

TOPIC 2.

SCHEDULE III TO THE COMPANIES ACT, 2013

Division II

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Quote:

"Failure will never overtake you

if your determination to succeed is strong enough"



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

Dear Students,

In this topic, I have included important points of Schedule III relevant for Examination purpose. For full annexure u can refer ICAI Module.

GENERAL INSTRUCTIONS FOR PREPARATION OF FINANCIAL STATEMENT 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. 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.

3. 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

4. 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.

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

6. 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.

Note:

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 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.



Student Notes:-

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 | | | |
| 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 |
| | LIABILITIES |
| | Non-current liabilities |
| | (a) Financial Liabilities |
| | (i) Borrowings |
| | (ii) Trade Payables: |
| | (A) total outstanding dues of micro enterprises and small enterprises; and |
| | (B) total outstanding dues of creditors other than micro enterprises and small enterprises. |
| | (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: |
| | (A) total outstanding dues of micro enterprises and small enterprises; and |
| | (B) total outstanding dues of creditors other than micro enterprises and small enterprises. |
| | (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 |

STATEMENT OF CHANGES IN EQUITY

Name of the Company.....

Statement of Changes in Equity for the period 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. Other Equity

| Share Application Money Pending Allotment | Equity Component of Comp. Fin. Instrument | Reserve & Surplus (CR, SP, R/E & Others separately) | Debt Instrument thru OCI | Equity Instrument thru OCI | Cash Flow Hedge Reserve | Revaluation Surplus | Exchange Diff. | Other Items of OCI | Money Received against Share Capital |
|---|---|---|--------------------------|----------------------------|-------------------------|---------------------|----------------|--------------------|--------------------------------------|
| | INDAS | | INDAS | INDAS | INDAS | INDAS | INDAS | INDAS | |
| | 109 & 32 | | 109 & 32 | 109 & 32 | 109 & 32 | 16 | 5 21 | 5 19 | |

GENERAL INSTRUCTIONS FOR PREPARATION OF BALANCE SHEET

1. 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; (eg. Debtors, Inventory)
- (b) it holds the asset **primarily for the purpose of trading**; (eg. Derivative Instruments)
- (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. Operating Cycle:

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. 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. (eg. Loan taken from banks)

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, Goodwill, Biological Assets other than bearer plants:

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. 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) Copyright, patents, other intellectual property rights, services and operating rights
- (f) Recipes, formulae, models, designs and prototypes
- (g) Licenses and franchises
- (h) Others (specify nature)

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.

IV.

| Investments | Trade Receivables | Loans | Other Non-Current Assets |
|--|--|---|---|
| <p>Investments shall be classified as Equity, Pref, Govt., Debn, MF & Others.</p> <p>Also, details regarding Investments in Subsidiaries, Associates, JV shall also be given from above classification.</p> <p>Disclose quoted investments & their market values</p> | <p>Sub classified into –</p> <ul style="list-style-type: none"> • Secured • Unsecured • Significant increase in credit Risk • Credit Impaired <p>Provision for bad & doubtful debts shall be separately disclosed under the relevant head.</p> <p>Debts due by directors/officers of</p> | <p>Classify loans into-</p> <ul style="list-style-type: none"> • Security Deposits • Loans to related Parties • Others <p>Sub classified into –</p> <ul style="list-style-type: none"> • Secured • Unsecured • Significant increase in credit Risk • Credit Impaired <p>Provision for bad & doubtful debts shall be separately</p> | <p>Classified into-</p> <ul style="list-style-type: none"> • Capital Advances • Other than Capital Advances |

| | | | |
|---------------------------------------|---------------------------------------|--|--|
| separately from unquoted investments. | entity shall be separately disclosed. | disclosed under the relevant head. Loans due by directors/officers of entity shall be separately disclosed. | |
|---------------------------------------|---------------------------------------|--|--|

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

B. Current Assets

| Inventories | Investments | Trade Receivables | Cash & Cash Equivalents | Loans |
|--|---|--|---|---|
| Classified into- <ul style="list-style-type: none"> Raw Materials WIP Finished Goods Stock in Trade (acquired for trading) Stores & Spares Loose tools Others GIT shall be disclosed under sub-heads separately Mode of valuation shall be disclosed | Investments shall be classified as Equity, Pref, Govt., Debn, MF & Others. Also, details regarding Investments in Subsidiaries, Associates, JV shall also be given from above classification. Disclose quoted investments & their market values separately from unquoted investments. | Sub classified into - <ul style="list-style-type: none"> Secured Unsecured Significant increase in credit Risk Credit Impaired Provision for bad & doubtful debts shall be separately disclosed under the relevant head. Debts due by directors/officers of entity shall be separately disclosed. | Classified into- <ul style="list-style-type: none"> Balance with Banks Cheques/Drafts on hand Cash on Hand Others | Classify loans into- <ul style="list-style-type: none"> Security Deposits Loans to related Parties Others Sub classified into - <ul style="list-style-type: none"> Secured Unsecured Significant increase in credit Risk Credit Impaired Provision for bad & doubtful debts shall be separately disclosed under the relevant head. Loans due by directors/officers of entity shall be separately disclosed. |

Other current assets (specify nature):

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

- I. Advances other than capital advances
- II. Advances to directors or other officers of the company

C. Equity

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(ESOP); 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

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

D. Non-Current Liabilities

| BORROWINGS | PROVISIONS | OTHER NON-CURRENT |
|--|---|--|
| Classified into: <ul style="list-style-type: none">• Bonds• Term Loans from Banks• Term Loans from Parties• Deferred payment liabilities• Deposits• Loans from related parties• Long term maturities of FL• Liability component of compound financial instruments• Other Loans | Classified into: <ul style="list-style-type: none">• Provision for Employee benefits• Others | Classified into- <ul style="list-style-type: none">• Advances• Others |

| | | |
|---|--|--|
| <p>Further Classified as Secured and Unsecured along with nature of security.</p> <p>Any guarantees by directors or others</p> <p>Terms of Repayments</p> <p>Period and amount of default as on BS date</p> | | |
|---|--|--|

