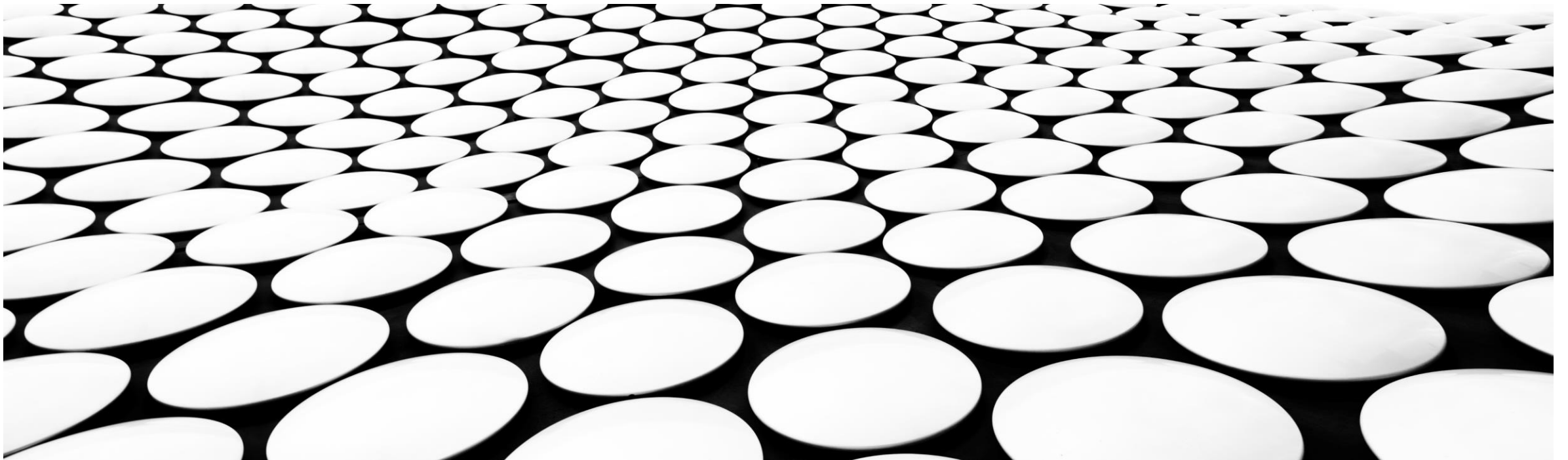


---

# **FINANCE FOR NON-FINANCE – MODULE III**

## **FINANCIAL STATEMENTS (CONTINUED)**

**B D CHATTERJEE FCA, ACMA, ACS, DIP IFR (ACCA) – UNITED KINGDOM**

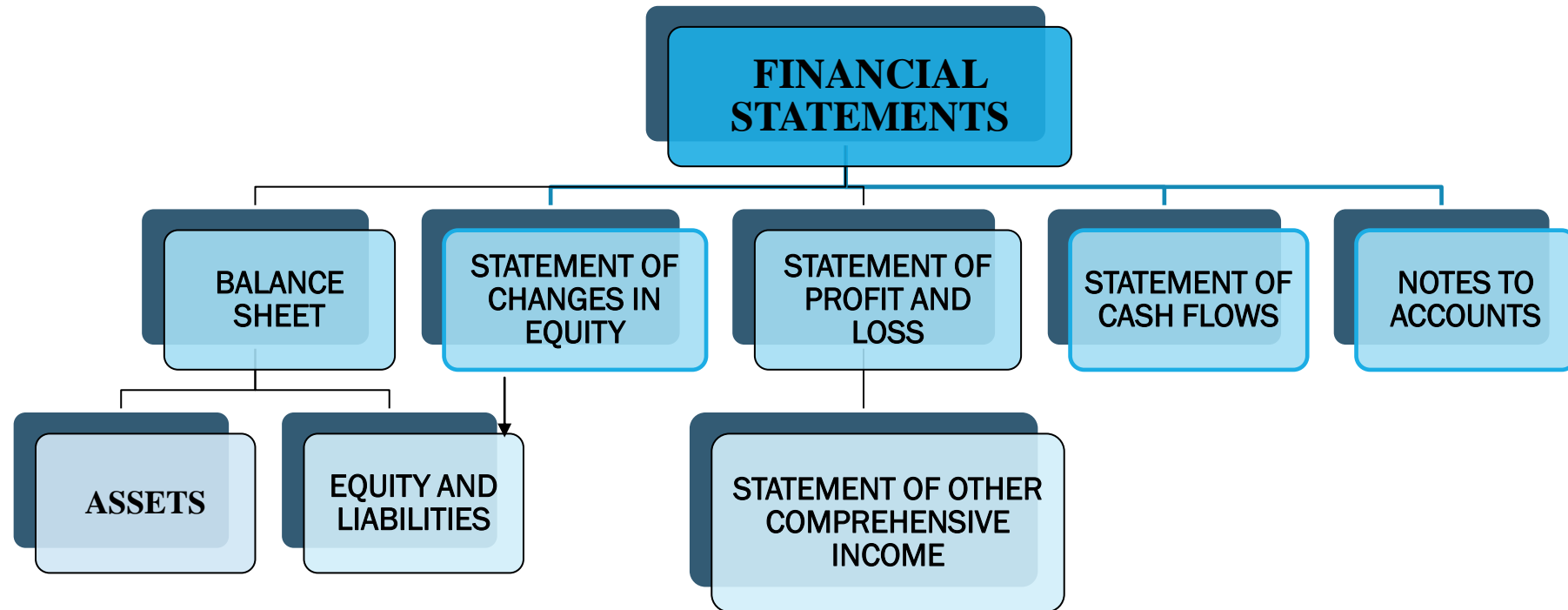


# FINANCE FOR NON-FINANCE – MODULE III

## ❑ LEARNING OUTCOMES

- **BALANCE SHEET**
- **SHAREHOLDER'S FUNDS**
- **STATEMENT OF CHANGES IN EQUITY**
- **NON-CURRENT LIABILITIES**
- **CURRENT LIABILITIES**
- **NON-CURRENT ASSETS**
- **CURRENT ASSETS**
- **CONTINGENT LIABILITIES AND ASSETS**
- **STATEMENT OF PROFIT AND LOSS**
- **STATEMENT OF OTHER COMPREHENSIVE INCOME**

