ii) Loans (iii) Trade receivables (iv) Others (to be specified) (i) Deferred tax assets (net) (j) Other non-current assets			
(2)	Current assets (a) Inventories (b) Financial Assets (i) Investments			

	(ii) Trade receivables (iii) Cash and cash equivalents (iv) Bank balances other than (iii) above (v) Loans (vi) Others (to be specified) (c) Current Tax Assets (Net) (d) Other current assets			
	Assets held-for-sale / Assets included in disposal group(s) held-for-sale			
	Total Assets			
(1)	EQUITY AND LIABILITIES Equity (a) Equity Share capital (b) Instruments entirely equity in nature (c) Other Equity			
	LIABILITIES Non-current liabilities (a) Financial Liabilities (i) Borrowings (ii) Trade payables (iii) Other financial liabilities (other than those specified in item (b), to be specified) (b) Provisions (c) Deferred tax liabilities (Net) (d) Other non-current liabilities			
(2)	Current liabilities (a) Financial Liabilities (i) Borrowings (ii) Trade payables (iii) Other financial liabilities (other			

	than those specified in item (c)) (b) Other current liabilities (c) Provisions (d) Current Tax Liabilities (Net)			
	Liabilities classified as held for sale / Liabilities included in disposal group held-for-sale			
	Total Equity and Liabilities			

Statement of Changes in Equity for the year ended ______________

A. Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period

B. Instruments entirely equity in nature ^

a. Compulsorily Convertible Preference Shares

Balance at the beginning of the reporting period	Changes in compulsorily convertible preference shares during the period	Balance at the end of the reporting period

b. Compulsorily Convertible Debentures

Balance at the beginning of the reporting period	Changes in compulsorily convertible debentures during the period	Balance at the end of the reporting period

c. [Instrument] (Any other instrument entirely equity in nature)

Balance at the beginning of the reporting period	Changes in [Instrument] during the period	Balance at the end of the reporting period

C. Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrant	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings								
Balance at the beginning of the reporting period														
Changes in accounting policy or prior period errors														
Restated														

balance at the beginning of the reporting period														
Total Comprehensive Income for the year														
Dividends														
Transfer to retained earnings														
Any other change (to be specified)														
Balance at the end of the reporting period														

Statement of Profit and Loss for the year ended _______

	Particulars	Note No.	Figures for the current reporting period	Figures for the previous reporting period
I	Revenue From Operations			
II	Other Income			
III	Net gain on de-recognition of financial assets at amortized cost			
IV	Net gain on reclassification of financial assets**			
V	Total Income (I + II + III+ IV)			
VI	EXPENSES Cost of materials consumed			
	Excise Duty			
	Purchases of Stock-in-Trade			
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress			
	Employee benefits expense			
	Finance costs			
	Depreciation and amortization expense			
	Impairment losses			
	Net loss on de-recognition of financial assets at amortized cost			
	Net loss on reclassification of financial assets**			
	Other expenses			
	Total expenses (VI)			

VII	Profit/(loss) before exceptional items and tax (V- VI)			
VIII	Exceptional Items			
IX	Profit/(loss) before tax(VII+VIII)			
X	Tax expense: (1) Current tax (2) Deferred tax			
XI	Profit (Loss) for the period from continuing operations (IX-X)			
XII	Profit/(loss) from discontinued operations			
XIII	Tax expense of discontinued operations			
XIV	Profit/(loss) from Discontinued operations (after tax) (XII – XIII)			
XV	Profit/(loss) for the period (XI+XIV)			
XVI	Other Comprehensive Income A (i) Items that will not be reclassified to profit or loss (ii) Income tax relating to items that will not be reclassified to profit or loss B (i) Items that will be reclassified to profit or loss (ii) Income tax relating to items that will be reclassified to profit or loss			
XVII	Total Comprehensive Income for the period (XV+ XVI)(Comprising Profit/(Loss) and Other Comprehensive Income for the period)			

XVIII	Earnings per equity share (for continuing operation): (1) Basic (2) Diluted			
XIX	Earnings per equity share (for discontinued operation): (1) Basic (2) Diluted			
XX	Earnings per equity share(for discontinued & continuing operations) (1) Basic (2) Diluted			

** Difference arising on reclassification of financial assets at the reclassification date

Illustrative Consolidated Financial Statements

Consolidated Balance Sheet as at _______				
	Particulars	**Note No.**	**Figures as at the end of current reporting period**	**Figures as at the end of the previous reporting period**
	ASSETS			
(1)	Non-current assets			
	(a) Property, Plant and Equipment			
	(b) Capital work-in-progress			
	(c) Investment Property			
	(d) Goodwill			
	(e) Other Intangible assets			
	(f) Intangible assets under development			
	(g) Biological Assets other than bearer plants			
	(h) Investments accounted for using the equity method			
	(i) Financial Assets			
	(i) Investments			
	(ii) Loans			
	(iii) Trade receivables			
	(iv) Others (to be specified)			
	(j) Deferred tax assets (net)			
(2)	(k) Other non-current assets			
	Current assets			
	(a) Inventories			
	(b) Financial Assets			
	(i) Investments			
	(ii) Trade receivables			
	(iii) Cash and cash equivalents			
	(iv) Bank balances other than (iii) above			
	(v) Loans			

