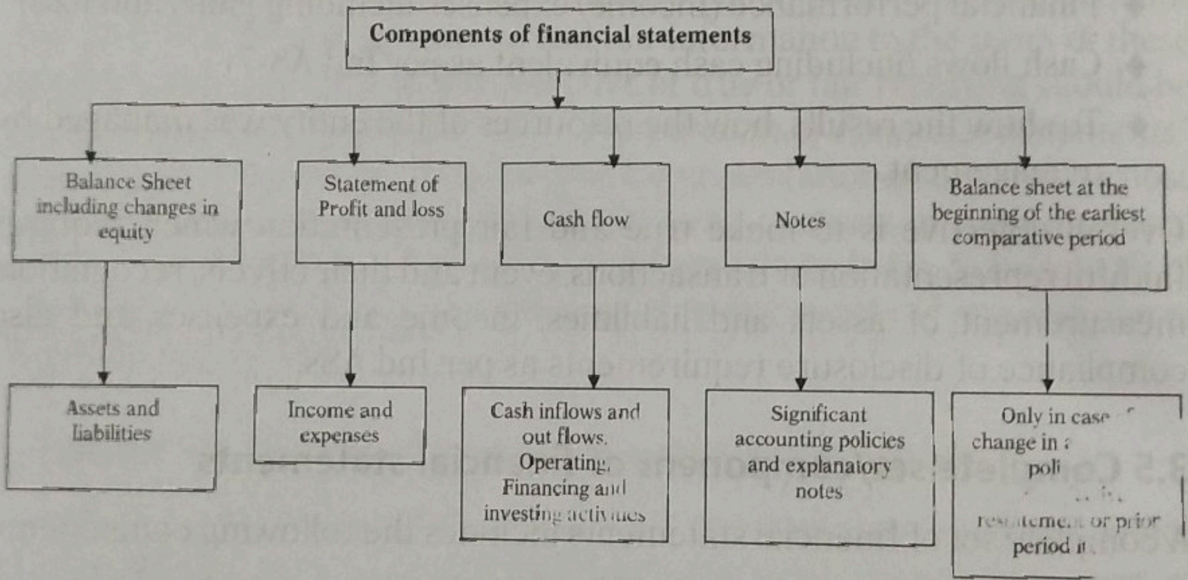
3.6 Supplementary statements

Entities may present additional information on a voluntary basis. For example:

- Environmental reports
- Value added statements
- Human resource statement

These supplementary reports are not a part of financial statements and therefore, outside the scope of Ind AS-1.



3.7 General features of the financial statements

Ind AS-1 prescribes the following features and characteristics of financial statements to make them more relevant and reliable:

- True and fair presentation and compliance with Ind ASs
- Going concern,
- Accrual basis of accounting
- Materiality and aggregation
- Offsetting
- Frequency of reporting

- Comparative information
- Consistency of presentation

3.7-1 True and fair presentation

- Financial statements should present true and fair view of the balance sheet, profit and loss and cash flow of an entity.
- If financial statements of an entity comply with Ind ASs it should make clear and unconditional declaration that financial statements are prepared in compliance with Ind ASs.
- An entity cannot justify the incorrect accounting policy on the pretext that the same has been disclosed and explained in notes to accounts. For example, if closing inventory is valued on the basis of cost and not on the lower of cost or realizable value, the policy followed is wrong and cannot be justified that this has been explained and disclosed in the accounting notes.
- compliance with Ind ASs - In extremely rare circumstances if compliance would be misleading and therefore departure from an Ind AS is necessary for true and fair presentation, the entity can depart from the requirement of an Ind AS provided it makes the following disclosures:
  - The management has concluded that financial statements present true and fair view of the entity's financial position, performance and cash flows
  - It has complied with applicable Ind ASs except that it has departed from particular Ind AS to present a true and fair view
  - The title and number of Ind AS from which has departed
  - The nature of the departure, the treatment that the Standard would require, reason that why the treatment would be misleading, the treatment adopted and the financial impact of the departure on profit or loss, assets and liabilities, equity and cash flows for each period presented.