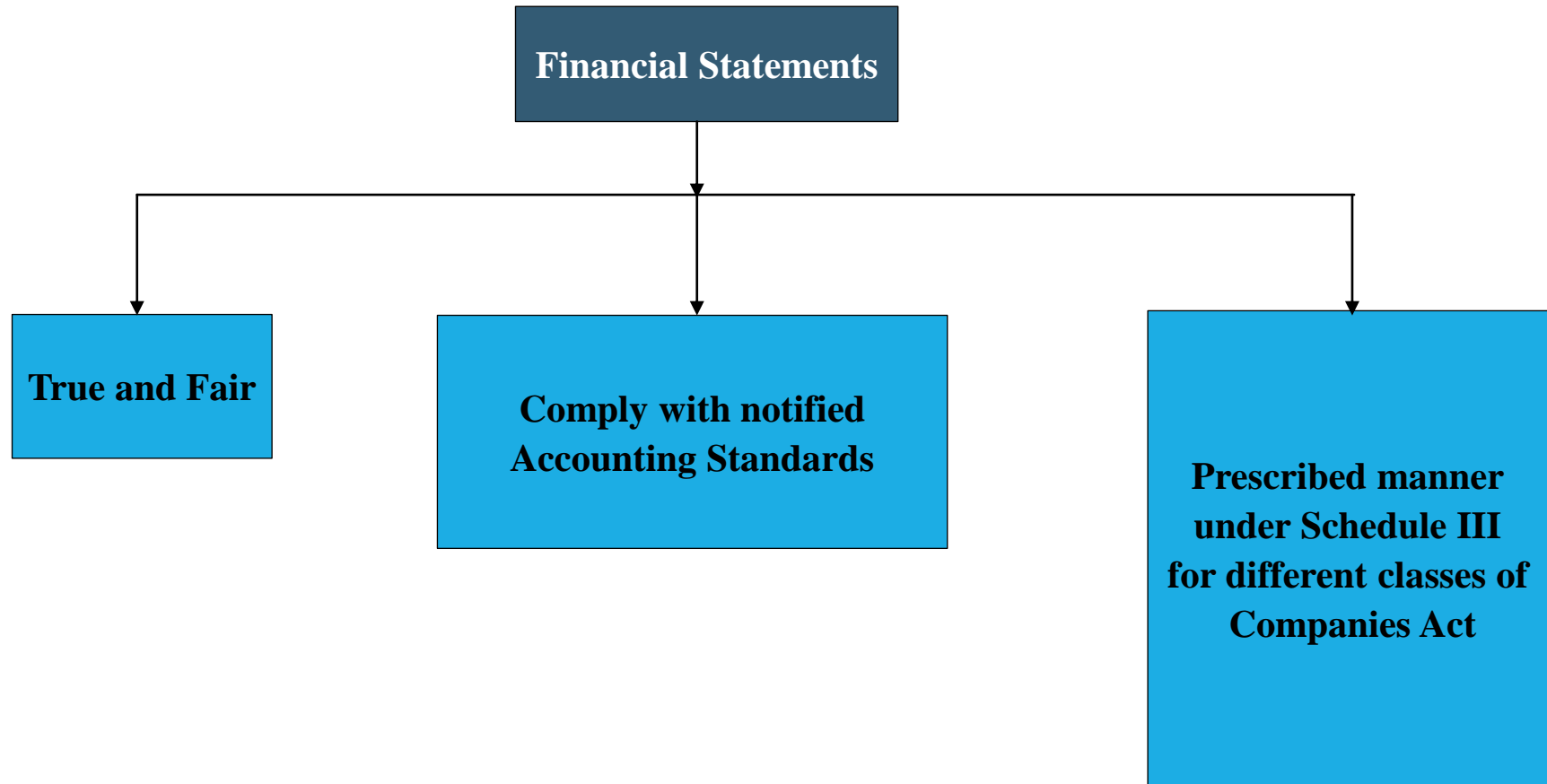
# FINANCIAL STATEMENTS



# FINANCIAL STATEMENTS

- **Balance Sheet:** This statement represents the financial position which discloses short term and long-term solvency, which is the ability to meet the liability in the short as well as long term. According to framework Liquidity represents the availability of sufficient funds to meet the deposit withdrawals and other financial commitments as they fall due. Solvency is the availability of cash over the longer term to meet the financial commitments as they fall due.
- **Statement of Profit and Loss:** This statement reflects net financial results of an entity
- **Cash flow statement:** This statement manifests sources from where cash has been acquired and the utilisation of the same and also helps the entity to predict future cash flows.
- **Statement of changes in Equity:** Depicts movement in shareholder's equity and includes net profit or loss during the accounting period, increase or decrease in reserves and dividend payments to shareholders.
- **Notes and schedules forming part of Accounts:** These represent a summary of accounting policies, explanations and assumptions forming integral part of Accounts. Proper disclosures ensure meaning interpretation of the financial statements for users of financial statements.

# FINANCIAL STATEMENTS



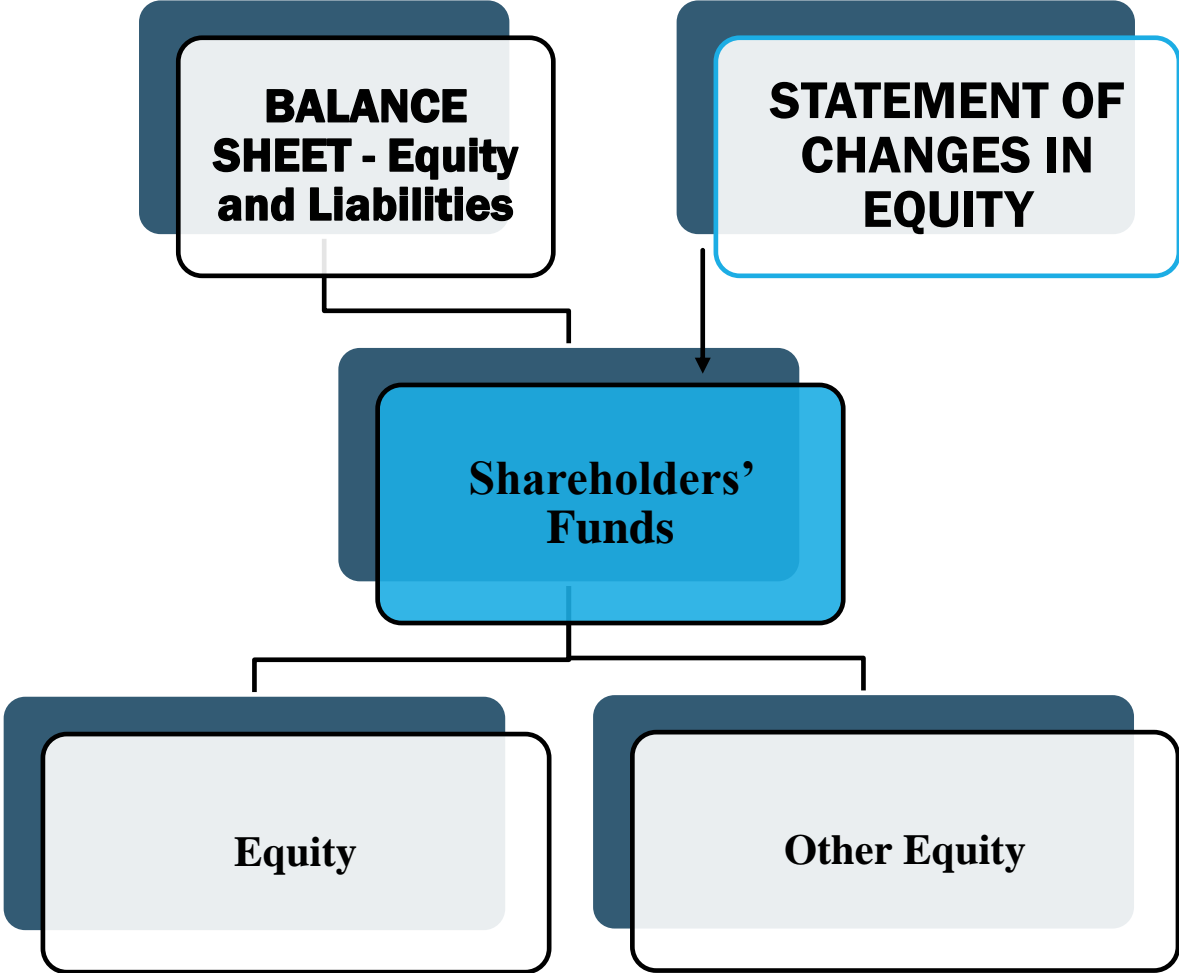
---

# FINANCIAL STATEMENTS



**BALANCE SHEET**

# SHAREHOLDERS' FUNDS



# SHAREHOLDERS' FUNDS - EQUITY

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 or 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 5 percent shares specifying the number of shares held;
- (h) shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts;
- (i) For the period of five years immediately preceding the date as at which the Balance Sheet is prepared:
  - Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.
  - Aggregate number and class of shares allotted as fully paid up by way of bonus shares.
  - 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)



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

---

# FINANCIAL STATEMENTS



## STATEMENT OF CHANGES IN EQUITY

# STATEMENT OF CHANGES IN EQUITY

In the *Statement of Changes in Equity*, the portion for 'Equity Share Capital' provides reconciliation for current/previous reporting periods:

- (a) Balance at the beginning of the current/previous reporting period;
- (b) Changes in Equity Share Capital due to prior period errors;
- (c) Restated balance at the beginning of the current/previous reporting period
- (d) Changes in equity share capital during the current/previous year;
- (e) Balance at the end of the current/previous reporting period

# STATEMENT OF CHANGES IN EQUITY

The items included in columnar form are listed as under:

- (a) Share application money pending allotment;
- (b) Equity component of compound financial instruments;
- (c) Reserves and Surplus:
  - (i) Capital Reserve;
  - (ii) Securities Premium;
  - (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).

