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PART II - Form of STATEMENT OF PROFIT AND LOSS

Name of the Company ....
Profit and Loss statement for the year ended ....

(Rupees in ....)

	Particulars		Note No.	Figures for the current reporting period	Figures for the previous reporting period
I	Revenue from operations			xxx	xxx
II	Other income			xxx	xxx
III	**Total Revenue (I + II)**			xxx	xxx
IV	Expenses:				
	Cost of materials consumed	xxx	1	xxx	
	Purchases of Stock-in-Trade	xxx	2	xxx	
	Changes in inventories of finished goods work-in-progress and Stock-in-Trade		3	xxx	xxx
	Employee benefits expense				
	Finance costs				
	Depreciation and amortization expense				
	Other expenses				
	Total expenses			xxx	xxx
V	Profit before ~~exceptional and~~ extraordinary items and tax **(III - IV)**	xxx		xxx	
VI	Exceptional items			xxx	xxx
VII	Profit before extraordinary items and tax **(V - VI)**	xxx		xxx	
VIII	Extraordinary Items			xxx	xxx
IX	Profit before tax **(VII - VIII)**	xxx		xxx	
X	Tax Expenses				
	(1) Current tax	xxx		xxx	
	(2) Deferred tax	xxx		xxx	
XI	Profit (Loss) for the period from continuing operations (VII-VIII) after tax	xxx		xxx	
XII	Profit/(Loss) from discontinuing operations	xxx		xxx	
XIII	Tax expense of discontinuing operations	xxx		xxx	
XIV	Profit/(Loss) from Discontinuing operations (after tax) (XII-XIII)			xxx	xxx
XV	Profit (Loss) for the period (XI + XIV)			xxx	xxx
XVI	Earnings per equity share:				
	(1) Basic			xxx	xxx
	(2) Diluted			xxx	xxx

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

PART 1- Form of BALANCE SHEET

(Rupees in ....)

Particulars	Note No.	Figures as at the end of the current reporting period	Figures as at end of previous reporting period
1	2	3	4
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital (A)			
(b) Reserves and surplus (B)			
(c) Money received against share warrants			
(2) Share application money pending allotment			
(3) Non-current liabilities			
(a) Long-term borrowings (C)			
(b) Deferred tax liabilities (Net)			
(c) Other Long term liabilities (D)			
(d) Long-term provisions (E)			
(4) Current liabilities			
(a) Short-term borrowings (F)			
(b) Trade payables (G)			
(c) Other current liabilities			
(d) Short-term provisions (H)			
TOTAL			
II. ASSETS			
1. Non-current assets			
(a) Fixed assets			
(i) Tangible assets (I)			
(ii) Intangible assets (J)			
(iii) Capital work-in-progress			
(iv) Intangible assets under development			
(b) Non-current investments (K)			
(c) Deferred tax assets (Net)			
(d) Long-term loans and advances (L)			
(e) Other non-current assets (M)			
(2) Current assets			
(a) Current investments (N)			
(b) Inventories (O)			
(c) Trade receivables (P)			
(d) Cash and cash equivalents (Q)			
(e) Short-term loans and advances (R)			
(f) Other current assets (S)			
TOTAL			

See general instructions from A to S in the following pages.

TREATMENT OF IMPORTANT ITEMS

(1) Disposal of profits

	Rs
Surplus in the Statement of Profit and Loss:	
As per the last Balance Sheet (if any) ..	---
Add Profit for the year	---

Less Appropriations:	
(i) Transfer to General Reserve	---
(ii) Transfer to Capital Redemption Reserve (on redemption of preference shares out of profit and on buy-back of equity shares	---
(iii) Proposed dividend on equity shares	---
(iv) Proposed dividend on preference shares	---
(v) Corporate dividend tax (or Dividend distribution tax)	---
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(2) Transfer of Profits to Reserves

As per Section 123 of the Companies Act, 2013, a company may, before the declaration of any dividend in any financial year, transfer voluntarily such percentage of its profits for that financial year as it may appropriate to the Reserves of the company.

(3) Accounting treatment of Interim Dividend

(i) For opening a separate bank account for interim dividend

Interim dividend bank A/c --Dr.
To Bank A/c ----Cr.

(ii) For the payment of interim dividend

Interim dividend A/c --Dr.
To Interim dividend bank account ..Cr.

(iii) For the payment of corporate dividend tax

Corporate dividend tax A/c --Dr.
To Bank A/c ----Cr.

(iv) For the transfer of interim dividend paid as well as corporate dividend tax paid

Surplus A/c --Dr.
To Interim dividend A/c ----Cr.
To Corporate dividend tax A/c ------Cr.

(4) Corporate Dividend Tax

As the liability in respect of C.D.T. is related to distribution of profits as dividend, it should be deducted from surplus of the same year in which the dividend is recorded as a deduction from surplus.

Corporate Dividend Tax (CDT) should be disclosed in the Notes to Balance Sheet as follows:

Reserves and surplus:

Surplus ---

Less Dividend on equity shares (-) ---

Dividend on preference shares (-) ---

Less Corporate dividend tax (Dividend distribution tax) (-) ---

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It may be noted that the current rate of CDT is 15% of dividend paid plus surcharge @ 10% of tax plus education cess @ 3% (i.e. total rate of 16.995% for the financial year 2012-13).

(5) Accounting Treatment of Final Dividend

(i) For proposing the final dividend and creating ~~provision for CDT account~~

Surplus A/c ---Dr.

To Proposed dividend A/c ---Cr.

To Provision for CDT A/c ----Cr.

(ii) For declaring the final dividend

Proposed dividend A/c-Dr.

