

Empowering Minds & Transforming Lives since 1958

## COUNCIL FOR THE INDIAN SCHOOL CERTIFICATE EXAMINATIONS

Pragati House, 3rd Floor, 47-48, Nehru Place, New Delhi – 110019

Tel: +91-11-29564831, 29564833, 26411706, 26413820

Email: ces@cisce.org | www.cisce.org

Chief Executive & Secretary

**Gerry Arathoon**

M.A., B.Ed.

PV/CIR/ISC/Syllabus/Accounts/2024-2025

15<sup>th</sup> June 2023

**To : Heads of ISC schools**

Dear Principal,

**Guidelines pertaining to Companies Act 2013 – Applicable for the ISC Examination  
Years 2024 and 2025**

In view of the several amendments that have been made in Schedule III Part I of the Companies Act, 2013 please find attached updated guidelines.

The updated guidelines are applicable for the Examination Years 2024 and 2025.

The same are attached for the perusal and guidance of the **Accounts teachers** teaching at the ISC level.

With warm regards,

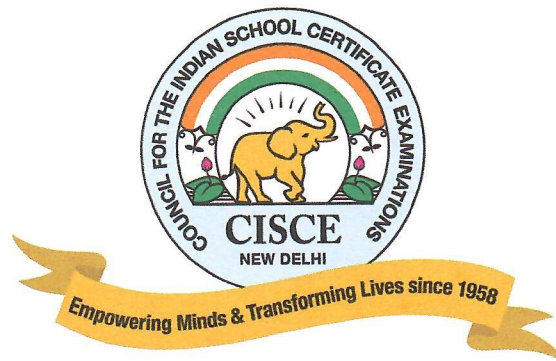
Yours sincerely,

Gerry Arathoon  
Chief Executive and Secretary

Encl. : As above

# ISC ACCOUNTS

**Guidelines pertaining to Companies Act 2013 – Applicable for  
the Examination years 2024 and 2025.**



**COUNCIL FOR THE INDIAN SCHOOL CERTIFICATE  
EXAMINATIONS**

## FORMAT OF THE BALANCE SHEET OF A JOINT STOCK COMPANY

### PART-1 BALANCE SHEET

Name of the Company.....

Balance Sheet as at.....

(Rupees in .....)

Particulars	Note No.	Figures at the end of the current reporting period	Figures at the end of the previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
1. <b>Shareholders Funds</b>			
(a) Share Capital			
(b) Reserves and Surplus			
(c) Money received against share warrants			
2. <b>Share application money pending allotment</b>			
3. <b>Non- Current Liabilities</b>			
(a) Long- term borrowings			
(b) Deferred tax liabilities (Net)			
(c) Other Long-term liabilities			
(d) Long-term provisions			
4. <b>Current Liabilities</b>			
(a) Short term borrowings			
(b) Trade payables			
(c) Other current liabilities			
(d) Short term provisions			
<b>TOTAL</b>			
<b>II. ASSETS</b>			
1. <b>Non- Current Assets</b>			
(a) Property, Plant & Equipment & Intangible Assets			
(i) Property, Plant & Equipment			
(ii) Intangible Assets			
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current Investments			
(c) Deferred Tax Assets (Net)			
(d) Long term loans and advances			
(e) Other non-current assets			
2. <b>Current Assets</b>			
(a) Current Investments			
(b) Inventories			
(c) Trade Receivables			
(d) Cash and Bank Balances			
(e) Short-term loans and advances			
(f) Other current assets			
<b>TOTAL</b>			



In what follows, is the extent to which the students are expected to know about the items of the Schedule III (Part I and II) of Companies Act, 2013:

Section A- Unit 3(C) - Final Account of Companies

Section B- Unit 4 - Financial Statement Analysis

*Certain items have been marked with \*\*.*

*For a few of those items marked with \*\* the students are required to know the meaning and the heading / sub-heading under which these items appear in the Schedule III of the Companies Act, 2013. These items have also been indicated in the subsequent pages.*

**However, for all items marked with \*\* no accounting treatment will be asked.**

**EXPLANATION AND PRESENTATION OF ITEMS UNDER  
THE HEADS AND SUBHEADS  
EQUITY AND LIABILITIES**

**1. Shareholders' Funds**  
**(a) Share Capital**

Particulars	Note No.	Figures at the end of the current reporting period	Figures at the end of the previous reporting period
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders Funds</b>			
<b>(a) Share Capital</b>	1	x x x	

Notes to Accounts: 1.

