

Financial statement formats and preparation for non-corporate entities & LLP

Approach of presentation- Unlearn | Learn | Revise

Gurugram Branch of ICAI
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Entities

1. Sole proprietorship
2. Partnership
 - Registered
 - Unregistered
3. LLP
4. Trust (Registered or Unregistered)
 - Private
 - Public
5. HUF
6. AOP (Partnership not covered above / BOI / Resident welfare Association)
7. Societies – Registered under any law
8. Statutory Corporation / Autonomous bodies / Authorities – other than who have prescribed its own formats
9. Other Organisation : Engaged in business or profession | even partially then applicable to whole
10. Exceptions : Formats or principles are prescribed
 - Charitable Trust, does not fall in the commercial, industrial or business activities (wholly)
 - Maharashtra Trust Act etc

Guidance available

Technical Guide
on Financial
Statements of
**Non-Corporate
Entities**
(June 2022)

Technical Guide
on Financial
Statements of
**Limited Liability
Partnerships**
(June 2022)

<https://www.icaai.org/post/technical-guides-and-other-materials>

Illustrative Format for financial
statement of **non corporate entities**
in a Excel File

Illustrative Format for financial
statement of **LLP**
in a Excel File

Accounting Standards (AS):
Disclosures Checklist
Revised Oct 2022

Accounting Standards:
Quick Reference for Micro Non-
company entities



General Instructions

Discussion:

1. General Purpose financial statement
2. Stakeholders
3. Applicability – If AS are applicable then FS should comply with all requirement of each AS
4. Applicability of Tax Audit – True & Fair view | AS

Other Important Aspects:

1. Basic Requirement – True & Fair View – Format is recommended
2. **Disclosures** in format are in addition not substitution as required under AS i.e.
 - Addition disclosure per AS
 - Additional disclosure as per Statute
4. **Notes** : Narrative / disaggregation / information in reference to amount not qualifying for Reco.
5. **Cross Reference**
6. Balance between **excessive** / not providing important information / too much aggregation
7. **Minimum Requirement** | Changes can be made – addition / deletion / substitution / heading / subhead or interse – AS/ Law. Addition / subtraction on face of FS if :
 - Relevant to understand
 - Cater to industry / sector
 - Compliant with amendment to statute
 - Under AS

General – Rounding off

1. Rounding off :
 - May be | mandatory in Corporate
 - Once used then to be applied consistently
 - It is rounding off and not deletions of remaining figures
 - Common errors of casting of Rs 1/-
 - Common errors of cross casting e.g. PPE schedule

Total Income (as per FS)	Rounding off of Amounts to nearest .. Or decimal thereof				
Less than 100 Crores	-----	Million	Lacs	Thousand	Hundred
100 Crores and more	Crores	Million	Lacs	Thousand	-----

General

1. **Operating Cycle**
Current / Not current Asset and Liabilities is to be adhered to
Definition is similar as in Corporates.
Effect of wrong operation cycle – Impacts Net working capital
2. **Comparative** : Except for the first FS – comparative need to be there
3. FS can have **supplementary | Other information** as required
4. **Changes in Level**
if level has changed and a exemption does not apply then : The corresponding figures need not be revised. The fact to be disclosed.
5. **Changes in Level – Lower**
if level is decrease (say from L1 to L2 then entity will **not qualify for exemption till next two consecutive years**
6. **Not availing some exemption**: by L2 to L4 the disclosure, the AS for which **exemption is taken**

Key elements of LLP

1. Governed by **LLP Act 2008**
2. LLP can be said to be body corporate | legal entity separate from Partner | perpetual Existence
3. Presently AS – promulgated by ICAI are applicable till any notification by central Government
4. Thus **different level are applicable**
5. The act mention that the Annual accounts should be drawn which shows true and fair view
6. LLP rules prescribe **compulsory audit** in case of turnover of over 40 lac or contribution over 25 Lac
7. There are no material changes in the technical guide of LLP and Non- corporate entities except disclosure of

Partners fund

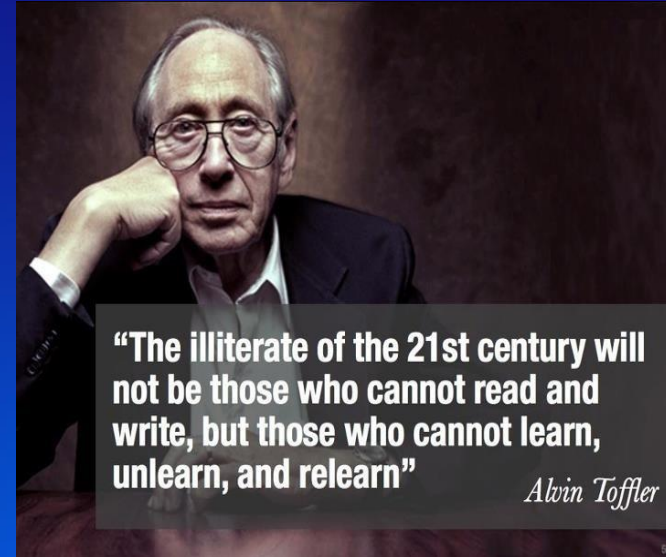
Partners Capital Account

Partner's Contribution

Partners Current Account

Unlearn - Learn

Unlearn	Learn
Horizontal Form	Vertical Form
FA - Fixed Assets	PPE – Property Plant & Equipment
Debtors	Trade Receivables
Creditors	Trade Payables
Capital	Owners Fund
Accounting policies	Significant Accounting Policies
Sales	Revenue / Revenue from operations
Income Tax	Tax Expenses
P/L Account	Statement of P/L
Rent	Lease