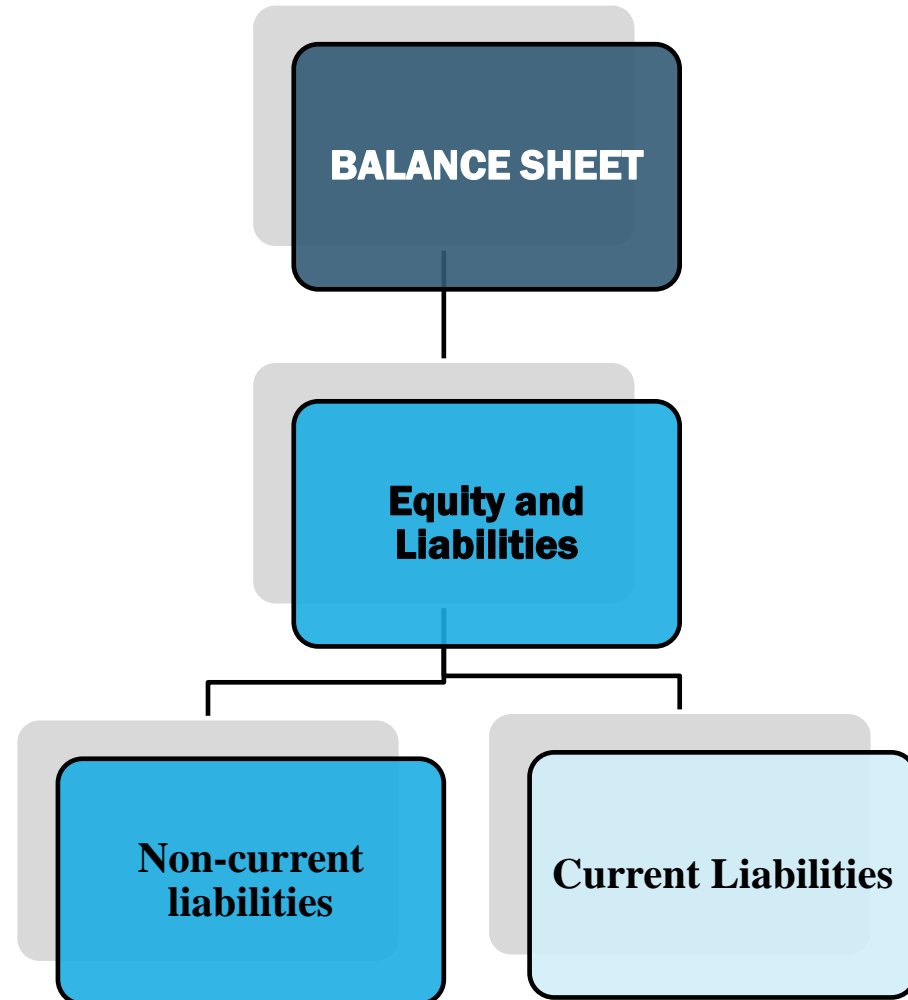
---

# FINANCIAL STATEMENTS



**NON CURRENT LIABILITIES**

# NON CURRENT LIABILITIES



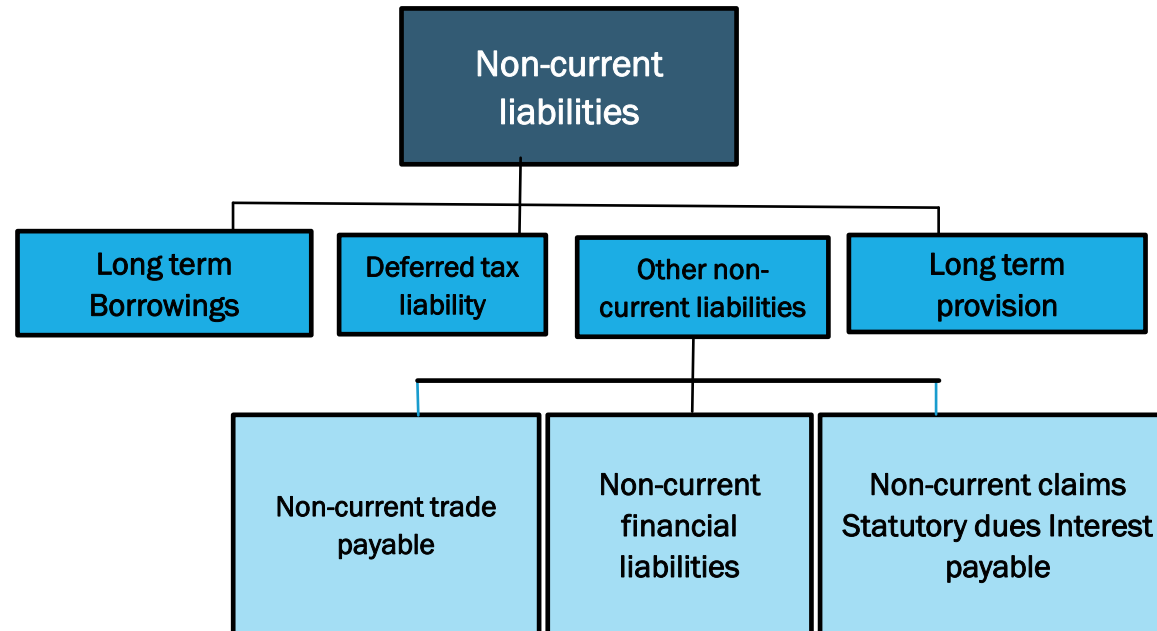
## NON CURRENT LIABILITIES – CURRENT/NON CURRENT CLASSIFICATION

An entity shall classify a liability as non-current if it belongs to any category apart from the ones categorized below.

- (a) it expects to settle the liability in its normal *operating cycle*;
- (b) it holds the liability primarily for 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.

# COMPONENTS OF NON CURRENT LIABILITIES





# NON CURRENT LIABILITIES

## I. Borrowings

- (i) Borrowings shall be classified as:
  - (a) Bonds/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.

# NON CURRENT LIABILITIES (CONTINUED)

## I. Borrowings (Continued)

- (iii) Where loans have been guaranteed by directors or others, the aggregate amount of such loans under each head shall be disclosed.
- (iv) 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 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/ debentures which the company has power to reissue shall be disclosed.
- (vi) Terms of repayment of term loans and other loans shall be stated.
- (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.

# NON CURRENT LIABILITIES (CONTINUED)

## **II. Other non-current liabilities**

- (a) Advances
- (b) Others (specify nature)

## **III. Provisions**

The amounts shall be classified as:

- (a) Provision for employee benefits.
- (b) Others (specify nature).