  Such disclosures would help to the users of the financial statements to determine the impact and would increase the reliability of the financial statements.
- However, if departure is prohibited by the regulation or law the entity shall to the maximum extent possible reduces the misleading aspect of the compliance ***by disclosure*** and not by recognition and adjustment in financial statement. In spite of above legitimate/prudent departure

from Ind ASs, the financial statement can still be described to comply with Ind ASs.

3.7-2 Going concern

Financial statement should be prepared assuming the entity will continue its business unforeseeable future unless management intends to liquidate the entity or cease trading or has no realistic option but to close. When upon assessment it is evident that there are material uncertainties regarding the continuance of the business those uncertainties should be disclosed. In event financial statement are not prepared on going concern basis that fact should be disclosed together with the basis on which they are prepared.

Example 1: XY Ltd. is a manufacturer of televisions. The domestic market for electronic goods is currently not doing well, and therefore many entities in this business are switching to exports. As per the audited financial statements for the year ended December 31, 20XX, the entity had net losses of ₹ 2 crores. At December 31, 20XX, its current assets aggregate to ₹ 20 crores and the current liabilities aggregate to ₹ 25 crores. Due to expected favourable changes in the government policies for the electronics Industry, the entity is projecting profits in the coming years. Furthermore, the shareholders of the entity have arranged alternative additional sources of finance for its expansion plans and to support its working needs in the next 12 months.

Required - Should XY Ltd. prepare its financial statements under the going concern assumption?

Solution - The two factors that raise doubts about the entity's ability to continue as a going concern are:

(1) The net loss for the year of ₹ 2 crores

(2) At the balance sheet date, the working capital deficiency (current liabilities of ₹ 25 crores) exceeds its current assets (of ₹ 20 crores) by ₹ 5 crores

However, there are two mitigating factors:

(1) The shareholders' ability to arrange funding for the entity's expansion and working capital needs

(2) Projected future profitability due to expected favourable changes in government policies for the Industry the entity is operating within, based on these sets of factors—both negative and positive (mitigating) factors—it may be possible for the management of the entity to argue that the going concern assumption is appropriate and that any other basis of preparation of financial statements would be unreasonable at the moment. However, if matters deteriorate further instead of improving, then in the future another detailed assessment would be needed to ascertain whether the going concern assumption is still valid.

3.7-3 Accrual basis of accounting

All financial statements excluding the cash flow statement must be prepared on an accrual basis. In accrual basis of accounting the asset and liabilities are recognized when they are receivable and payable rather than when actually received or paid.

3.7-4 Materiality and aggregation

Each material class of similar items shall be presented separately in the financial statement, material item that are dissimilar in nature or function should be separately disclosed. Items which are not material need not to be disclosed except required by law.

What is Material?

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

Materiality depends on the nature or magnitude of information, or both. An entity assesses whether information, either individually or in combination with other information, is material in the context of its financial statements taken as a whole.

Information is obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:—

- information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- information regarding a material item, transaction or other event is scattered throughout the financial statements;
- dissimilar items, transactions or other events are inappropriately aggregated;
- similar items, transactions or other events are inappropriately disaggregated; and
- the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

Assessing whether information could reasonably be expected to influence decisions made by the primary users of a specific reporting entity's general purpose financial statements requires an entity to consider the characteristics of those users while also considering the entity's own circumstances.

Many existing and potential investors, lenders and other creditors cannot require reporting entities to provide information directly to them and must rely on general purpose financial statements for much of the financial information they need. Consequently, they are the primary users to whom general purpose financial statements are directed. Financial statements are prepared for users who have a reasonable knowledge of business and economic activities and who review and analyze the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena.

3.7-5 Offsetting

Assets and liabilities, income and expenses should not be offset against each other unless required or permitted by Ind ASs. For example, presenting receivable/debtors net of allowance for doubtful debts is not offsetting. Ind AS-115, permits offsetting/deduction of trade discount or volume discount from revenue because such offsetting reflects the substance of the transactions netting off of income and related expenses arising on the some transaction is permitted for example:

(*a*) Gains/losses on the disposal of non-current assets are reported after deducting the carrying value (book value) and selling expenses from the proceeds.