Financial statement formats and preparation

Flow of FS

1. Balance Sheet
2. Statement of Profit and Loss Account
3. Cash Flow Statement | **Only for L1** | others are encouraged
4. Note No 1 : Back Ground of Business / Entity
5. Note No 2: Significant Accounting Policies
 - a) **Basis of Preparation:**
 - Applicability of Level – Accounting Standards
 - Historical cost convention + Accrual + Assumptions and estimations
 - b) **Use of estimates**
 - c) **Accounting policies on various items followed by notes**

• PPE	❖ Revenue Reco.
• Impairment	❖ Employee Benefits
• Borrowing cost	❖ Inventories
• Foreign currency translation	❖ Income Tax
• Investment	❑ Contingent liabilities, provision
	❑ Government Grants
	❑ Segment Reporting
	❑ Leases

Illustrative FS : Balance Sheet

Format for Equity & Liabilities:

Name of the Non- Corporate Entity

Balance sheet as at.....

(Amount in Rs.)				
	Particulars	Note	31 March 20XX	31 March 20XX
I	EQUITY AND LIABILITIES			
1	Owners' Funds			
(a)	Owners' Capital Account	3	-	-
(b)	Reserves and surplus	4	-	-
			-	-
	Particulars	Note	31 March 20XX	31 March 20XX
2	Non-current liabilities			
(a)	Long-term borrowings	5	-	-
(b)	Deferred tax liabilities (Net)	6	-	-
(c)	Other long-term liabilities	7	-	-
(d)	Long-term provisions	8	-	-
			-	-
			31 March 20XX	31 March 20XX
3	Current liabilities			
(a)	Short-term borrowings	5	-	-
(b)	Trade payables			
	Total outstanding dues of micro, small and medium enterprises	9	-	-
(i)	Total outstanding dues of creditors other than micro, small and medium enterprises	9	-	-
(ii)	Other current liabilities	10	-	-
(c)	Other current liabilities	10	-	-
(d)	Short-term provisions	8	-	-
			-	-
			-	-
	Total		-	-

- Equity & Liability appears first as contrast to the a corporate BS.
- Trade payable to be bifurcated in MSME and NON-MSME
- The format is similar to Corporate except that the share application and share warrant line items are not there



Illustrative FS : Balance Sheet

Format for Assets:

			(Amount in Rs.)	
			31 March 20XX	31 March 20XX
II	ASSETS			
1	Non-current assets			
(a)	Property, Plant and Equipment and Intangible assets			
(i)	Property, Plant and Equipment	11	-	-
(ii)	Intangible assets	11	-	-
(iii)	Capital work in progress	11	-	-
(iv)	Intangible asset under development	11	-	-
(b)	Non-current investments	12	-	-
(c)	Deferred tax assets (Net)	6	-	-
(d)	Long Term Loans and Advances	13	-	-
(e)	Other non-current assets	14	-	-
			-	-
			31 March 20XX	31 March 20XX
2	Current assets			
(a)	Current investments	12	-	-
(b)	Inventories	15	-	-
(c)	Trade receivables	16	-	-
(d)	Cash and bank balances	17	-	-
(e)	Short Term Loans and Advances	13	-	-
(f)	Other current assets	18	-	-
			-	-
			-	-
	Total		-	-

- The flow is similar to Corporate, except that the word **Equivalent** is dropped from the Cash & Bank



Balance Sheet Items

Format for Owner's Fund:

(Amount in Rs.)				
	Particulars	Note	31 March 20XX	31 March 20XX
I	EQUITY AND LIABILITIES			
1	Owners' Funds			
(a)	Owners' Capital Account	3	-	-
(b)	Reserves and surplus	4	-	-
			-	-

Format of Notes to account to Owner's Capital Account:

(Amount in Rs.)									
Note - 3 Owners' Capital Account									
Sr. No.	Name of Partner/ Proprietor/ Owner	Share of profit/ (loss) (%)	As at 1st April 20XX (Opening Balance)	Capital Introduced/cont ributed during the year	Remuneration for the year	Interest for the year	Withdrawals during the year	Share of Profit / Loss for the year	As at 31st March 20XX (Closing Balance)
1									-
			-	-	-	-	-	-	-
Previous Year (PY)			-	-	-	-	-	-	-

Points for Owner's Capital Account:

- In case of a prop, it should be sufficient to give the movement as
 - i. Opening balance
 - ii. Add: Contribution
 - iii. Add/ Less : Profit / loss
 - iv. Less Withdrawals (No harm if you need to segregate withdrawals like for tax/ insurances etc)
- Tax share of partners can be disclosed as separate line item
- For the previous year the format shows a single line item only.



Notes to account to Partners Contribution Account**Note - 3a Partners Contribution Account**

(Amount in Rs.)

