

Form of BALANCE SHEET
(Part I of Schedule III of Companies Act, 2013)

Name of the Company _____

Balance Sheet as at _____

(Rupees in _____)

Particulars	Note No.	Figures as at the end of the Current Reporting Period	Figures as at the end of the Previous Reporting Period
1	2	3	4
I. Equity and Liabilities			
1. Shareholders' funds			
a) Share capital			
b) Reserves and surplus			
c) Money received against share warrants			
2. Share application money pending allotment			
3. Non-current liabilities			
a) Long-Term Borrowings			
b) Deferred Tax Liabilities (Net)			
c) Other Long Term Liabilities			
d) Long-Term Provisions			
4. Current Liabilities			
a) Short-Term Borrowings			
b) Trade Payables			
c) Other Current Liabilities			
d) Short-Term Provisions			
Total			
II. Assets			
1. Non-current assets			
a) Fixed Assets			
i) Tangible assets			
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. Current Assets			
a) Current investments			
b) Inventories			
c) Trade receivables			
d) Cash and cash equivalents			
e) Short-term loans and advances			
f) Other current assets			
Total			

See accompanying notes to the financial statements.

		₹
Note 1 : Share Capital		
Authorised		
.....Shares of ₹each		XX
Issued		
.....Shares of ₹each		XX
Subscribed		
.....Shares of ₹each		
Less Calls in Arrears by		XX
Directors	XX	
Officers	XX	
Others	XX	
Add : Forfeited shares		XX
		XX
Note 2 : Reserves & Surplus		
Capital Reserves		XX
Capital Redemption Reserve		XX
Securities premium		XX
Debenture Redemption Reserve		XX
Revaluation Reserve		XX
Share option outstanding		XX
Other Reserves		XX
Surplus	XX	
Balance b/d	XX	
Add : Profit for the year	XX	
	XX	
Less : Appropriations	XX	
Note 3 : Long Term Borrowings		
Bonds / Debentures		XX
Term loans		
Banks	XX	
Others	XX	XX
Deferred payment liabilities		XX
Deposits		
Public Deposits	XX	
Inter Corporate	XX	XX
Loans & Advances from related parties		XX
Long term maturities of finance lease obligations		XX
Other loans and advances		XX
		XX
Note 4 : Other Long Term Liabilities		
Trade Payables		XX
Other Payables		XX
Trade Deposits	XX	
Security Deposits	XX	
		XX
Note 5 : Long Term Provisions		
Provision for employee benefits		XX
Others :		
Provisions for warranties		XX
		XX
Note 6 : Short Term Borrowings		
Loans Repayable on Demand :		
i) Banks	XX	
ii) Other parties	XX	XX
Loans and Advances from Related parties		XX
Deposits	XX	
Other loans & advances		XX
		XX
Note 7 : Trade payables		
Sundry Creditors		XX
Bills payable		XX
		XX

Note 8 : Other Current Liabilities

Current Maturities of Long Term Debt	XX
Current Maturities of finance lease obligations	XX
Interest accrued but not due on borrowings	XX
Interest accrued and due on borrowings	XX
Income received in advance	XX
Unpaid dividend	XX
Application money received for allotment of securities and due for refund	XX
Interest accrued on the above	XX
Unpaid, matured deposits	XX
Interest accrued thereon	XX
Calls in Advance	XX
Non Trade Payables	XX
Taxes Payables	XX

Note 9 : Short Term Provisions

Provision for employee benefits	XX
Provision for Income tax	XX
Provision for Equity Dividend	XX
Provision for Preference Dividend	XX
Provision for Corporate Dividend Tax	XX

Note 10 : Tangible Assets

Assets	Original Cost at the beginning	Additions during the year	Disposal during the year	Original cost at the end	Total Depreciation at the beginning	Depreciation for the year	Depreciation on Assets disposed off	Total Depreciation at the end	Net at the end
1	2	3	4	5 (2 + 3 - 4)	6	7	8	9 (6 + 7 - 8)	10 (5 - 9)
Land									
Building									
Plant & Machinery									
Equipments									
Vehicles									
Assets under lease									

Note 11 : Intangible Assets

Assets	Original Cost at the beginning	Additions during the year	Disposal during the year	Original cost at the end	Total Depreciation at the beginning	Depreciation for the year	Depreciation on Assets disposed off	Total Depreciation at the end	Net at the end
1	2	3	4	5	6	7	8	9	10
Goodwill									
Brands									
Trade Marks									
Computer software									
Masterheads & publishing Titles									
Mining Rights									
Copy-rights & patents									
Receipts Formulae									

Model Designs Proto- types									
Licenses & Franchise									

Note 12 : Non-current Investment

Trade Investment
Investment in property
Investment in Equity shares
Investment in Preference shares
Investment in Government securities
Investment in Trust securities
Investment in Debentures / Bonds
Investment in Mutual Fund
Investment in Partnership firms
Other Non-current Investment

