|  |  |  |
| --- | --- | --- |
| **Client:** | **$(client)** | |
| **Period end date:** | **$(start) - $(end)** | |
| **Ref. no.:** |  | |
| **Prepared by:** | $(user) | **Date:** |
| **Approved by Manager:** |  | **Date:** |
| **Approved by Partner:** |  | **Date:** |

# Guidance (click to expand):

The purpose of this template is to document the consideration of classification criteria of companies as per Third Schedule of the Companies Act, 2017; and subsequent conclusion on its classification and applicable financial reporting framework and relevant schedule of the Act.

The auditor shall update the schedule as and when required.

# Classification of Company (Third Schedule)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Classification Criteria of Company** | | **Applicable Financial Reporting Framework** | **Relevant Schedule of Companies Act** | **Relevant Amount** | **Does it meet the criteria?**  **Yes/No** |
| 1. **Public Interest Company (PIC)** | | | |  |  |
| a) | Listed Company | International Financial Reporting Standards | Fourth Schedule |  |  |
| b) | Non-listed Company which is: | International Financial Reporting Standards | Fifth Schedule |  |  |
|  | 1. a public sector company as defined in the Act; or |  |  |
|  | 1. a public utility or similar company carrying on the business of essential public service; or |  |  |
|  | 1. holding assets in a fiduciary capacity for a broad group of outsiders, such as a bank, insurance company, securities broker/dealer, pension fund, mutual fund or investment banking entity; or |  |  |
|  | 1. All companies engaged in production and sale of sugar. |  |  |
|  | 1. having such number of members holding ordinary shares as may be notified; or |  |  |
|  | 1. Holding assets exceeding such value as may be notified. |  |  |
| 1. **Large Sized Company (LSC)** | | | |  |  |
| a) | Non-listed Company with: | International Financial Reporting Standards | Fifth Schedule |  |  |
|  | 1. paid-up capital of Rs.200 million or more; or |  |  |
|  | 1. turnover or Rs. 1 billion or more; or |  |  |
|  | 1. Employees more than 750. |  |  |
| b) | A Foreign Company with turnover of Rs. 1 billion or more. | International Financial Reporting Standards | Fifth Schedule |  |  |
| c) | Non-listed Company licenced/formed under Section 42 / Section 45 of the Act having annual gross revenue (grants/income/subsidies/donations) including other income / revenue of Rs.200 million and above. | International Financial Reporting Standards and Accounting Standards for NPOs | Fifth Schedule |  |  |
| 1. **Medium Sized Company (MSC)** | | | |  |  |
| a) | Non-listed Public Company with: | Revised AFRS for SSEs | Fifth Schedule |  |  |
|  | 1. paid-up capital less than Rs.200 million; |  |  |
|  | 1. turnover less than Rs. 1 billion; |  |  |
|  | 1. Employees more than 250 but less than 750. |  |  |
| b) | Private Company with: | Revised AFRS for SSEs | Fifth Schedule |  |  |
|  | 1. paid-up capital of greater than Rs. 10 million but not exceeding Rs. 200 million; |  |  |
|  | 1. turnover greater than Rs. 100 million but not exceeding Rs. 1 billion; |  |  |
|  | 1. Employees more than 250 but less than 750. |  |  |
| c) | A Foreign Company which have turnover less than Rs. 1 billion. | Revised AFRS for SSEs | Fifth Schedule |  |  |
| d) | Non-listed Company licenced/formed under Section 42 or Section 45 of the Act Which has annual gross revenue (grants/income/subsidies/donations) including other income or revenue less than Rs.200 million. | Accounting Standards of NPOs | Fifth Schedule |  |  |
| 1. **Small Sized Company (SSC)** | | | |  |  |
|  | A private company having: | Revised AFRS for SSEs | Fifth Schedule |  |  |
|  | 1. paid-up capital up to Rs. 10 million; |  |  |
|  | 1. turnover not exceeding Rs.100 million; |  |  |
|  | 1. Employees not more than 250. |  |  |
| **Note:**   1. **The classification of a company shall be based on the previous year’s audited financial statements.** 2. **The classification of a company can be changed where it does not fall under the previous criteria for two consecutive years.** 3. **The number of employees means the average number of persons employed by a company in that financial year calculated on monthly basis.** | | | | | |
| **Conclusion:**  **Based on the criteria as above, [client name] is concluded to be [size of company]. The [applicable financial reporting framework] and [relevant schedule] of the companies act apply.** | | | | | |