Sr. No.	Name of Partner	Agreed contribution	Share of profit/ (loss) (%)	As at 1st April 20XX (Opening Balance)	Introduced/cont ributed during the year	Remuneration for the year	Interest for the year	Withdrawals during the year	Share of Profit / Loss for the year	As at 31st March 20XX (Closing Balance)
1										-
2										-
				-	-	-	-	-	-	-
Previous Year (PY)				-	-	-	-	-	-	-

Notes to account to Partners Current Account**Note - 3b Partners Current Account**

(Amount in Rs.)

Sr. No.	Name of Partner	Share of profit/ (loss) (%)	As at 1st April 20XX (Opening Balance)	Introduced/co ntributed during the year	Remuneration for the year	Interest for the year	Withdrawals during the year	Share of Profit / Loss for the year	As at 31st March 20XX (Closing Balance)
1									-
2									-
			-	-	-	-	-	-	-
Previous Year (PY)			-	-	-	-	-	-	-



Format for Owner's Fund:

(Amount in Rs.)				
	Particulars	Note	31 March 20XX	31 March 20XX
I	EQUITY AND LIABILITIES			
1	Owners' Funds			
(a)	Owners' Capital Account	3	-	-
(b)	Reserves and surplus	4	-	-
			-	-

Format of Notes to account: Reserves & Surplus:

(Amount in Rs.)			
4	Reserves and surplus	31 March 20XX	31 March 20XX
(a)	Capital Reserve	-	-
(b)	Revaluation Reserve	-	-
(c)	Other Reserve (Please specify)	-	-
(d)	Undistributed Surplus (Balance from statement of profit and loss)	-	-
	Total	-	-

Points for Reserves & Surplus:

- In case of **Debit balance in Profit or Loss account**, shown as negative figure and has been adjusted under the head "Reserves & Surplus.
- The **movement should be shown** in the other accounts other than the PL balance



Format for Non Current Liabilities:

		(Amount in Rs.)		
	Particulars	Note	31 March 20XX	31 March 20XX
2	Non-current liabilities			
(a)	Long-term borrowings	5	-	-
(b)	Deferred tax liabilities (Net)	6	-	-
(c)	Other long-term liabilities	7	-	-
(d)	Long-term provisions	8	-	-
			-	-

Format of Notes to account: Borrowings - Secured:

		(Amount in Rs.)			
		Long Term		Short Term	
		31 March 20XX	31 March 20XX	31 March 20XX	31 March 20XX
5	Borrowings				
	<u>Secured</u>				
(a)	Term loans				
	from banks	-	-	-	-
	from other parties	-	-	-	-
(b)	Loans repayable on demand				
	from banks	NA	NA	-	-
	from other parties	NA	NA	-	-
(c)	Deferred payment liabilities	-	-	-	-
(d)	Loans and advances from related parties	-	-	-	-
(e)	Long term/current maturities of finance lease obligation	-	-	-	-
(f)	Other loans advances (specify nature)	-	-	-	-
	Total (A)	-	-	-	-



Format of Notes to account: Borrowings - Unsecured:

<u>Unsecured</u>					
(a)	Term loans				
	from banks	-	-	-	-
	from other parties	-	-	-	-
(b)	Loans repayable on demand				
	from banks	NA	NA	-	-
	from other parties	NA	NA	-	-
(c)	Deferred payment liabilities	-	-	-	-
(d)	Loans and advances from related parties	-	-	-	-
(e)	Long term/current maturities of finance lease obligation	-	-	-	-
(f)	Other loans advances (specify nature)	-	-	-	-
	Total (B)	-	-	-	-
	Total (A) + (B)	-	-	-	-

Points for Borrowings:

Borrowings to be classified as

- Long- term and Short- term
- sub-classified as Secured and Unsecured.

The following footnotes have been disclosed :-

- **Nature of the Security** specified separately.
- **Terms of repayment** of terms loans and other loans may be stated
 - Other would mean all other loans in above
 - Terms should be given for each loan, unless the terms are similar in a category
 - Q? does it require to include the rate of interest. GN on Sch III specifically mention the same
- Where loans **guaranteed** by partners/proprietors/owners aggregate of such amount under each head may be disclosed
- Only those **advances** which are in the nature of loan to be included
- **Current Maturities** of Long term borrowings be disclosed separately



Format of Notes to account: Deferred tax Liabilities/ Assets (Net):

		(Amount in Rs.)	
6	Deferred tax liabilities/(asset) (Net)	Charge/ (benefit) for the year	31 March 20XX
	Deferred tax asset		
	Expenses provided but allowable in Income Tax on payment basis	-	-
	Provision for doubtful debts	-	-
	Difference between book depreciation & tax depreciation	-	-
	Others (please specify)	-	-
	Gross deferred tax asset (A)	-	-
	Deferred tax liability		
	Difference between book depreciation & tax depreciation	-	-
	Others (please specify)	-	-
	Gross deferred tax liability (B)	-	-
	Net deferred tax liability/(asset) (B-A)	-	-

Points for deferred tax Liabilities/ Assets (Net):

- Deferred tax to be shown as **net** of Deferred tax assets and liabilities
- Deferred tax asset indicates the situation where a entity has paid additional taxes or taxes in advance, which the company then claims as a tax relief amount.
- Deferred tax liability is an income tax obligation arising from a temporary difference between book expenses and tax deductions that is recorded on the balance sheet and will be paid in a future accounting period.
- For **additional items** separate line item can be inserted
- No deferred tax on depreciation will arise if same rates are used
- Level IV are exempted from calculation and disclosure of Deferred Tax.** But applicable to L2 / L3.