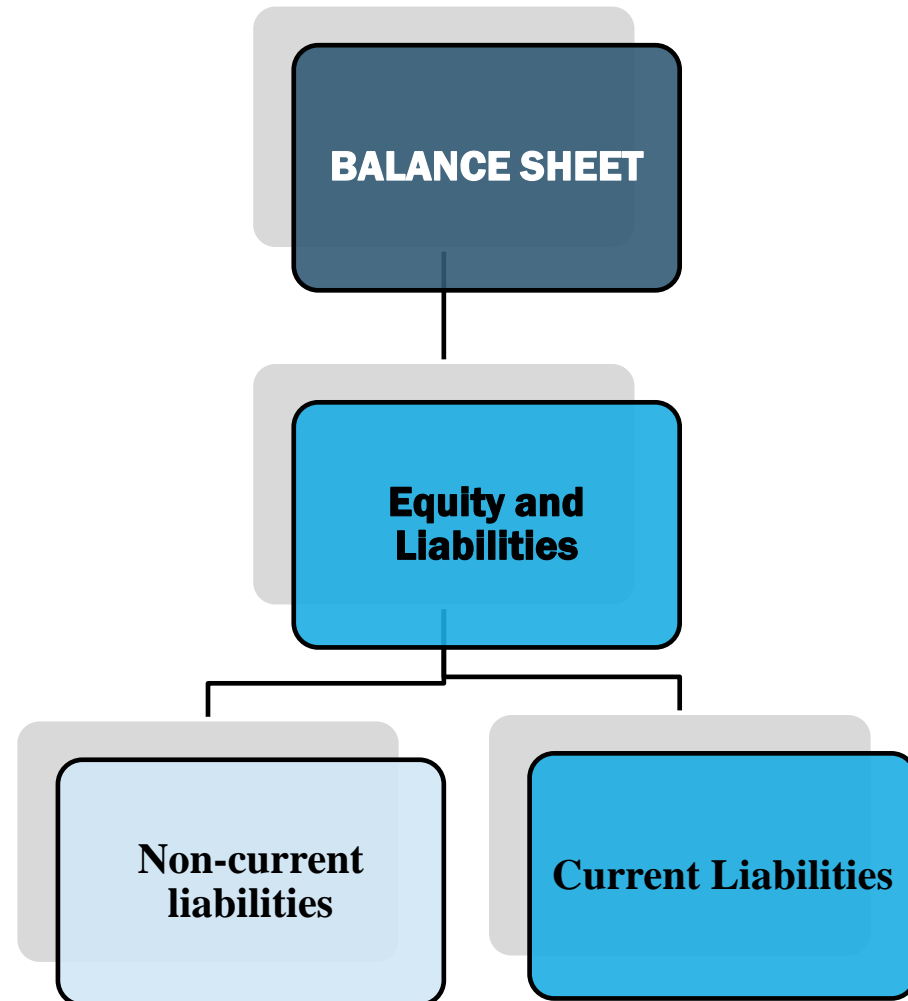
---

# FINANCIAL STATEMENTS

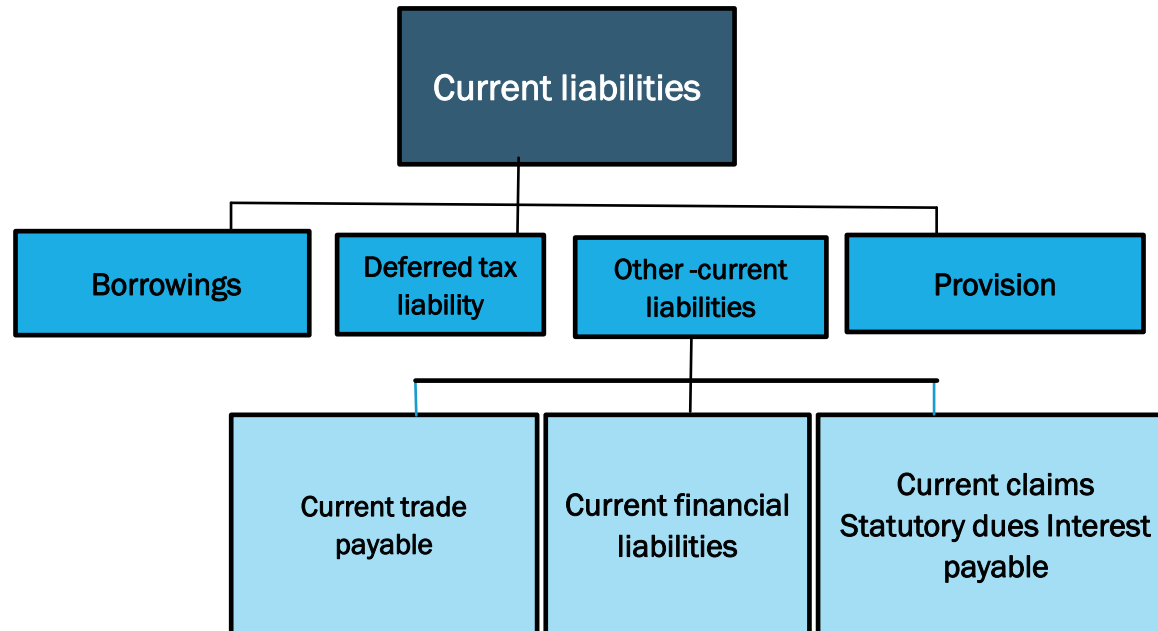


**CURRENT LIABILITIES**

# CURRENT LIABILITIES



# COMPONENTS OF CURRENT LIABILITIES

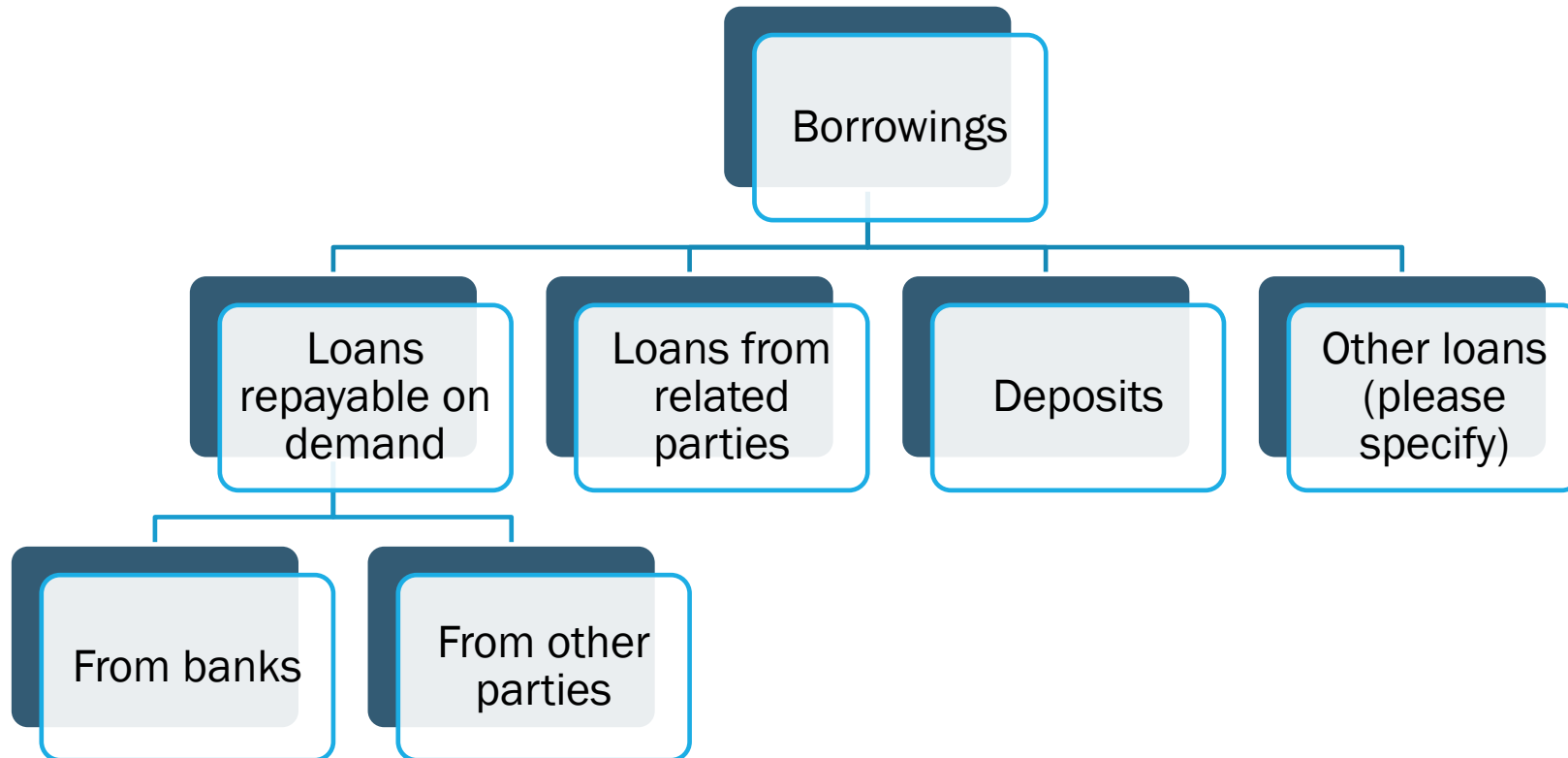


# CURRENT LIABILITIES

## 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.

# CURRENT LIABILITIES (CONTINUED): BORROWINGS





# CURRENT LIABILITIES (CONTINUED)

## 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;
- (h) Others (specify nature).

'Long term debt' is a borrowing having a period of more than twelve months at the time of origination

# CURRENT LIABILITIES (CONTINUED)

## III. Other current liabilities

The amounts shall be classified as:

- (a) Revenue received in advance;
- (b) Other advances (specify nature);
- (c) Others (specify nature);

## IV. Provisions

The amounts shall be classified as:

- (a) Provision for employee benefits.
- (b) Others (specify nature).