XX
XX
XX
XX
XX
XX
XX
XX
XX
XX

Note 13 : Long Term Loans and Advances

Capital Advances
Security Deposits
Loans & Advances to Related Parties
Other loans and advances
Advance Tax
CENVAT Credit Receivables
VAT Credit Receivables
Service Tax
Credit Receivables

XX
XX
XX
XX
XX
XX
XX
XX
XX

Note 14 : Other Non-Current Assets

Long Term Trade Receivables
Others
Discount on issue of Debentures
Amalgamation Adjustment Account

XX
XX
XX
XX

Note 15 : Current Investments

Investment in :
Equity shares
Preference shares
Government securities
Trust securities
Debentures
Bonds
Mutual funds
Partnership firms
Other Investments

XX
XX
XX
XX
XX
XX
XX
XX
XX

Note 16 : Inventories

Raw Materials
W.I.P.
Finished Goods
Stores & spares
Loose Tools
Others

XX
XX
XX
XX
XX
XX

Note 17 : Trade Receivables

Sundry Debtors
Less : Provision for Doubtful Debts
Bills Receivables

XX
XX
XX

Note 18 : Cash & Cash Equivalent

Cash & Cash Equivalent
Bank balance
Cheques / Drafts on hand
Cash Balance
Other bank balances

XX
XX
XX
XX

Margin money deposits
Security against borrowings
Guarantees & other commitments

Note 19 : Short Term Loans & Advances

Loans & Advances to Related parties
Prepaid expenses
Tax Refund Receivable

Note 20 : Other Current Assets

Non-Trade Receivables
Unamortised Expenditure
Unbilled Revenue

FAQ's on Schedule III

1. Our company is doing multiple businesses. Do we need to consider operating cycle of a business put together of each business separately?
The company should classify assets and liabilities of respective businesses into current and non-current depending upon the operating cycle of the respective business.
2. A company has finished goods inventory which is expected to be sold within 15 months from the reporting date. Should it be classified as non-current asset?
Finished goods inventory is held primarily for trading. Hence, it should be considered as 'current'.
3. What should be the classification of investment under schedule III?
Investments expected to be realised within 12 months from the reporting date are current investments. Other than current are classified as 'Non-current'.
4. How the preference share capital due for redemption should be classified? It should be disclosed under, 'share capital'.
5. How should calls in advance and interest thereon be classified? It should be disclosed under the head, 'other current liabilities'.
6. What is the disclosure of calls unpaid?
Calls unpaid by directors and officers should be disclosed separately.
7. What is the treatment for capital profit on re-issue of forfeited shares?
It should be transferred to 'Capital Reserve'.
8. What the requirement about debit balance on Profit and loss A/c?
It should be shown as a negative figure under, 'surplus'.
9. What is Term Loans for the purpose of Schedule III?
As per ICAI statement loans with repayment period beyond 36 months is 'Term Loans'.
10. Do cash credit, overdraft and call money are Term Loan?
They are not covered by Term Loans.
11. What is asset under lease?
It is the asset given on operating lease in the case of lesser and asset under finance lease in the case of lessee.
12. Whether capital advances should be disclosed under capital work in progress?
Capital advances should not be disclosed under capital work in progress. It should be included under 'Long term Loans and Advances'.
13. What is trade investment?
It is an investment made by a company in shares of debentures of another company to promote trade or business of the first company.
14. How would you disclose unamortised portion of expenses such as share issue expenses etc.?
It should be disclosed under 'other current / non current asset depending on whether it will be amortised in next 12 months or there after'.
15. How should you disclose debentures to be redeemed partly within 12 months and balance after 12 months?
It should be disclosed as current/non-current.
16. What is included under finance cost?

- It includes interest expense, Loan processing charges, guarantee charges, Loan facilitation charges, other ancillary cost incurred in connection with borrowing, exchange difference arising from foreign currency borrowings.
- What are exceptional items?
17. It includes writing down inventories to net realizable value, disposal of items of fixed assets, long term investments, litigation settlement, reversals of provisions.
- What are extra-ordinary items?
18. These are the items which arise from transactions which are distinct from the ordinary activities of the enterprise and are not expected to recur frequently.
- How would you disclose goods in transit?
19. It should be disclosed under, 'Inventories'.
- How would you disclose Loose Tools in Balance sheet?
20. It should be disclosed under 'Inventories'.
- How would you disclose contingent liabilities.
21. It should be disclosed as a foot note to Balance sheet.
- How would you classify.
22. Liability written back net.
Insurance claim.
Bad Debt Recovery (net)

Ans.: It may be classified as other operating Revenue or other Income depending upon the exercise of the judgement.

23. How would you treat Fixed Deposits having maturity of more than 12 months?

Ans.: It should be classified as Non-current.