Format of Notes to account: Other Long-term Liabilities:

		(Amount in Rs.)	
7	Other long-term liabilities	31 March 20XX	31 March 20XX
	Advance from customers	-	-
	Others (please specify)	-	-
	Total Other long-term liabilities	-	-



Format of Notes to accounts : Provisions

		(Amount in Rs.)			
8 Provisions		Long term		Short term	
		31 March 20XX	31 March 20XX	31 March 20XX	31 March 20XX
(a) Provision for employee benefits					
Provision for gratuity		-	-	-	-
Provision for leave Encashment		-	-	-	-
(b) Other provisions					
Provision for Income tax [net of advance tax of Rs.____ (previous year Rs.____)		-	-	-	-
Other Provisions (Please Specify - eg/- Provision for warranties / Provision for Sales Return)		-	-	-	-
Other (specify nature)		-	-	-	-
Total Provisions		-	-	-	-

Key Points:

- **Gratuity** : Exemption given for L2, L3 and L4 based on more than 50 employees and less than 50 employees.
- L2, L3 with less than 50 employees and L4, to calculate gratuity and other long term benefit and account for liability based on a rational method like end of the year liability. In such case it has to disclosed in short term.
- **Tax Provisions: Offset of Tax Liability and Assets of different year**: Tax provision has to be evaluated on a year to year basis. Tax provision where there is aggregate liability for certain years should be shown under liability side net of advance tax and for the year and where there is net refund then should be shown on asset side. Para 27 and Para 28. This is a common mistake. This is based on the principle that the entity do not have right to offset the one year tax with the other years.



Format for Current liabilities:

			(Amount in Rs.)	
			31 March 20XX	31 March 20XX
3	Current liabilities			
(a)	Short-term borrowings	5	-	-
(b)	Trade payables			
	Total outstanding dues of micro, small and			
(i)	medium enterprises	9	-	-
	Total outstanding dues of creditors other than			
(ii)	micro, small and medium enterprises	9	-	-
(c)	Other current liabilities	10	-	-
(d)	Short-term provisions	8	-	-
			-	-
	Total		-	-



Format of Notes to account to Trade Payable:

9	Trade payables	(Amount in Rs.)	
		31 March 20XX	31 March 20XX
(a)	Total outstanding dues of micro, small and medium enterprises	-	-
(b)	Total outstanding dues of creditors other than micro, small and medium enterprises	-	-
	Total Trade payables	-	-

• Disclosures requirement for outstanding amount to MSME:-

Particulars	31 March 20XX	31 March 20XX
(a) Amount remaining unpaid to any supplier at the end of each accounting year:		
Principal	-	-
Interest	-	-
Total	-	-
(b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 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 have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
(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 MSMED Act.	-	-

Key Points:

- Ageing is not mandated.
- Applicable even if reporting entity is MSME



Format of Notes to account to Other current liabilities:

		(Amount in Rs.)	
10	Other current liabilities	31 March 20XX	31 March 20XX
(a)	Current maturities of finance lease obligations (Refer note XX)	-	-
(b)	Interest accrued but not due on borrowings	-	-
(c)	Interest accrued and due on borrowings	-	-
(d)	Income received in advance	-	-
(e)	Unearned revenue	-	-
(f)	Goods and Service tax payable	-	-
(g)	TDS payable	-	-
(h)	Other payables (specify nature)	-	-
	Total Other current liabilities	-	-

Key Points:

- **Current Maturities** are to disclosed under the heading Short Term Borrowings



Format for Non Current Assets:

			(Amount in Rs.)	
			31 March 20XX	31 March 20XX
II	ASSETS			
1	Non-current assets			
(a)	Property, Plant and Equipment and Intangible assets			
(i)	Property, Plant and Equipment	11	-	-
(ii)	Intangible assets	11	-	-
(iii)	Capital work in progress	11	-	-
(iv)	Intangible asset under development	11	-	-
(b)	Non-current investments	12	-	-
(c)	Deferred tax assets (Net)	6	-	-
(d)	Long Term Loans and Advances	13	-	-
(e)	Other non-current assets	14	-	-
			-	-



Format of Notes to Account to Property, Plant & Equipment:

11	Property, Plant and Equipment and Intangible Assets (owned assets)				(Amount in Rs.)				
	Particulars /Assets	TANGIBLE ASSETS							
		Freehold land	Buildings	Plant and Equipment	Office equipment	Furniture & Fixtures	Vehicles	Others (specify nature)	Total
	Gross Block								
	At 1 April 20X1								
	Additions								
	Deductions/Adjustments								
	At 1 April 20X0								
	Additions								
	Deductions/Adjustments								
	At 31 March 20X2								
	At 31 March 20X1								
	Depreciation/Adjustments								
	At 1 April 20X1								
Additions									
Deductions/Adjustments									
At 1 April 20X0									
Additions									
Deductions/Adjustments									
At 31 March 20X2									
At 31 March 20X1									
Net Block									
At 31 March 20X1									
At 31 March 20X2									