The presentation of liabilities associated with group(s) 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).

# CURRENT LIABILITIES (CONTINUED)

## 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.

# CURRENT LIABILITIES (CONTINUED)

## Trade Payables ageing schedule

Particulars	Outstanding for following periods from due date of payment#				
	Less than one year	One to two years	Two to three years	More than three years	Total
(i) MSME (ii)Others					
(iii)Disputed dues - MSME (iv)Disputed dues - others					

# similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction.

Unbilled dues shall be disclosed separately”

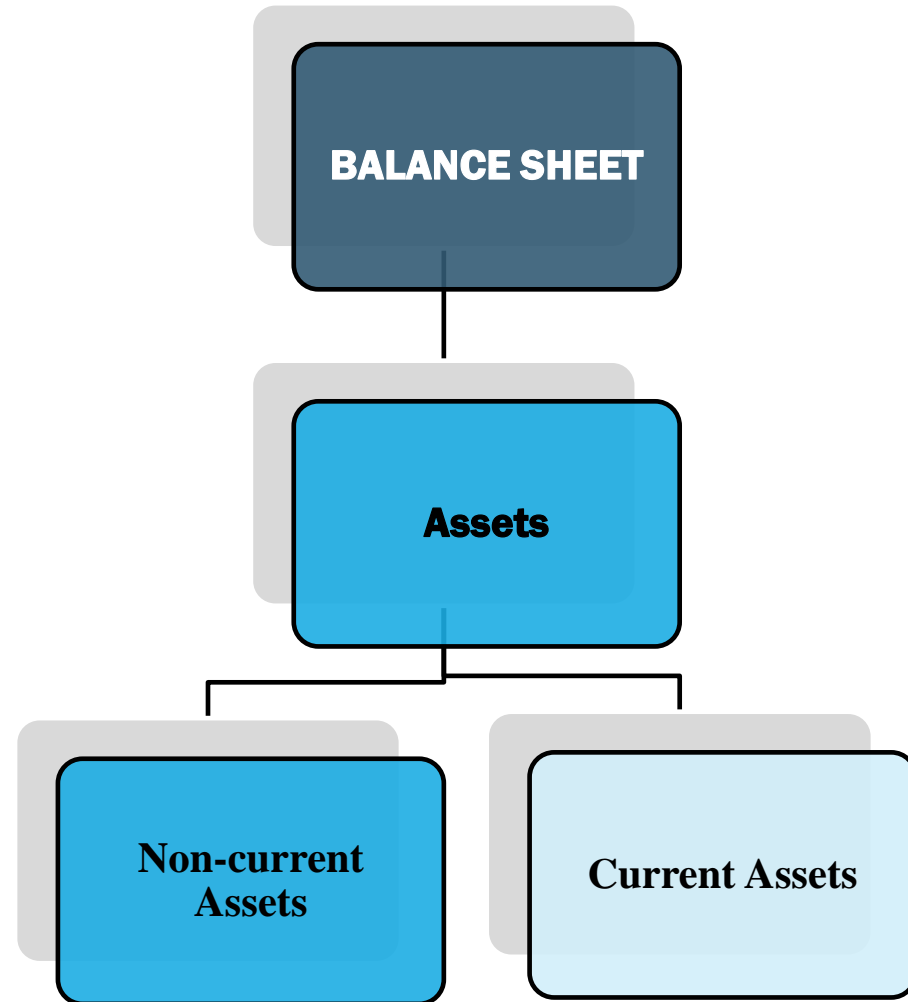
---

# FINANCIAL STATEMENTS



**NON CURRENT ASSETS**

# NON CURRENT ASSETS



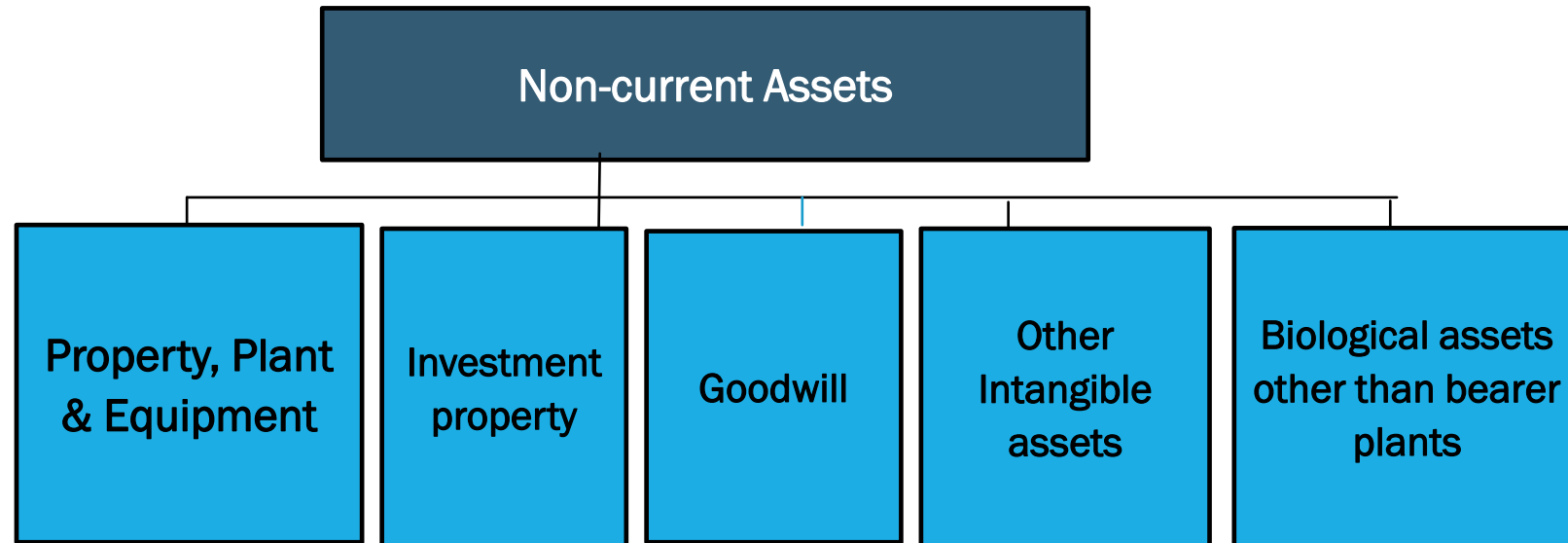
# NON CURRENT ASSETS – CURRENT/NON CURRENT CLASSIFICATION

In accordance with IFRS and Ind AS, non-current assets have been defined by default as under:

Any asset which does not fall within the categories of assets highlighted below are treated as non-current assets.

- (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 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 (as defined in Ind AS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

# COMPONENTS OF NON CURRENT ASSETS





# 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, amount of change due to revaluation (if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment) and other adjustments and the related depreciation and impairment losses or reversals shall be disclosed separately.

# NON CURRENT ASSETS (CONTINUED)

## 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 amortisation and impairment losses/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**

# NON CURRENT ASSETS (CONTINUED)

## IV. Other Intangible assets

(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 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, amount of change due to revaluation (if change is 10% or more in the aggregate of the net carrying value of each class of intangible assets) and other adjustments and the related amortization and impairment losses or reversals shall be disclosed separately.