(*b*) As per Ind AS-37, the expenditure related to recognized provision that is reimbursed under contractual provision from a third party may be netted. For example, when a warranty provision on goods sold will be reimbursed by the supplier/manufacturer.

3.7-6 Frequency of reporting

A complete set of financial statement including comparative figure shall be presented annually. However in exceptional circumstances reporting where there is change in reporting period resulting longer or shorter period than one year, an entity should disclose:

- Reasons for a period other than one year
- That comparative figure is not entirely comparable.

3.7-7 Comparative information

Comparative figure for previous period should be disclosed unless Ind ASs permits or require otherwise. Two of each statement *i.e.*, Balance sheet, profit and loss, cash flows is therefore, a minimum requirement.

However when there is change in accounting policy and such change is retrospectively applied or there is retrospective restatement of item in the financial statement then the entity shall present:

- A minimum of three balance sheet, two profit or loss statement and two cash flow.
- The three balance sheet shall be of :
  - At the end of the current period, say 31st March 2018
  - At the end of the previous period, *i.e.* 31st March 2017
  - At the beginning of the earliest comparative period i.e., 1st April 2016

When it is impracticable to re-classify comparative amounts, an entity must disclose the reason for such impracticable situation.

3.7-8 Consistency of presentation

Entities should retain their presentation and classification of items from one period to the next. However change will be allowed only when:

- If change result in a more appropriate presentation
- Is required by an Ind AS.

A consistency in presentation enhance the comparability of the financial statement what is more appropriate is to be judged in terms of relevance and reliability.

3.8 Structure and content

The Ministry of Corporate Affairs (MCA) has notified on 6th April 2016, the general instructions for preparation of Stand-alone financial statements of a company required to comply with Ind AS. These instructions are the part of Schedule III of the Companies Act, 2013 and also prescribe the format of Balance Sheet, Statement of Changes in Equity and Statement of Profit and Loss. It also prescribes the general instruction for the preparation of consolidated financial statements.

In the case of banking companies, the format of the financial statement is prescribed in Schedule III of the Banking Regulation Act, 1949. Whereas in the case of Insurance companies the same in prescribed and regulated by the Insurance Regulatory and Development Authority of India, for mutual funds, the financial statements are also require to comply with the guidelines of the SEBI.

Identification and display - An entity shall clearly identify the financial statement by naming them as balance sheet, profit and loss account, cash flow and notes to accounts and distinguish them from other information published in the same document like, annual reports or prospectus. The financial statement should clearly specify:

- The presentation currency for example in India, Indian rupee is presentation currency.
- Level of rounding off. For example, Figures are in '000, or in lakhs, million, crores etc. The Schedule III of Companies Act, prescribes guidelines for such rounding off.

3.8-1 Balance sheet

As mentioned earlier that there is no format prescribed in Ind AS 1, the format and General instructions for preparation of financial statements is prescribed in Schedule III of the Companies Act, 2013.

However, Ind AS 1 prescribes that the entity should present its assets and liabilities in the balance sheet based on current and non-current classification except when a presentation based on liquidity provided more relevant and reliable information.

3.8-2 Current/non-current classification

- A separate classification of current and non-current assets and liabilities is useful when an entity supply goods or services within a clearly identifiable operating cycle.
- Distinguishing the net assets that are continuously circulating (like, Inventories, debtors) from those used in long term operation (like, fixed assets).

Current assets - Asset is classified as current when ***any one*** of the following criteria is satisfied:

- Expected to be realized or is intended for sale or consumption in the normal course of the operating cycle, or
- Held primarily for trading purpose or
- Expected to be realized within 12 months after the reporting date i.e., date of the balance sheet or
- Cash or cash equivalent which is not restricted in use.

All other assets are classified as non-current. Like all tangible and intangible assets and financial assets of long-term in nature.