Format of Notes to Account to Intangible assets:

Particulars /Assets	(Amount in Rs.)									
	INTANGIBLE ASSETS									
	Goodwill	Brands/trademarks	Computer Software	Mining Rights	Masthead and publishing title	Copyrights/patents	Recepie/formulae/model/design prototype	Liscense and franchise	Others (specify nature)	Total
Gross Block										
At 1 April 20X1										
Additions										
Deductions/Adjustments										
At 1 April 20X0										
Additions										
Deductions/Adjustments										
At 31 March 20X2										
At 31 March 20X1										
Amortization/Adjustment										
At 1 April 20X1										
Additions										
Deductions/Adjustments										
At 1 April 20X0										
Additions										
Deductions/Adjustments										
At 31 March 20X2										
At 31 March 20X1										
Net Block										
At 31 March 20X1										
At 31 March 20X2										

Format of Notes to account to CWIP:

Capital Work in Progress	31 March 20XX	31 March 20XX	Intangible assets under development	31 March 20XX	31 March 20XX
Opening Balance	-	-	Opening Balance	-	-
Add: Additions during the year	-	-	Add: Additions during the year	-	-
Less: Capitalized during the year	-	-	Less: Capitalized during the year	-	-
Closing Balance (B)	-	-	Closing Balance (B)	-	-

Key Points for PPE and Intangible Assets

- **Asset class** similar to that in corporates : Freehold Land, Buildings, P&E, office Eq, F&F, Vehicles, others
- **Intangibles Class:** Goodwill, Brands/trademarks, Computer Software, Mastheads & titles, Mining Right, copy right patent, Recipes, models, design, prototype, licensee & Franchise, others
- **Assets under lease may be separately specified** under each class of asset
- 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 of each class of PPE) and other adjustments and the related depreciation and impairment losses/reversals shall be disclosed separately
- AS 10 gives some exemption to L3 and L4, but basic disclosure are to be given.
- Restriction **on Title**
- **Pledge** or securities
- Revaluation
- **Transfer to held for sale**
- **Contractual commitments** for the acquisition of assets.
- Amount **capitalised** in course of Construction
- Details about **impairment or retiring** from active use
- **Capital Advance** to be classified as long term loans and advance



Format of Notes to account to Investments:

(Amount in Rs.)						
12	Investments - Non Current (valued at historical cost unless stated otherwise)	As at 31 March 20XX			As at 31 March 20XX	
		Face Value	Numbers/ Units/ Shares	Book Value	Numbers/ Units/ Shares	Book Value
	<u>Trade Investments -Quoted</u>					
(a)	Investments in Other Entities					
	Less: Provision for diminution in value of investments			-		-
(b)	Investments in partnership firm (Refer footnote 1)			-		-
	<u>Other Investments</u>					
(c)	Investments in preference shares			-		-
(d)	Investments in equity instruments			-		-
(e)	Investments in government or trust securities			-		-
(f)	Investments in debentures or bonds			-		-
(g)	Investments in mutual funds			-		-
(h)	Investments property			-		-
(i)	Other non-current investments (specify nature)			-		-
	Total Investments			-		-
	<u>Trade Investments - Unquoted</u>					
(a)	Investments in Other Entities			-		-
	Less: Provision for diminution in value of investments			-		-
(b)	Investments in partnership firm (Refer footnote 1)			-		-
	<u>Other Investments</u>					
(c)	Investments in preference shares			-		-
(d)	Investments in equity instruments			-		-
(e)	Investments in government or trust securities			-		-
(f)	Investments in debentures or bonds			-		-
(g)	Investments in mutual funds			-		-
(h)	Other non-current investments (specify nature)			-		-
(i)	Investments property			-		-
	Total Investments			-		-
	Aggregate market value as at the end of the year:					
	Aggregate amount of quoted investments and market value thereof.			-		-
	Aggregate amount of Un-quoted investments.			-		-
	Aggreagte Provision for diminution in value of investments.					



Current Investments	Face Value	As at 31 March 20XX		As at 31 March 20XX	
		Numbers/ Units/ Shares	Book Value	Numbers/ Units/ Shares	Book Value
Trade (valued at lower of cost or market value) - Quoted					
(a) Current maturities of long-term investments			-		-
(b) Investments in equity instruments			-		-
(c) Investments in preference shares			-		-
(d) Investments in government or trust securities			-		-
(e) Investments in debentures or bonds			-		-
(f) Investments in mutual funds			-		-
(g) Other Short-term investments (specify nature)			-		-
Net current investments			-		-
Trade (valued at lower of cost or market value) - Unquoted					
(a) Current maturities of long-term investments			-		-
(b) Investments in equity instruments			-		-
(c) Investments in preference shares			-		-
(d) Investments in government or trust securities			-		-
(e) Investments in debentures or bonds			-		-
(f) Investments in mutual funds			-		-
(g) Other Short-term investments (specify nature)			-		-
Net current investments			-		-
Grand Total			-		-
Aggregate value of quoted investments and market value thereof.			-		-
Aggregate value of quoted investments.			-		-
Aggregate Provision for diminution in value of investments.			-		-