E. Current Liabilities

| Borrowings | Other FL | Other CL | Provisions | Trade Payables |
|---|---|---|---|--|
| <p>Classified into:</p> <ul style="list-style-type: none"> Bonds Term Loans from Banks Term Loans from Parties Deferred payment liabilities Deposits Loans from related parties Long term maturities of FL Liability component of compound financial instruments Other Loans <p>Further Classified as Secured and Unsecured along with nature of security.</p> | <p>Classified into-</p> <p>(a) Current maturities of long-term debt;</p> <p>(b) Current maturities of finance lease obligations;</p> <p>(c) Interest accrued;</p> <p>(d) Unpaid dividends;</p> <p>(e) Application money received for allotment of securities to the extent refundable and interest accrued thereon;</p> <p>(f) Unpaid matured deposits and interest</p> | <p>Classified into-</p> <p>(a) revenue received in advance;</p> <p>(b) other advances and</p> <p>(c) others</p> | <p>Classified into:</p> <ul style="list-style-type: none"> Provision for Employee benefits Others | <p>Classified into-</p> <ul style="list-style-type: none"> Outstanding from Micro Enterprises & Small Enterprises; and Outstanding from others <p>For MESE, provide details regarding Principal amount and interest amount due and paid.</p> |

| | | | | |
|--|--|--|--|--|
| <p>Any guarantees by directors or others</p> <p>Period and amount of default as on BS date</p> | <p>accrued thereon;</p> <p>(g) Unpaid matured debentures and interest accrued thereon; and</p> <p>(h) Others</p> | | | |
|--|--|--|--|--|

F. 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).

PART II - STATEMENT OF PROFIT AND LOSS

Name of the Company.....

Statement of Profit and Loss for the period ended.....

| | Particulars | Note No. | Figures as at the end of current reporting period | Figures for the previous reporting period |
|------|--|-----------------------|---|---|
| I | Revenue from operations | IndAS - 115 | | |
| 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 | IndAS - 19 | | |
| | Finance costs | IndAS - 32 | | |
| | Depreciation and amortization expenses | IndAS - 16 & 38 | | |
| | Other expenses | | | |
| | Total expenses (IV) | | | |
| V | Profit/(loss) before exceptional items and tax (I-IV) | | | |
| VI | Exceptional Items | | | |
| VII | Profit/ (loss) after tax(V-VI) | | | |
| VIII | Tax expense: (1) Current tax (2) Deferred tax | IndAS - 12 | | |
| IX | Profit (Loss) for the period from continuing operations | | | |
| X | Profit/(loss) from discontinued operations | | | |



| | | | | |
|-------|--|---------------|--|--|
| XI | Tax expenses 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 | IndAS - 33 | | |
| XVII | Earnings per equity share (for discontinued operation): (1) Basic (2) Diluted | IndAS - 33 | | |
| XVIII | Earning per equity share (for discontinued & continuing operation) (1) Basic (2) Diluted | IndAS - 33 | | |

GENERAL INSTRUCTIONS FOR PREPARING OF STATEMENT OF PROFIT AND LOSS

1. The Statement of Profit and Loss shall include:

- (1) Profit of loss for the Period;
 - (2) Other Comprehensive Income for the period
- The sum of (1) and (2) above is "Total Comprehensive Income"

2. Revenue from operations shall disclose separately in the notes

- (i) sale of products (including Excise Duty);
- (ii) sale of services; and
- (iii) Other operating revenues.

3. Finance Costs: Finance costs shall be classified as-

- (i) interest;
- (ii) dividend on redeemable preference shares;
- (iii) exchange differences regarded as an adjustment to borrowing costs; and
- (iv) Other borrowing costs (specify nature).

4. 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)

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

6. 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;



Student Notes:-

PART III - GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

- a. 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.
- b. In addition, the consolidated financial statements shall disclose the following information, 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. 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.**
- c. In Consolidated Financial Statement, the following shall be disclosed by the way of additional information

| Name of the entity in the Group | Net Asset 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 I. | | | | | | | | |

| | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|--|--|
| 2. | | | | | | | | |
| 3. | | | | | | | | |
| <i>Subsidiaries</i> | | | | | | | | |
| <i>Foreign</i> | | | | | | | | |
| 1. | | | | | | | | |
| 2. | | | | | | | | |
| 3. | | | | | | | | |
| <i>NCI in all subsidiaries</i> | | | | | | | | |
| <i>Associates</i> | | | | | | | | |
| <i>Indian</i> | | | | | | | | |
| 1. | | | | | | | | |
| 2. | | | | | | | | |
| 3. | | | | | | | | |
| <i>Foreign</i> | | | | | | | | |
| 1. | | | | | | | | |
| 2. | | | | | | | | |
| 3. | | | | | | | | |
| <i>Joint Ventures</i> | | | | | | | | |
| <i>Indian</i> | | | | | | | | |
| 1. | | | | | | | | |
| 2. | | | | | | | | |
| 3. | | | | | | | | |
| <i>Foreign</i> | | | | | | | | |
| 1. | | | | | | | | |
| 2. | | | | | | | | |
| 3. | | | | | | | | |
| Total | | | | | | | | |

Note - Show the list of entities which are not consolidated in CFS along with the reasons of not consolidation



Student Notes:-

COVID-19





Student Notes:-

COVID-19