Particulars	Amount (₹)
<b>(a) Share Capital</b>	
<b>Authorised Capital</b>	
..... shares of ₹..... each	x x x
<b>Issued Capital</b>	
..... shares of ₹..... each	x x x
(of the above shares.....shares are allotted as fully paid up pursuant to a contract without payment being received in cash)	
<b>Subscribed Capital</b>	
<i>Subscribed and fully paid up</i>	
..... shares of ₹.... each	yyy
(of the above shares.....shares are allotted as fully paid up pursuant to a contract without payment being received in cash)	
<i>Subscribed but not fully paid up</i>	
..... shares of `.... each, .... ` Called up	x x x
Less calls –in- arrear	(xx)
<b>Forfeited Shares A/c</b>	yy
<b>TOTAL</b>	<b>yyy</b>

Points to be noted:

- ◆ Equity share capital and preference share capital to be shown separately.
- ◆ If the authorised/issued capital is not mentioned in the question it has to be shown in the notes to accounts. However, no figures will be shown as illustrated above.

**(b) Reserves and Surplus**

Particulars	Note No.	Figures at the end of the current reporting period	Figures at the end of the previous reporting period
<b>II. EQUITY AND LIABILITIES</b>			
1. <b>Shareholders Funds</b>			
(b) Reserves and Surplus	1	x x x	

The items under this head are:

- (i) Capital Reserve
- (ii) Capital Redemption Reserve\*\*
- (iii) Securities Premium
- (iv) Revaluation Reserve \*\*
- (v) Share Option Outstanding Account \*\*
- (vi) Other Reserve ( **Only General Reserve** )
- (vii) Surplus ( Balance in Statement of Profit & Loss)

**Securities Premium** - It shall be used to write off the items under Section 52 of the Companies Act and the balance if any will be shown under the head ‘Reserve and Surplus’.

Notes to Accounts: 2

Particulars	Amount (₹)
Securities Premium	x x x
Less Discount on issue of debentures (arising in the year in which it occurs) written off	(xx)
	x x x

**Surplus-**

Debit balance of Statement of Profit and Loss shall be shown as a negative figure under the head ‘Surplus’. The balance of ‘Reserve 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 negative.



Notes to Accounts: 3

Particulars	Amount (₹)
Statement of P/L	x x x
Less Discount on issue of debentures written off (xx)	
Underwriting Commission	(xx)
Share Issue Expenses	(xx)
Interest on calls in advance (due)	(xx)
Add interest on calls in Arrear (due)	xx
	x x x / (x x x)

**(c) Money received against share warrants \*\*:**

A share warrant is a financial instrument which gives the holder the right to acquire equity shares specified therein at a specified date at a predetermined price. A disclosure of the money received against share warrants cannot be shown as part of share capital but included in shareholder's funds. **(Students need to know only its meaning and under which heading / sub-heading this item appear in the Schedule III (Part I))**

**2. Share application money pending allotment\*\*:**

If a company has received application money but the date of allotment falls after the B/S date, such application money pending allotment and to the extent not refundable is to be shown under this head. **(Students need to know only its meaning and under which heading / sub-heading this item appear in the Schedule III (Part I))**

**3. Non - Current Liabilities: Those liabilities which are not classified as Current Liabilities**

**(a) Long Term Borrowings: Borrowings mean amount taken as loan by the company.**

- Bonds / Debentures
- Premium payable on redemption of debentures.
- Term loans from banks / other parties
- Fixed Deposits / Public Deposits
- Other loans and advances

**(b) Deferred Tax Liability (Net) \*\*: (Students need to know only its meaning and under which heading / sub-heading this item appear in the Schedule III (Part I))**

A deferred tax liability comes in to force when **accounting income** is **more than taxable income**.

**(c) Other Long-Term Liabilities\*\***

**(d) Long Term Provisions**

Provision is the amount set aside to meet future liability, the amount of which cannot be determined with reasonable accuracy. Long Term Provisions are the provisions against which the liability will arise after 12 months from the date of the B/S.

- Provision for employee benefits (beyond 12 months)\*\*
- Other Provisions\*\*

### **Current Liabilities:**

Current Liability as defined in the **Schedule III of the Companies Act, 2013** is:

- (i) Expected to be settled in the company's normal operating cycle; or
- (ii) Due to be settled within 12 months from the date of the B/S
- (iii) Held primarily for the purpose of being traded
- (iv) No unconditional right to defer settlement beyond 12 months of the B/S.