Key Points for Investments:

- Non Current and Current Investments

- It shall be classified as **Trade investments and other investments**. Further, it is sub-classified as Investments in Equity, Preference, Property, Debentures or Bonds etc.
- Under each of the classification, details may be given of **names of the entities** in whom investments have been made (showing separately investments which are **partly-paid**).
- **Capital of partnership firms**: the names of the firms (with the names of all their partners, total capital and the shares of each partner) may be given.
- Investments shall be carried at other than at cost should be separately stated specifying the basis for valuation thereof.
- **JV or special purpose entities** to be specified
- **Partly paid up** to be shown separately.
- **Investment properties** are covered in AS 13 and need to be disclosed in the schedule of long term investments
- **Carrying value** of long term investment is at Cost and ST investment is at Cost or FV
- Significant **restriction on ownership**, realiasability / remittance of income, proceeds.



Format of Notes to Loans and Advances:

13	Loans and advances	Long Term		Short Term	
		31 March 20XX	31 March 20XX	31 March 20XX	31 March 20XX
A	(Secured)				
(a)	Capital advances				
	Considered good	-	-	-	-
	Doubtful	-	-	-	-
	Less: Provision for doubtful advances	-	-	-	-
(b)	Loans advances to partners or relative of partners	-	-	-	-
(c)	Other loans and advances (specify nature)	-	-	-	-
	Prepaid expenses	-	-	-	-
	Advance tax and tax deducted at source [Net of provision for income tax of Rs. ____ (previous year Rs. ____)]	-	-	-	-
	CENVAT credit receivable				
	VAT credit receivable				
	Service tax credit receivable				
	GST input credit receivable				
	Security Deposits				
	Balance with government authorities				
		-	-	-	-
	Total (a)+(b) (A)	-	-	-	-

B	Loans and advances (Unsecured)	Long Term		Short Term	
		31 March 20XX	31 March 20XX	31 March 20XX	31 March 20XX
(a)	Capital advances				
	Considered good	-	-	-	-
	Doubtful	-	-	-	-
	Less: Provision for doubtful advances	-	-	-	-
(b)	Loans advances to partners or relative of partners	-	-	-	-
(c)	Other loans and advances (specify nature)	-	-	-	-
	Prepaid expenses	-	-	-	-
	Advance tax and tax deducted at source [Net of provision for income tax of Rs. ____ (previous year Rs. ____)]	-	-	-	-
	CENVAT credit receivable				
	VAT credit receivable				
	Service tax credit receivable				
	GST input credit receivable				
	Security Deposits				
	Balance with government authorities				
		-	-	-	-
	Total (a)+(b) (B)	-	-	-	-
	Total (A + B)	-	-	-	-

• Key Points - Loans and advances

- To be classified as **Long term** and **Short term**
- Further it shall be classified as **secured & Unsecured**
- Further disclosure for considered good and doubtful
- To **related parties** separately
- Allowance for **bad and doubtful** loans and advances shall be disclosed separately



Format of Notes to Other non-current assets:

14	Other non-current assets	31-March-20XX	31-March-20XX
(a)	Security Deposits	-	-
(b)	Prepaid expenses	-	-
(c)	Others (Specify nature)	-	-
	Total other non-current other assets	-	-

- Key Points:
 - Prepaid and Security deposits to be classified as current and non current
 - Bank Deposits with more than 12 month maturity;



Format for Current Assets:

			(Amount in Rs.)	
			31 March 20XX	31 March 20XX
2	Current assets			
(a)	Current investments	12	-	-
(b)	Inventories	15	-	-
(c)	Trade receivables	16	-	-
(d)	Cash and bank balances	17	-	-
(e)	Short Term Loans and Advances	13	-	-
(f)	Other current assets	18	-	-
	Total		-	-

Format of Notes to Inventories:

15	Inventories	31-March-20XX	31-March-20XX
(a)	Raw materials	-	-
(b)	Work-in-progress	-	-
(c)	Finished goods	-	-
(d)	Stock-in-trade	-	-
(e)	Stores and spares	-	-
(f)	Loose Tools	-	-
(g)	Others (Specify nature)	-	-
	Total	-	-

• Key Points about Inventories:

- **Good in transit** to be disclosed under the relevant sub head
For eg: Raw materials and components [Includes Goods-in transit Rs. ____ (previous year Rs.____)]
- **Mode of valuation to be stated** : (Valued at lower of cost and net realizable value, unless stated other wise)



Format of Notes to Trade receivables:

16	Trade receivables	31-March-20XX	31-March-20XX
	Outstanding for a period less than 6 months from the date they are due for receipt		
(a)	Secured Considered good	-	-
(b)	Unsecured Considered good	-	-
(c)	Doubtful	-	-
	Less: Provision for doubtful receivables	-	-
		-	-
	Outstanding for a period exceeding 6 months from the date they are due for receipt		
(a)	Secured Considered good	-	-
(b)	Unsecured Considered good	-	-
(c)	Doubtful	-	-
	Less: Provision for doubtful receivables	-	-
	Unbilled receivables	-	-
		-	-
	Total	-	-

- Key Points for Trade receivables:

- Segregating in more than 6 and less than 6 months from the date they are due.
- Further classification in Secured and unsecured
- Further classification in Doubtful.
- Allowance for bad and doubtful debts shall be disclosed separately.