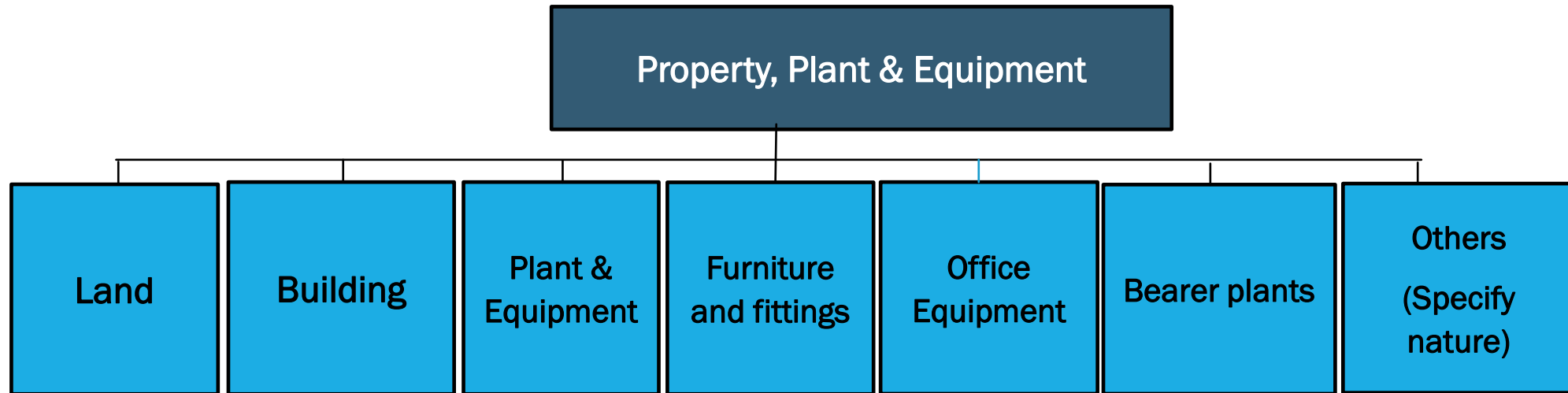
---

## **NON CURRENT ASSETS (CONTINUED)**

### **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.

# PROPERTY, PLANT AND EQUIPMENT



# NON CURRENT ASSETS

## 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;
  - (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;
    - (c) Aggregate amount of impairment in value of investments.

# NON CURRENT ASSETS

## **VII. 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.

# NON CURRENT ASSETS

## Trade Receivables ageing schedule

Particulars	Outstanding for following periods from due date of payment#					
	Less than six months	Six months to one year	One to two years	Two to three years	More than three years	Total
(i) Undisputed trade receivable considered good						
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						
(iii) Undisputed Trade Receivables – credit impaired						
(iv) Disputed Trade Receivables – considered good						
(v) Disputed Trade Receivables – which have significant increase in credit risk						
(vi) Disputed Trade Receivables – credit impaired						



# NON CURRENT ASSETS

## VIII. 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.

## **IX. Bank deposits with more than 12 months maturity shall be disclosed under ‘Other financial assets’;**

# NON CURRENT ASSETS - OTHERS

## X. Other non-current assets

Other non-current assets shall be classified as-

- (i) Capital Advances;
- (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);
    - (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).

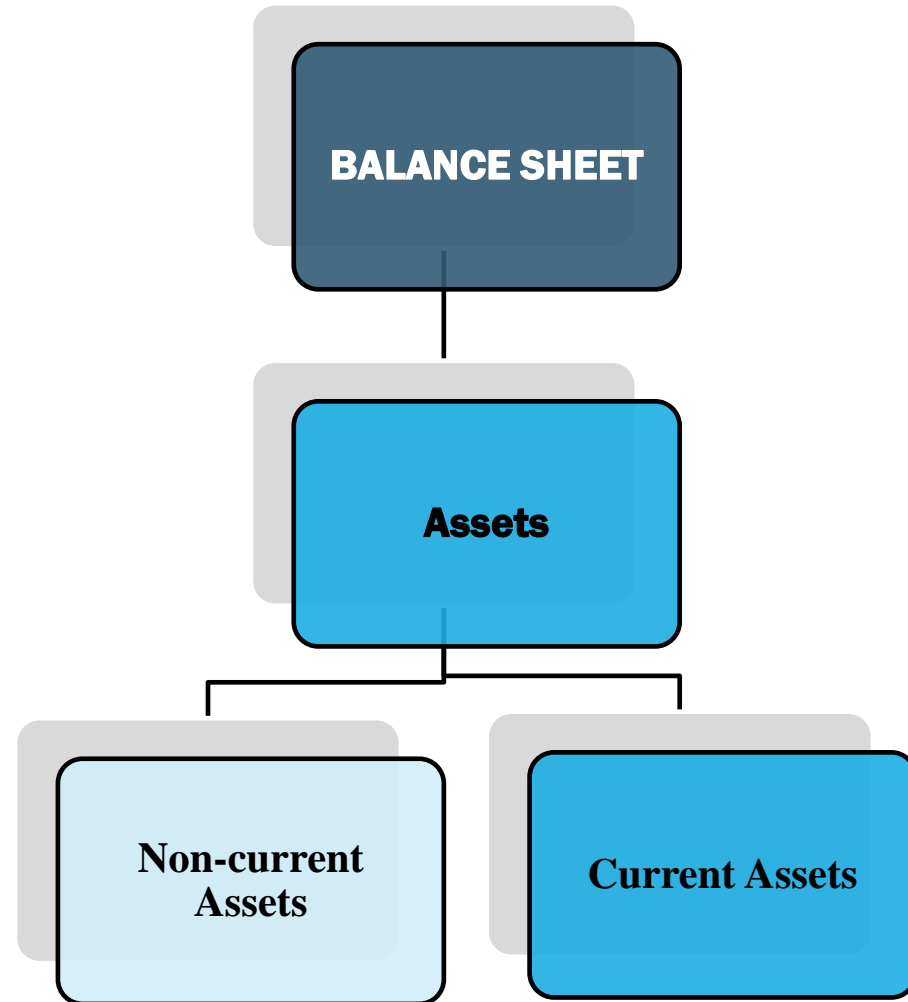
---

# FINANCIAL STATEMENTS

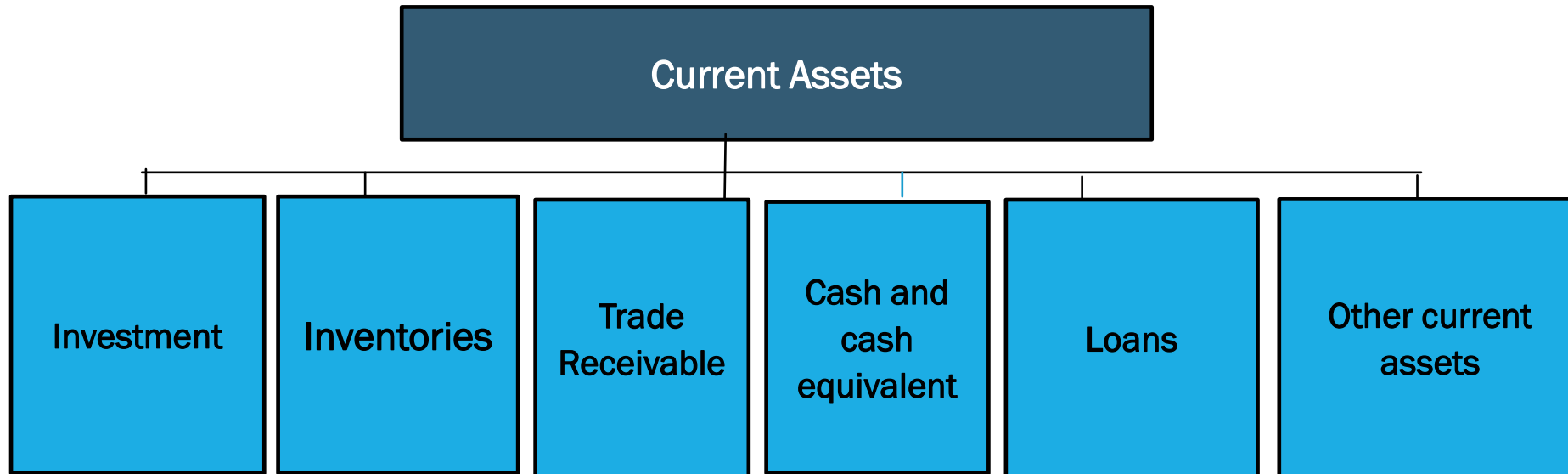


**CURRENT ASSETS**

# CURRENT ASSETS



# COMPONENTS OF NON CURRENT ASSETS



# CURRENT ASSETS

## 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;
  - (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.

# CURRENT ASSETS

## 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.

# CURRENT ASSETS

## 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.



# CURRENT ASSETS

## 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;
- (d) Others (specify nature).

**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.

# CURRENT ASSETS

## Loans

- (i) Loans shall be classified as:
  - (a) Security deposits;
  - (b) Loans to related parties (giving details thereof);
  - (c) 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.