*An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Where the normal operating cycle cannot be identified, it is assumed to have duration of twelve months.*

- (a) **Short- term Borrowings:** Are all borrowings of the company which are due for payment within 12 months from the date of the loan.
  - Loans repayable on demand from banks
  - Overdraft
  - Cash Credit
  - Loans from other (related) parties
  - Deposits
  - Current Maturities of Long-Term Debt: That part of the long-term debt which is due for payment within 12 months of the date of the Balance Sheet.
- (b) **Trade Payables:** Amount Payable against purchase of goods or services received in the ordinary course of the business.
  - Sundry Creditors
  - Bills Payable
- (c) **Other Current Liabilities:** All current liabilities that are not short-term borrowings or trade payables
  - Interest accrued but *not due* on borrowings: Example- interest is payable on debentures half yearly on 30<sup>th</sup> June and 31<sup>st</sup> December. If the company closes its books on 31<sup>st</sup> March, it will have to provide interest for the quarter Jan to March following the accrual concept of accounting. But since this interest along with the interest from April to June will become due for payment on 30<sup>th</sup> June, it will be classified as 'interest accrued but not due'.
  - Interest accrued and *due* on borrowings: Interest is payable on debentures half yearly on 30<sup>th</sup> June and 31<sup>st</sup> December. If the company closes its books on 31<sup>st</sup> March and interest provided in the books for June to Dec has not been paid till 31<sup>st</sup> March, it will be classified as 'interest accrued and due'.
  - Income received in advance
  - Unpaid / Unclaimed Dividend: Dividends paid but they remain unclaimed by shareholders.
  - Excess application money due for refund and interest due thereon\*\*
  - Unpaid matured deposits and interest thereon\*\*
  - Unpaid matured debentures and interest thereon\*\*
  - Outstanding expenses
  - Calls-in-advance



- (d) **Short Term Provisions:-** Provisions against which liability is likely to arise within 12 months from the date of the B/S.
- Provision for employee benefits (to be settled within 12 months)\*\*
  - Provision for tax
  - Provision for expenses
  - Other provisions\*\*

### ASSETS

**1. Non-Current Assets: Those assets which are not current assets.**

**(a) Property, Plant & Equipment & Intangible Assets**

**(i) Property, Plant & Equipment:** Assets which can be physically seen and touched

- Land
- Building
- Plant and Equipment
- Furniture and Fixture
- Vehicles
- Office Equipment
- Others

**It is necessary to give the following information regarding each class or kind of fixed tangible asset:**

- a. Original cost
- b. Addition (purchase)
- c. Deductions (sale)
- d. Total depreciation written off or provided for up to the end of the year.

**(ii) Intangible Assets:**

- Goodwill
- Brands / Trademark
- Computer software \*\*
- Mastheads (name of newspaper or magazine printed at the top of the page) and publishing titles \*\*
- Mining rights \*\*
- Copyrights and patents
- Recipes, formulae, models and designs \*\*
- Licenses and franchise. \*\*

**(However, students need to know under which heading / sub-heading the items marked \*\* above appear in the Schedule III (Part I)**

**(iii) Capital Work-in-Progress: \*\* (Students need to know only the meaning and under which heading / sub-heading the items appear in the. Schedule III (Part I)**

Self-constructed item of property, plant and equipment

**(iv) Intangible Assets under development: \*\* (Students need to know only the meaning and under which heading / sub-heading the items appear in the. Schedule III (Part I)**

Patents, intellectual property rights etc which are being developed by the company.

**(a) Non-Current Investments:**

Investments which are held not with the purpose to resell but to retain them.



- (i) **Trade Investments:** Investments made by the company in shares or debentures of another company, not being its subsidiary, to promote its own trade and business.
- (ii) **Other investments:** Which are not trade investments.
- Investments in property \*\*
  - In equity shares \*\*
  - In preference shares \*\*
  - In debentures \*\*
  - In mutual funds \*\*
  - In partnership firms \*\*
  - In govt. securities \*\*

(However, students need to know the heading / sub-heading under which the items marked \*\* above appear in the) Schedule III (Part I)

- (c) **Deferred Tax Asset (Net):** \*\* (Students need to know only its meaning and under which heading / sub-heading this item appear in the). Schedule III

A deferred tax asset comes in to force when **taxable income** is **more than accounting income**.

- (b) **Long Term Loans and Advances:**

Expected to be received back in cash or in kind after 12 months from the date of the B/S.