3.8-3 What is 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'. Where operating cycle is not clearly identifiable it is assumed 12 months. The same normal operating cycle must be applied for both assets and liabilities.

Example: A company produces machinery, the length of time between first purchasing of raw materials to make the machinery and the date the company completes the production and delivery is 10 months. The company receives payment for the machinery 6 months after delivery.

Normal operating cycle for the company is 16 months (10+6 months). All of the inventory of machinery and its raw material should be classified as a current asset even though some of the inventory may not be realized within 12 months of the balance sheet date. Debtors/trade receivable will also be classified as current assets.

Example: If in above example the production time is 14 months and time between delivery and payment was 15 months.

The inventory and the debtors/trade receivable will still be classified as current assets. These are being realized in cash in the company normal business cycle.

Example: X Ltd. invested in equity shares of other companies it intends to sell those shares within 12 months. Should this investment be classified as current asset? X Ltd. operating cycle is 14 months

Operating cycle concept is applied to assets like, inventories, trade receivables, prepayments for operating expenses, advances to supplier of goods and services which are working capital items. As the investment is financial assets not part of working capital the 12 month criteria will apply instead of normal operating cycle criteria. Hence the investment will be classified as current asset.

Example: An equipment part of property, plant and equipment has remaining useful life of 12 months from the date of balance sheet. Should it be classified as current asset?

No, as it is part of property, plant and equipment (PPE) it is non-current asset. PPE is never classified as current.

Current liabilities - A liability is classified as current when:

- It is expected to be settled in the normal course of the operating cycle (*i.e.*, salary accruals) ; or
- It is held primarily for the purpose of being traded; or
- It is due to be settled within 12 months after the reporting period (*e.g.* income taxes); or
- The entity does not have unconditional right to defer settlement for at least 12 month after the reporting period.

All other liabilities are classified as non-current.

Trade payables and outstanding liabilities for employees and other operating cost are part of the working capital used in the normal operating cycle. Other liabilities not part of normal operating cycle but are due for settlement within 12 months after the reporting date are always classified current even if its original period of maturity was more than 12 months.

Refinancing - Financial liabilities due to be settled within 12 months after reporting period are classified as current even if:

- The original term was more than 12 months and
- Refinancing on a long-term basis is agreed after reporting period (and before the financial statement are approved for issue)

Refinancing and rescheduling payments after the reporting period is a non-adjusting event.

Example - X Ltd. took a loan of ₹ 5 crores on 1st April 2017 repayable on 30th June 2019. However in March 2018 the loan agreement was modified and ₹ 3 crores out of the above loan is to be repaid on 30th Sept 2018

While preparing the balance sheet for 31st March 2018, ₹ 3 crores will be shown as current liability as it is repayable within 12 months from date of balance sheet *i.e.*, 31st March 2018.

Example: X Ltd. took a loan of ₹ 5 crores on 1st April 2017 repayable on 30th June 2018. On 15th April 2018 the term of repayment was extended to 31st December 2019. The balance sheet was approved for issue 30th April 2018.

The loan of ₹ 5 crores will be shown as current in the balance sheet prepared for 31st March 2018. Even if the term of repayment is extended beyond 12 months on 15th Apr 2018 date before the balance sheet was approved for issue *i.e.*, 30th April 2018 as event after the balance sheet date but before the date the balance sheet approved for issue, in this case is non-adjusting event as per Ind AS 10 "Event after the reporting period".

Liability payment on demand - Liability payable on demand is generally classified as current but if the expectation and intention of both parties is that the loan will remain outstanding for the foreseeable, future, then the substance of the liability is long-term and it should be classified as non-current. In case the financial liability was current and conditions of loan are breached it will be classified as current if rectification of breach is done after the reporting date however if rectification is done, before the approval of the financial statement for issue it is adjusting event as per carve-out in AS-10 and will be classified as non-current.

When an entity does not have an unconditional right to defer settlement of a liability for at least 12 month after reporting period, such type of settlement includes conversion option which can be exercised by the holder at any time; the liability component would be classified as current. This classification would be required even if the entity would not be required to settle the unconverted portion of the liability with cash or other asset for more than 12 months after the reporting date.