# CURRENT ASSETS

## **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

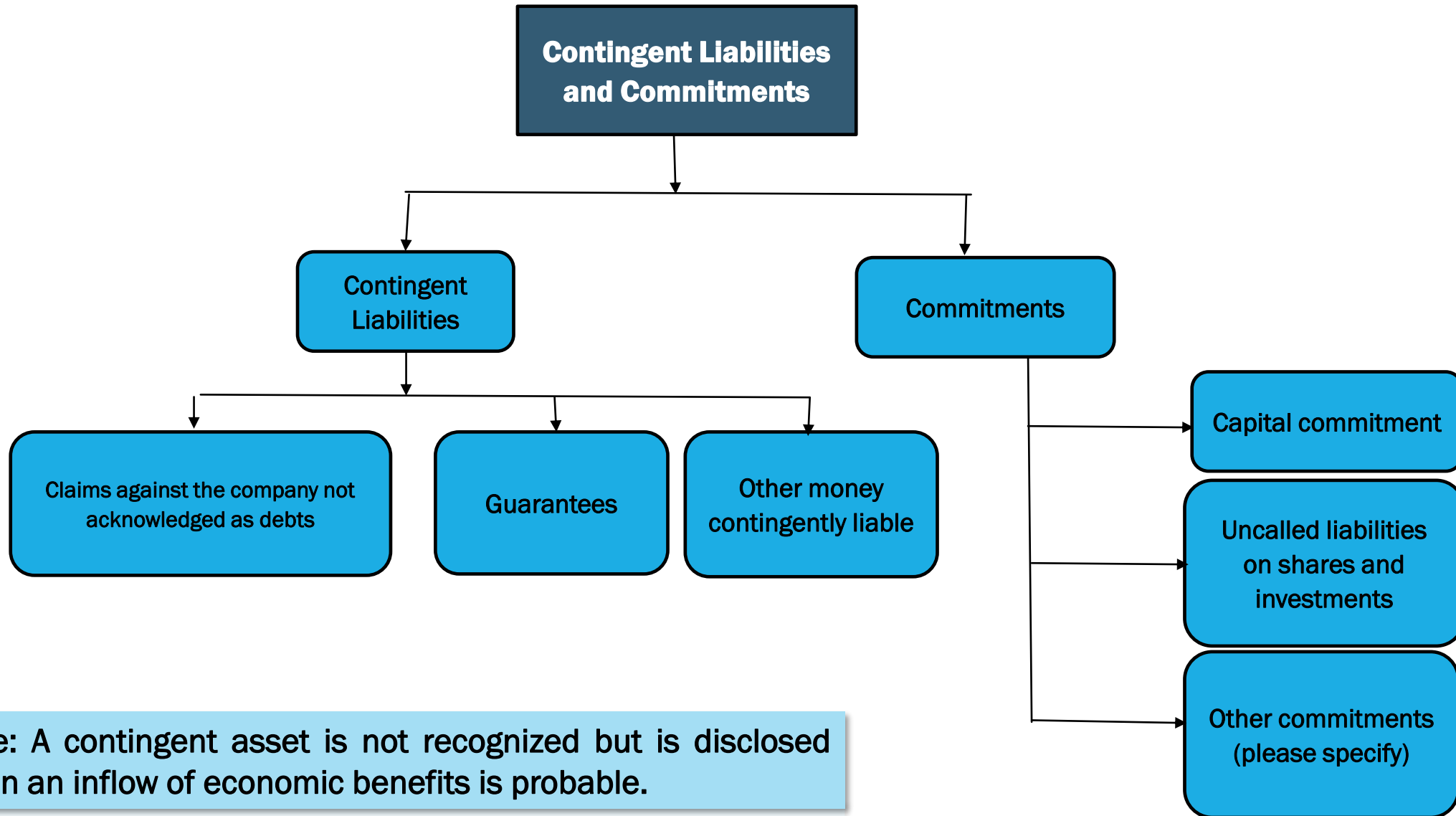
1. Advances other than capital advances shall be classified as:

- (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)

# CONTINGENT LIABILITIES AND ASSETS



Note: A contingent asset is not recognized but is disclosed when an inflow of economic benefits is probable.

# NOTES TO ACCOUNTS TO BALANCE SHEET

- Disclosure on distribution of dividends
- Disclosure of use of unutilized amounts from issue of securities made for a specific purpose
- Disclosure of use of unutilized amounts on account of borrowings from banks and financial institutions received for a specific purpose
- Title deeds of Immovable Properties not held in name of the Company
- Fair Value of investment property
- Revaluation of Property, Plant and Equipment (including Right-of-use Assets)
- Revaluation of intangible assets
- Disclosure of Loans or Advances in the nature of loans to promoters, directors, KMPs and other related parties
- Capital-Work-in Progress (CWIP) including CWIP aging schedule

The disclosure needs to be in two parts,

- Projects in progress and
- Progress temporarily suspended.
- Total will tally with Capital Work-in-progress amount shown in the Financial Statements.

# NOTES TO ACCOUNTS TO BALANCE SHEET

- Intangible assets under development including ageing schedule
- Details of Benami Property held
- where the Company has borrowings from banks or financial institutions on the basis of security of current assets,
- Where a company is a declared wilful defaulter by any bank or financial Institution or other lender, following details shall be given:
  - (a) Date of declaration as wilful defaulter,
  - (b) Details of defaults (amount and nature of defaults)
- Relationship with Struck off Companies
- Registration of charges or satisfaction with Registrar of Companies (ROC)
- Compliance with number of layers of companies
- Compliance with approved Scheme(s) of Arrangements
- Utilisation of Borrowed funds and share premium:

# NOTES TO ACCOUNTS TO BALANCE SHEET

## Following Ratios to be disclosed:

- (a) Current Ratio,
- (b) Debt-Equity Ratio,
- (c) Debt Service Coverage Ratio,
- (d) Return on Equity Ratio,
- (e) Inventory turnover ratio,
- (f) Trade Receivables turnover ratio,
- (g) Trade payables turnover ratio,
- (h) Net capital turnover ratio,
- (i) Net profit ratio,
- (j) Return on Capital employed,
- (k) Return on investment.

# NOTES TO ACCOUNTS TO BALANCE SHEET

- 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 from which the above adjustments are made.
- 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 current liabilities’.
- Preference shares shall be classified and presented as ‘Equity’ or ‘Liability’ in accordance with the requirements of the relevant Indian Accounting Standards.
- 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’
- Regulatory Deferral Account Balances shall be presented in the Balance Sheet in accordance with the relevant Indian Accounting Standards.