Format of Notes to Cash and Bank Balances:

17	Cash and Bank Balances	31-March-20XX	31-March-20XX
A	<u>Cash and cash equivalents</u>		
(a)	On current accounts	-	-
(b)	Cash credit account (Debit balance)	-	-
(c)	<u>Fixed Deposits</u>		
	Deposits with original maturity of less than three months	-	-
(d)	Cheques, drafts on hand	-	-
(e)	Cash on hand	-	-
	Total	-	-
B	<u>Other bank balances</u>		
(a)	Bank Deposits		
(i)	Earmarked Bank Deposits	-	-
	Deposits with original maturity for more than 3 months but		
(ii)	less than 12 months from reporting date	-	-
(iii)	Margin money or deposits under lien	-	-
(iv)	Others (specify nature)	-	-
	Total other bank balances	-	-
	Total Cash and bank balances	-	-

• Key Points for Cash and Bank Balances:

- Bifurcation in Cash & Bank and Other bank balance.
- **Debit Balance of CC Account.**
- FDR with less than 3 months and original maturity for more than 3 months but less than 12 months
- Take care of **segregating other bank balances**
- **Under Lien** deposit should be shown separately or earmarked balances
- **Margin money or deposits** under lien shall be disclosed separately



Format of Notes to Other Current assets:

18	Other current assets	31-March-20XX	31-March-20XX
		-	-
		-	-
		-	-

• **Key Points for Other Current Assets:**

- This is an **all-inclusive heading**, which incorporates current assets that do not fit into any other asset categories.]
- **Unbilled receivable** need to be added here
- **Salary advances** can be disclosed here

Contingent Liabilities (to the extent not provided for)

To be classified as :

- a. Claims against the non-corporate entity not acknowledged as debt
- b. Guarantees
- c. Other money for which the non-corporate entity is contingently liable



Common Mistakes while preparing FS

- **Offset** of income / Expenses or Assets / Liability
- Non Calculation **of Deferred tax**
- Nomenclature of deferred tax assets as tax assets
- Non Disclosure of **Contingent Liabilities**
- Wherever there is an line item others- it is required to **specify the nature**
- **Non reco.** of closing balances and opening balances
- **Non reco.** of numbers of notes and the financial statement
- Use of **old terminology** – like tangible assets
- Proper **nature of intangible assets** to be disclosed
- Clubbing of intangible asset under development with PPE
- Accounting for **deferred expenses** like advertisements
- **PF and Professional** tax payable are statutory dues and not provisions
- **Accounting policies**
 - Disclosure of correct revenue policies
 - Disclosure of cost formulae in inventory
 - Disclosure of policies of IND AS
 - Rate of Deprecation & Useful life of investment property



Format for Statement of Profit & Loss

(Amount in Rs.)				
	Particulars	Note	31 March 20XX	31 March 20XX
I	Revenue from operations	19	-	-
II	Other Income	20	-	-
III	Total Income (I+II)		-	-

Formats for Notes to account to Revenue from Operations:

(Amount in Rs.)			
19	Revenue from operations	31 March 20XX	31 March 20XX
(a)	Sale of products	-	-
(b)	Sale of services	-	-
(c)	Grants or donations received	-	-
(d)	Other operating revenue	-	-
	Revenue from operations (Gross)	-	-
	Less: Excise duty	-	-
	Revenue from operations (Net)	-	-

- Key Points about Revenue from Operations:

1. Revenue from operations may disclose separately in the notes revenue from; Sale of products / Sale of services /Grants or donations received / Other operating revenues
2. **Sale of products can be bifurcated** in Finished Goods and traded Goods.
3. **Other operating revenue can be scrape sales.**
4. In respect of a **finance Non-Corporate entity**, revenue from operations may include revenue from:-
 - i. Interest
 - ii. Other Financial Services.



Formats for Notes to account to Other Income:

20	Other income	(Amount in Rs.)	
		31 March 20XX	31 March 20XX
(a)	Interest income	-	-
(b)	Dividend income	-	-
(c)	Net gain on sale of investments	-	-
(d)	Other non-operating income (Please specify)	-	-
	Total other income	-	-

- Points about Other Income:

- Other non-operating income can be
 - Gain on foreign exchange transactions and translations other than those considered as finance cost (net)
 - Commission income
 - Discount received
 - Miscellaneous income



Formats for Expenses:

			(Amount in Rs.)	
			31 March 20XX	31 March 20XX
IV	<u>Expenses:</u>			
(a)	Cost of goods sold	21	-	-
(b)	Employee benefits expense	22	-	-
(c)	Finance costs	23	-	-
(d)	Depreciation and amortization expense	24	-	-
(e)	Other expenses	25	-	-
	Total expenses		-	-

Formats of notes to account to Cost of goods sold:

