

ISC 2014 EXAMINATION

ACCOUNTS (CLASS XII)

As per the Ministry of Corporate Affairs Notification No – S.O. 447 (E), dated 28th February 2011, as published in The Gazette of India, Schedule VI Part I of Companies Act, 1956 has been revised.

In keeping with this revision, the scope of Unit 3 (C) - Final Accounts of Companies has also been modified. The modified scope for this section is as under:

Modified Scope of Unit 3 (C) Final Accounts of Companies, as per the Revised Schedule VI, Part 1 of Companies Act 1956

Unit 3 (C): Final Accounts of Companies

Application of Revised Schedule VI Part I of Companies Act, 1956.

Schedule VI Part I under Companies Act - Preparation of a Company Balance Sheet.

NOTE 1: The treatment of P/L (Debit balance), miscellaneous expenditure and calls in advance as per revised Schedule VI will be as follows:

(a). Under the revised Schedule:

P/L (Dr Balance) will be adjusted with the positive balance of Reserves and Surplus even if the resulting figure is in the negative.

The pre-revised Schedule VI required that in case there was debit balance in the profit and loss account, uncommitted reserves should first be deducted therefrom. The remaining balance, if any, after such deduction was required to be disclosed on the assets side of the balance sheet (or under application of funds in the vertical form of balance sheet).

In the revised Schedule, it is explicitly provided that debit balance of profit and loss shall be shown as a negative figure under the head 'surplus' under 'shareholders' funds'. Similarly, the balance of 'reserves and surplus', after adjusting negative balance of surplus, if any, shall be shown under the head 'reserves and surplus' even if the resulting figure is in the negative.

(b) Miscellaneous Expenditure such as Loss on Issue of Debentures, Discount on Issue of Shares/ Debentures, Underwriting Commission, Preliminary expenses shall be written off from Securities Premium (if it exists) or from General Reserve or from Surplus i.e., balance in Statement of Profit and Loss under the head 'Reserves and Surplus' in the year in which they occur.

(c) Calls in advance is to be taken as other current liability (specified in the revised schedule).

P.T.O.

NOTE 2: Part II of the Schedule VI as well as the Part II of the Revised Schedule VI is excluded for the purpose of preparing Final Accounts of a Company.

However, for the preparation of Comparative and Common Size Income Statements (Section B – Unit 4: Financial Statement Analysis), the extent and format of the Profit and Loss Statement as per Revised Schedule VI Part II to be studied, is as follows:

Name of the Company:

Profit and Loss Statement for the year ended:.....

	Particulars	Note No.	Figures for the Current reporting period	Figures for the Previous reporting period
I	Revenue from operations			
II	Other Income			
III	Total Revenue (I + II)			
IV	Expenses: Cost of materials consumed Purchases of Stock-in-Trade Changes in inventories of finished goods Work-in-progress and Stock-in Trade Employee benefits expense Finance costs Depreciation and amortization expense Other expenses Total expense			
V	Profit before exceptional and extraordinary items and tax (III-IV)			
VI	Exceptional items			
VII	Profit before extraordinary items and tax (V-VI)			
VIII	Extraordinary items			
IX	Profit before tax (VII-VIII)			
X	Tax expense: (1) Current tax (2) Deferred tax			
XI	Profit (Loss) for the period from continuing operations (VII-VIII)			
XII	Profit / (Loss) from discontinuing operations			
XIII	Tax expense of discontinuing operations			
XIV	Profit / (Loss) from discontinuing operations (after tax) (XII-XIII)			
XV	Profit / (Loss) for the period (XI-XIV)			
XVI	Earning per equity share: (1) Basic (2) Diluted			