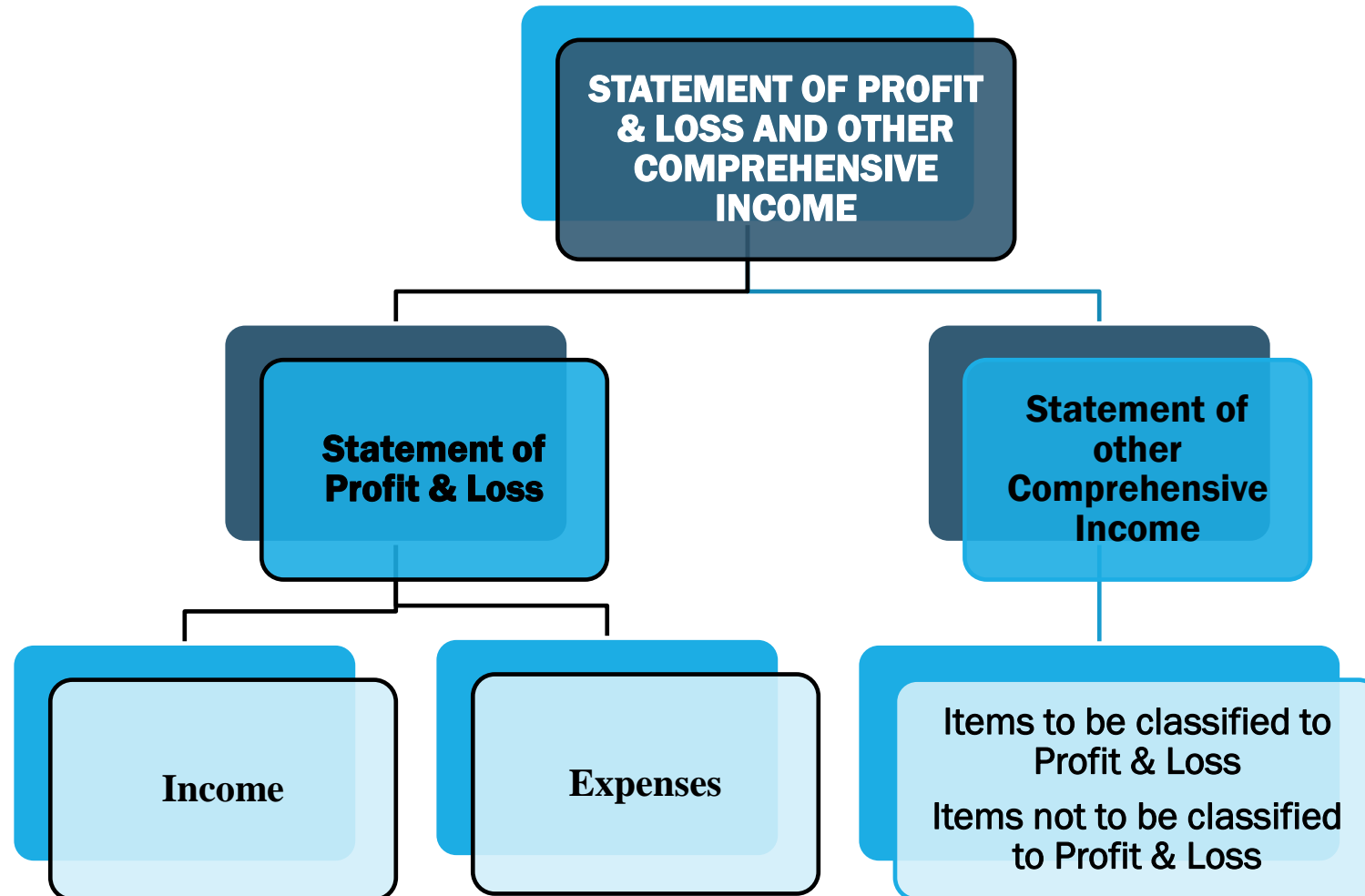


---

# FINANCIAL STATEMENTS

**STATEMENT OF PROFIT AND  
LOSS AND OTHER  
COMPREHENSIVE INCOME**

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME



# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

## INCOME

Revenue from Operations

Other Income

Total Income

## EXPENSES

Cost of material consumed

Purchases of stock-in-trade

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

Employees benefit expenses

Finance cost

Depreciation and Amortization expenses

Other expenses

Total Expenses

Profit/(loss) before exceptional items and tax

Exceptional items

Profit or loss before taxes

Profit or loss before taxes

Tax expenses

a) Current tax

b) Deferred tax

Profit (Loss) for the period from continuing operations

Profit/ (Loss) from discontinued operations

Tax expenses from discontinued operations

Profit / (Loss) from discontinued operations

Profit / (Loss) for the period

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

Total Comprehensive Income for the period (Comprising Profit  
(Loss) and Other Comprehensive Income for the period)

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)



Earning per equity share (for continuing operations):

- (1) Basic
- (2) Diluted

Earning per equity share (for discontinued operations):

- (1) Basic
- (2) Diluted

Earning per equity share (for discontinued and continuing operations):

- (1) Basic
- (2) Diluted

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

## GENERAL INSTRUCTIONS FOR PREPARATION OF STATEMENT OF PROFIT AND LOSS

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.

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'.

### 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;
- (d) other borrowing costs (specify nature).

### Other income

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).

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

## GENERAL INSTRUCTIONS FOR PREPARATION OF STATEMENT OF PROFIT AND LOSS

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
  - (iv) Comprehensive Income;
  - (v) Fair value changes relating to own credit risk;
  - (v) Share of Other Comprehensive Income in Associates and Joint Ventures, to the extent not to be classified into profit or loss;
  - (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;
  - (v) Others (specify nature).

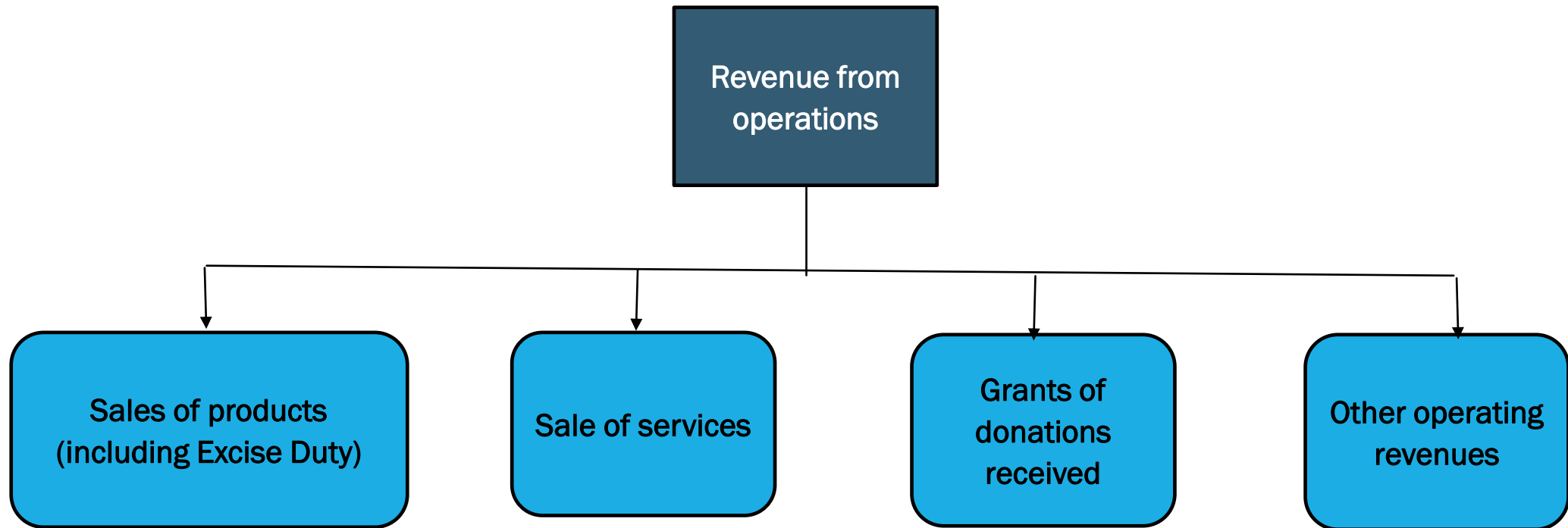
Regulatory Deferral Account Balances shall be presented in the Statement of Profit or Loss in accordance with the relevant Indian Accounting Standards

# STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

## REVENUE FROM OPERATIONS

Revenue from operations shall disclose separately in the notes

- (a) sale of products (including Excise Duty);
- (b) sale of services;
- (ba) Grants or donations received (relevant in case of section 8 companies only);
- (c) other operating revenues;



# NOTES TO ACCOUNTS TO STATEMENT OF PROFIT AND LOSS ACCOUNT

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 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;



# NOTES TO ACCOUNTS TO STATEMENT OF PROFIT AND LOSS ACCOUNT

- (f) Dividend income;
- (g) Net gain/loss on sale of investments;
- (h) Net gain/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;
- (k) Details of items of exceptional nature;
- (l) Undisclosed income,
- (m) Corporate social responsibility,
- (n) Details of Crypto Currency or Virtual Currency



**THANK YOU!**