		(Amount in Rs.)	
		31 March 20XX	31 March 20XX
21	Cost of goods sold (Delete whatever is not applicable)		
(A)	Cost of raw material consumed		
	Raw material consumed		
(i)	Inventory at the beginning of the year	-	-
(ii)	Add : Purchases during the year	-	-
(iii)	Less: Inventory at the end of the year	-	-
	Cost of raw material consumed	-	-
	Packing material consumed (if considered as part of raw material)		
(i)	Inventory at the beginning of the year	-	-
(ii)	Add : Purchases during the year	-	-
(iii)	Less: Inventory at the end of the year	-	-
	Cost of packing material consumed	-	-
	Other materials (purchased intermediates and components)		
(i)	Inventory at the beginning of the year	-	-
(ii)	Add : Purchases during the year	-	-
(iii)	Less: Inventory at the end of the year	-	-
	Cost of other material consumed	-	-
	Total raw material consumed (A)	-	-



		(Amount in Rs.)	
		31 March 20XX	31 March 20XX
B	Purchases of stock-in-trade		
(i)	...	-	-
	Total (B)	-	-
C	Changes in inventories of finished goods, work in progress and stock-in trade	31 March 20XX	31 March 20XX
Inventories at the beginning of the year:			
(i)	Stock-in-trade	-	-
(ii)	Work in progress	-	-
(iii)	Finished goods	-	-
Inventories at the end of the year:			
(i)	Stock-in-trade	-	-
(ii)	Work in progress	-	-
(iii)	Finished goods	-	-
(Increase)/decrease in inventories of finished goods, work-in-progress and stock-in-trade (C)		-	-
Total (A+B+C)		-	-

Points for Cost of Goods Sold:

- It shall be classified as follows:
 - a. Cost of materials consumed
 - i. Raw material consumed
 - ii. Packing Material Consumed (if part of Raw Material)
 - iii. Other Material Consumed - purchased intermediates and components
 - b. Purchases of Stock-in-Trade
 - c. Changes in inventories of finished goods Work-in-progress and Stock-in-Trade.



Formats of notes to account to Employee benefits expense:

22	Employee benefits expense (Including contract labour)	(Amount in Rs.)	
		31 March 20XX	31 March 20XX
(a)	Salaries, wages, bonus and other allowances	-	-
(b)	Contribution to provident and other funds	-	-
(c)	Gratuity expenses	-	-
(d)	Staff welfare expenses	-	-
	Total Employee benefits expense	-	-

• **Points about Employee benefit expense:**

- The note on Gratuity / Employee benefit under AS 15 should be cross referred.
- Here, we also include **Contract labor**
- **Staff Welfare** is included in the Employee benefit expenses



Formats of notes to account to Finance Cost:

23 Finance cost	(Amount in Rs.)	
	31 March 20XX	31 March 20XX
(a) Interest expense		
(i) On bank loan	-	-
(ii) On assets on finance lease	-	-
(b) Other borrowing costs	-	-
(c) Loss on foreign exchange transactions and translations considered as finance cost	-	-
Total Finance cost	-	-

- Points about Finance Cost:

- It may be classified as:
 - i. Interest Expense
 - ii. Other Borrowing Costs
 - iii. Applicable net gain/loss on foreign currency transaction and translation.
- **Bank charges** to be included in other borrowing cost



Formats of notes to account to Other Expenses:

25 Other Expenses	(Amount in Rs.)	
	31 March 20XX	31 March 20XX
(a) Consumption of stores and spare parts	-	-
(b) Power and fuel	-	-
(c) Rent	-	-
(d) Repairs and maintenance - Buildings	-	-
(e) Repairs and maintenance - Machinery	-	-
(f) Insurance	-	-
(g) Rent, Rates and taxes, excluding, taxes on income	-	-
(h) Labour charges	-	-
(i) Travelling expenses	-	-
(j) Auditor's remuneration	-	-
(k) Printing and stationery	-	-
(l) Communication expenses	-	-
(m) Legal and professional charges	-	-
(n) Advertisement and publicity	-	-
(o) Business promotion expenses	-	-
(p) Commission	-	-
(q) Clearing and forwarding charges	-	-
(r) Loss on sale of Property, Plant and Equipment	-	-
(s) Loss on foreign exchange transactions (net)	-	-
(t) Loss on cancellation of forward contracts	-	-
(u) Loss on sale of investments (net)	-	-
(v) Provision for diminution in value of investments	-	-
(w) Provision for doubtful debts	-	-
(x) Miscellaneous expenses	-	-
Total	-	-



- **Points about Other expense:**
 - **Any expenditure which exceeds 1% of the revenue from operations or Rs. 1,00,000 whichever is higher, shall be shown separately.**
 - Expenditure incurred on each of the following items shall be shown separately:-
 - i. Consumption of stores and spare parts;
 - ii. Power and fuel
 - iii. Rent
 - iv. Repairs to buildings
 - v. Repairs to machinery
 - vi. Insurance
 - vii. Rates and taxes, excluding, taxes on income
 - viii. Miscellaneous expenses



Disclosure Note

- **Contingent Liabilities**
- **Lease**
- **AS -15 Employee Benefits**
- **RPT**
- **Segment**
- Subsequent events

CAUTION

- Avoid format generated by Accounting Packages and have your FS file unique to a client
- Avoid Cut / copy for accounting policies
- Rounding off may be done at the trail balance level and not for the individual balance sheet item
- Develop system of Grouping and subgrouping
- Save year wise files in different folders with appropriate name





Thank You

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