Example: X Ltd. issued 1000 convertible debentures of ₹ 100 each on 1st Jan 2017, wherein the holders of these debentures have options to convert the debentures into share within 3 years.

As per the Ind AS-32, the liability and equity portion of convertible debentures will be separated on 1st Jan 2011, while preparing the balance sheet on 31st March 2017 the liability portion of the convertible debentures will be shown as current even if holders of these debentures may exercise their options after 2 years, as the X Ltd. does not have unconditional right to defer settlement *i.e.*, conversion option for at least 12 months after reporting date. The holders of the debentures have unconditional right to demand conversion any time before 3 years.

3.9 Ind AS compliant Financial Statements

The format as prescribed in Schedule III of the Companies Act, 2013 are as under:

General instructions 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.	Figure as at the end of current reporting period	Figure as at the end of the previous reporting period
	1		2	3	4
	ASSETS				
(1)	**Non-Current Assets**				
	(*a*)	Property, plant and Equipment			
	(*b*)	Capital Work-in-Progress			
	(*c*)	Investment Property			
	(*d*)	Goodwill			
	(*e*)	Other Tangible Assets			
	(*f*)	Intangible Assets under developments			
	(*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 Receivable			
		(*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			

Particulars	Note No.	Figure as at the end of current reporting period	Figure as at the end of the previous reporting period
1	2	3	4
LIABILITIES			
(1) **Non-Current Liabilities**			
(*a*) Financial Liabilities			
(*i*) Borrowings (*ii*) Trade Payable— (*A*) Total outstanding dues of micro enterprises and small enterprises (*B*) Total outstanding dues of creditors other than micro enterprises and small enterprises (*iii*) Other Financial (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 Payable (*iii*) Other Financial (Other than those specified in item (*c*), to be specified)			
(*b*) Other Current Liabilities			
(*c*) Provision			
(*d*) Current Tax Liabilities (Net)			
TOTAL EQUITY AND LIABILITIES			

STATEMENT OF CHANGE 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

Notes:

General instructions for preparation of Balance Sheet

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

   (*a*) it expects to realize 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 realize 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 realization 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 along with 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) Trade receivable considered good - secured

(b) Trade receivable considered good - unsecured

(c) Trade receivable which have significant increase in credit risk

(d) Trade receivable - credit impaired

(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) Loan receivables considered good - secured

(b) Loan receivable considered good - unsecured

(c) Loan receivable which have significant increase in credit risk

(d) Loan receivables - credit impaired

(*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) Trade receivables considered good - secured

(b) Trade receivable considered good - unsecured

(c) Trade receivables which have significant increase in credit risk

(d) Trade receivable - credit impaired

(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*) Loan receivable considered good - secured

(*b*) Loan receivable considered good - unsecured

(*c*) Loan receivable which have significant increase in credit risk

(*d*) Loan receivable - credit impaired

(*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 authorized;

(*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 instalments, the date of maturity for this purpose must be reckoned as the date on which the first instalment 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.

II. Provisions:

The amounts shall be classified as-

(*a*) Provision for employee benefits; and

(*b*) Others (specify nature).

III. 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).

FA. Trade Payables

The following details relating to micro, small and medium enterprises shall be disclosed in the notes:-

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

(*b*) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount 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 of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;

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

(*e*) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

Explanation.- The terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier', shall have the same meaning as assigned to them under clauses (*b*), (*d*), (*e*), (*h*), (*m*) and (*n*) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.".

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 unutilized 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...................

	Particulars	**Note No.**	**Figure for the current reporting period**	**Figure for the previous reporting period**
I	Revenue From Operation			
II	Other Income			
III	**Total Income (I+II)**			
IV	**EXPENSES**			
	Cost of material 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			

	Particulars	Note No.	Figure for the current reporting period	Figure for the previous reporting period
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*) Remeasurements 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 amortization expense;
   (*c*) any item of income or expenditure which exceeds one per cent of the revenue from operations or ₹ 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.