	(vi) Others (to be specified) (c) Current Tax Assets (Net) (d) Other current assets			
	Assets held-for-sale / Assets included in disposal group(s) held-for-sale			
	Total Assets			
(1) (2)	EQUITY AND LIABILITIES Equity (a) Equity Share capital (b) Instruments entirely equity in nature (c) Other Equity (d) Non-controlling interests Liabilities Non-current liabilities (a) Financial Liabilities (i) Borrowings (ii) Trade payables (iii) Other financial liabilities (other than those specified in item (b), to be specified) (b) Provisions (c) Deferred tax liabilities (Net) (d) Other non-current liabilities Current liabilities (a) Financial Liabilities (i) Borrowings (ii) Trade payables (iii) Other financial liabilities (other than those specified in item (c) (b) Other current liabilities			

	(c) Provisions (d) Current Tax Liabilities (Net)			
	Liabilities classified as held for sale / Liabilities included in disposal group held-for-sale			
	Total Equity and Liabilities			

Consolidated Statement of Changes in Equity for the year ended __________

A. Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period

B. Instruments entirely equity in nature

a. Compulsorily Convertible Preference Shares

Balance at the beginning of the reporting period	Changes in compulsorily convertible preference shares during the period	Balance at the end of the reporting period

b. Compulsorily Convertible Debentures

Balance at the beginning of the reporting period	Changes in compulsorily convertible debentures during the period	Balance at the end of the reporting period

c. [Instrument] (Any other instrument entirely equity in nature)

Balance at the beginning of the reporting period	Changes in [Instrument] during the period	Balance at the end of the reporting period

C. Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrant	Attributable to owners of the parent	Non-controlling interest	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings										

Balance at the beginning of the reporting period																
Changes in accounting policy or prior period errors																
Restated balance at the beginning of the reporting period																
Total Comprehensive Income for the year																

Dividends																
Transfer to retained earnings																
Any other change (to be specified)																
Balance at the end of the reporting period																

Consolidated Statement of Profit and Loss for the year ended _______

	Particulars	Note No.	Figures for the current reporting period	Figures for the previous reporting period
I	Revenue From Operations			
II	Other Income			
III	Net gain on de-recognition of financial assets at amortized cost			
IV	Net gain on reclassification of financial assets**			
V	Total Income (I + II + III+ IV)			
VI	EXPENSES Cost of materials consumed			
	Excise Duty			
	Purchases of Stock-in-Trade			
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress			
	Employee benefits expense			
	Finance costs			
	Depreciation and amortization expense			
	Impairment losses			
	Net loss on de-recognition of financial assets at amortized cost			
	Net loss on reclassification of financial assets**			
	Other expenses			
	Total expenses (VI)			

VII	Profit/(loss) before share of profit/(loss) of an associate / a joint venture and exceptional items (V - VI)			
VIII	Share of profit/(loss) of an associate / a joint venture			
IX	Profit/(loss) before exceptional items and tax (VII + VIII)			
X	Exceptional Items			
XI	Profit/(loss) before tax(IX+X)			
XII	Tax expense: (1) Current tax (2) Deferred tax			
XIII	Profit (Loss) for the period from continuing operations (XI - XII)			
XIV	Profit/(loss) from discontinued operations			
XV	Tax expense of discontinued operations			
XVI	Profit/(loss) from Discontinued operations (after tax) (XIV -XV)			
XVII	Profit/(loss) for the period (XV +XVI)			
XVIII	Other Comprehensive Income A (i) Items that will not be reclassified to profit or loss (ii) Income tax relating to items that will not be reclassified to profit or loss B (i) Items that will be reclassified to profit or loss (ii) Income tax relating to items that will be reclassified to profit or loss			
XIX	Total Comprehensive Income			

	for the period (XVII+XVIII) / (Comprising Profit (Loss) and Other Comprehensive Income for the period) Attributable to: Owners of the parent Non-controlling interests			
	Of the Total Comprehensive Income above, Profit for the year attributable to: Owners of the parent Non-controlling interests			
	Of the Total Comprehensive Income above, Other comprehensive income attributable to: Owners of the parent Non-controlling interests			
XX	Earnings per equity share (for continuing operation): (1) Basic (2) Diluted			
XXI	Earnings per equity share (for discontinued operation): (1) Basic (2) Diluted			
XXII	Earnings per equity share(for discontinued & continuing operations) (1) Basic (2) Diluted			

**Difference arising on reclassification of financial assets at the reclassification date

Glossary

Act	The Companies Act, 2013
Ind AS Schedule III	Division II to Ind AS Schedule III
Ind AS	Indian Accounting Standards
Companies Ind AS Rules	Companies Ind AS Rules, 2015 as amended from time to time
Ind AS Framework	Framework for the preparation and presentation of Financial Statements in accordance with Indian Accounting Standards
Non Ind AS	Accounting Standards
Companies AS Rules	Companies Accounting Standards Rules, 2006 as amended from time to time
FVTPL	Fair Value through Profit or Loss
FVOCI	Fair Value through other Comprehensive Income
SEBI	Securities and Exchange Board of India
SEBI (LODR)	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
GAAP	Generally Accepted Accounting Principles
MSMED	The Micro, Small and Medium Enterprises Development Act, 2006
CENVAT	Central Value Added Tax
GST	Goods and Services Tax
MAT	Minimum Alternate Tax
CFS / SFS	Consolidated Financial Statements / Standalone Financial Statements