To Dividend payable A/c ----Cr.

(iii) For opening a separate bank account for paying dividend

Dividend bank A/c-Dr.

To Bank A/c ---Cr.

(iv) For the payment of dividend

Dividend payable A/c-Dr.

To Dividend bank A/c

(v) For the transfer of unpaid or unclaimed dividend

Dividend payable A/c-Dr.

To Unpaid / Unclaimed dividend A/c ----Cr.

(vi) For the payment of Corporate dividend tax

Provision for CDT A/c-Dr.

To Bank A/c --- Cr.

(vii) For the transfer of unpaid or unclaimed dividend to Investors' Education and Protection Fund at the end of 7 years

Unpaid/Unclaimed Dividend A/c ---Dr.

To IEPF A/c ----Cr.

(viii) For the actual payment out of IEPF A/c

IEPF A/c ----Dr

To Dividend Bank A/c--Cr

6. Payment of interest out of capital

A company may pay interest out of capital in the following two cases:

(i) where interest is paid on the paid-up share capital issued for financing construction works, buildings or plants which can not be made profitable for a long period. The interest amount may be charged as part of the cost of construction of the works or building or the provision of the plant.

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(7) Interest on investment

(i) Bank A/c ... Dr.
To Interest on investment A/c -- Cr.

(ii) Accrued interest on investment A/c - Dr.
To Interest on investment A/c -- Cr.

Accrued interest should be shown as addition to I.O.I. under Other incomes in the Statement of Profit and Loss and as Other current assets under the head Current Assets in the Balance Sheet.

(8) Interest on debentures

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(i) Interest on debentures A/c -- Dr.
To Bank A/c ---- Cr.

(ii) Interest on debentures A/c -- Dr.
To Interest accrued and due A/c -- Cr.

Interest accrued and due A/c would be shown as addition to interest on debentures under Finance cost in the Statement of Profit and Loss and as Other current liabilities under the head Current Liabilities in the Balance Sheet.

Income tax on debenture interest, deducted at source, has to be deposited with income-tax authorities. Any tax still not deposited till the end of the accounting period must be shown as Short-term provision under the head Current Liabilities in the Balance Sheet.

(9) Profit on revaluation of assets

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Asset A/c ---Dr.
To Revaluation reserve A/c ---Cr.

Profit on revaluation of assets would be added to the concerned Fixed Asset A/c and and also added to Revaluation Reserve in the Notes to Accounts.

(10) Treatment of prior-period items

Prior-period items may be defined as expenses (charges) or incomes (credits) which arise in the current accounting period as a result of errors and omissions in the preparation of financial statements of one or more periods.

(i) For prior-period expenses

Profit & Loss A/c -Dr.
  To Prior-period expense A/cs ---Cr

(ii) For prior-period incomes

Prior-period income A/cs.---Dr.
  To Profit and Loss A/c ----Cr.

(11) Capital redemption reserve

In case the preference shares have been redeemed during the accounting year out of profits or other free reserves, it is necessary to capitalise the profits and free reserve by creating Capital Redemption Reserve. it has not been done the finalisation of trial balance, the company will have to make entry for Capital Redemption Reserve before the financial statements are prepared.

Surplus A/c --Dr.
General reserve A/c --Dr.
  To Capital Redemption reserve Cr.

(12) Provision for tax

Profit and Loss A/c--Dr.
  To Provision for tax A/c--Cr.

While $\boxed{\text{tax expense}}$ is reflected in the Statement of Profit and Loss, Provision for tax is shown in the Balance Sheet as Short-term provision (sub-heading) under the main heading of Current Liabilities.

(13) Income-tax payments

(1) For advance tax paid

3 Advance tax A/c--Dr.
  To Bank A/c ---Cr.

$\boxed{\text{Advance tax}}$ until final adjustments are made, is reflected in the Balance Sheet as short-term loans and

and Assets

advances under the main heading Current (7)
Assets or as long-term loans and advances
under the main heading Non-current Assets,
as the case may be

(ii) <u>For tax deducted at source (say, on interest income received)</u>

Bank A/c ...Dr.
TDS A/c ....Dr.
To Interest received A/c ...Cr.

<u>TDS</u> would be disclosed in the Balance Sheet as short-term loans and advances (sub-heading) under the main heading: Current Assets.

(14) <u>Tax due on final assessment</u>

Profit and Loss A/c ...Dr.
To Provision for tax A/c ...Cr.
(if the actual tax liability as determined is more than the provision for tax i.e. estimated liability)

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OR

Provision for tax A/c ..Dr.
To P & L A/c ....Cr.
(if the actual tax liability is less than the provision for tax)

(15) <u>Year-end adjustment of provision for tax, advance tax paid and TDS</u>

Provision for tax A/c ..Dr.
To Advance tax A/c ...Cr.
To TDS A/c ....Cr. and

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If the sum-total of advance tax paid, TDS

P.T.O

is less than the provision for tax A/c, the difference should be transferred from Provision for tax A/c to Liability for tax A/c.

Provision for tax A/c -- Dr.
To Liability for tax A/c -- Cr.

Liability for tax until paid is shown as other current liability under the head Current Liabilities. As soon as it is paid, the following entry is passed:

Liability for tax A/c -- Dr.
To Bank A/c ...... Cr.

In case the advance tax paid, tax deducted at source, etc. is more than the actual tax liability or the provision for tax, the excess is treated as Refund which is shown under Other current assets or under Long-term Loans and Advance as the case may be, until it is received. On receipt of Refund, the entry is:

Bank A/c ... Dr.
To Advance tax A/c ... Cr.