- (i) **Capital Advances:** Advanced for acquiring fixed assets
- (ii) **Security Deposits:** Deposit for electricity, telephone etc given for a period beyond 12 months.
- (iii) **Other loans and advances**
- Long term loan to employees
  - Long term advance to suppliers etc

- (c) **Other Non-Current Assets**

- Long term Trade Receivables-\*\* receivable 12 months from the date of the B/S if the operating cycle is less than 12 months or beyond the operating cycle if the operating cycle is more than 12 months.
- Others\*\*
- Insurance claim receivable\*\*
- Debts due by directors or other officers of the company\*\*
- Discount on issue of Debentures to be written off beyond one year

2. **Current Assets:** Those assets which are:

- (i) Expected to be realised in or intended for sale or consumption in the normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within 12 months from the date of the B/S
- (iv) Cash and Cash Equivalents
- (v) Cash and bank balances

- (a) **Current Investments:** Those investments which are held to be converted into cash within a short period, ie, within 12 months from the date of purchase of the investment.
- Investments in partnership firms \*\*
  - In equity shares\*\*
  - In preference shares \*\*
  - In debentures \*\*
  - In mutual funds \*\*

- In govt. securities \*\*
- Short Term Investment (to be taken as cash equivalent while preparing Cash Flow Statement).
- Marketable Securities (to be taken as cash equivalent while preparing Cash Flow Statement).

(b) **Inventories:** Refers to stock held for the purpose of trade in the normal course of the business, ie, for manufacturing or trading of goods.

- (i) Raw Materials
- (ii) Work-in-Progress
- (iii) Finished Goods
- (iv) Stock-in-Trade
- (v) Stores and Spares
- (vi) Loose Tools
- (vii) Goods - in – Transit \*\*

(c) **Trade Receivables:**

Refers to the amount due on account of goods sold or services rendered in the normal course of business. It includes:

- Debtors  
Less Provision for doubtful debts  
Less Provision for discount on debtors
- Bills Receivable

(d) **Cash and Bank Balances:**

- (i) Cash and cash equivalents
  - Balances with banks in current accounts
  - Balances with banks in deposit accounts with original maturity less than 3 months
  - Cheques on hand
  - Cash on hand
- (ii) Other bank balances
  - Earmarked bank balances
  - Short-term bank deposits (up to maturity of 12 months)

(e) **Short-term Loans and Advances:**

Expected to be realised within 12 months from the B/S date or within the operating cycles, if the operating cycle is more than 12 months.

- Loans and advances to related parties
- Others

(f) **Other Current Assets**

- Prepaid expenses
- Dividend receivable
- Interest accrued on investments
- Advance Tax

### 3. Contingent Liabilities and Capital Commitments:

(a) **Contingent Liabilities:** These liabilities refer to the claims which are uncertain to arise because they are dependent on a happening in future.

They are not recorded in the books of accounts **but disclosed in the Notes to Accounts.**

- Claim against the company not yet acknowledged as debt
- Liabilities for bills discounted
- Guarantee given by the company
- Proposed Dividend

**(b) Capital Commitments:**

A future liability for capital expenditure in respect of which contracts have been made.

- Uncalled amount on partly paid-up shares
- Estimated amount of capital contracts remaining to be executed and not provided for.
- Other commitments: eg Arrears of cumulative dividend

## FORMAT OF STATEMENT OF PROFIT AND LOSS

### PART-II STATEMENT OF PROFIT AND LOSS

Preparation of Part II of Schedule III is excluded from the scope of syllabus of ISC 2024 and 2025 syllabus.

However, for the preparation of the Comparative and Common Size Income Statement (Section B- Unit 4 in the scope of syllabus of ISC 2024 and 2025 examination), the extent and format of the Statement of Profit and Loss has been modified. The modified version of the Statement of profit and Loss is as follows:

Name of the Company.....

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

Rupees in .....

Particulars	Note No.	Figures for the current reporting period	Figures for the previous reporting period
i. Revenue from operation		x x	x x
ii. Other Income		x	x
iii. Total Revenue (i + ii)		x x x	x x x
iv. Expenses			
Cost of Materials Consumed		x	x
Purchases of Stock-in-Trade		x	x
Changes in inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		x	x
Employee Benefit Expenses		x	x
Finance Costs		x	x
Depreciation and Amortisation Expenses		x	x
Other Expenses		x	x
Total expenses		xxx	xxx
v. Profit before Tax (iii – iv)		xxx	xxx
vi. Less Tax		(x)	(x)
vii. Profit after Tax (v – vi)		xx	xx