Form of Statement of Profit and Loss
(Part II of Schedule III of Companies Act, 2013)

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 Purchases of Stock-in-Trade Changes in inventories of finished goods work-in-progress and Stock-in-Trade		xxx	xxx
	Employee benefits expense Finance costs Depreciation and amortization expense Other expense		xxx	xxx
	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)			
X.	Tax expense :			
	1. Current tax		xxx	xxx
	2. Deferred tax		xxx	xxx
XI.	Profit (Loss) for the period from continuing operations (VII - VIII)		xxx	xxx
XII.	Profit/(loss) from discontinuing operations		xxx	xxx
XIII.	Tax expenses 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)			

XVI.	Earnings per equity share :		xxx	xxx
	1. Basic		xxx	xxx
	2. Diluted			

Notes to Accounts

Note 1 : Revenue from Operation

- i) Sale of goods
- ii) Sale of services
- iii) Trading commission
- iv) Less Excise duty

Note 2 : Other Income

- i) Interest income (in case of a company other than a finance company)
- ii) Dividend from subsidiary Company
- iii) Dividend from companies other than subsidiary company
- iv) Net Gain on sale of Investment
- v) Net Gain on sale of fixed assets
- vi) Other Non-operating income

Note 3 : Cost of Material Consumed

Opening Stock of Materials
Add : Purchases of Materials
Add : Carriage

Less : Closing Stock of Materials

Note 4 : Changes in Inventories

Inventory at the end of the year
Inventory at the beginning of the year

Note 5 : Employee Benefit Expenses

Salaries & wages
Contribution to P.F.
Contribution to other funds
Expenses on ESOP
Expenses on ESPP
Employee welfare expenses

Note 6 : Finance Cost

Interest on Borrowings from Banks
Interest on Borrowings from others
Interest on Debentures
Finance charge on lease financing
Interest levied by Tax department
Commitment charges
Discount / issue expenses on Debentures written off
Processing charges
Net Gain / Loss on foreign currency transactions

Note 7 : Depreciation and amortization Expenses

Buildings
Plant & Machinery
Vehicles
Equipments
Furnitures
Brands
Computer software

Note 8 : Other Expenses

Stores & spares
Power
Fuel and oil
Rent
Insurance
Repairs & maintenance

Building	XX	
Machinery	XX	
Furniture	XX	
Vehicles	XX	
Equipments	XX	
Rates & Taxes		XX
Miscellaneous Expenses		XX
Provision for Doubtful Debts		XX
Payment to Auditors for :		
Audit work	XX	
Taxation work	XX	
Company law matter	XX	
Management Services	XX	
Other services	XX	
Distribution expenses		XX
Sales commission		XX
Advertising		XX
Show room expenses		XX
Discount allowed		XX
Loss on foreign currency transactions		XX
Exceptional items :		XX
Restructuring cost		
Disposal of Investment	XX	
Disposal of fixed assets	XX	
Litigation settlement	XX	
Reversal of provision	XX	
Write down of stock	XX	
Extra Ordinary Items :	XX	XX
Loss from attachment of property		
Loss from earthquake	XX	
Profit from Insurance claim	XX	
	XX	XX
	XX	

Note 9 : Surplus

Balance at the beginning		
Add : Net profit for the year		
Less : Transfer to Reserves		XX
Interim dividend		XX
Provision for dividend :		XX
Equity		XX
Preference	XX	
Dividend Distribution Tax	XX	XX
Balance at the end transferred to Balance sheet		XX
		XX

14. CONCLUSION

The Schedule III is a step in right direction as supremacy has been provided to the Accounting Standards and the Companies Act, 2013, which would avoid disputes as well as save time of legislature in making time to time amendments in Schedule III.

It can also be considered as a step towards convergence to IFRS to some extent with regard to presentation of financial statements as many features as discussed have been taken from these International Financial Reporting Standards.

15. PRESENTATION OF VARIOUS ITEMS IN FINANCIAL STATEMENTS

Sr. No.	Item	Main head	Subhead
1.	Share Capital	Shareholders Fund	
2.	Calls unpaid	Shareholders Fund	Share Capital
3.	Forfeited Shares	Shareholders Fund	Share Capital
4.	Capital Reserves	Reserves & Surplus	Separate
5.	Capital Redemption Reserve	Reserves & Surplus	Separate
6.	Securities Premium	Reserves & Surplus	Separate
7.	Debenture Redemption Reserve	Reserves & Surplus	Separate

Sr. No.	Item	Main head	Subhead
8.	Revaluation Reserve	Reserves & Surplus	Separate
9.	Share option outstanding A/c	Reserves & Surplus	Separate
10.	Dividend Equalisation Reserve	Reserves & Surplus	Other Reserves
11.	General Reserve	Reserves & Surplus	Separate
12.	Reserve Fund	Reserves & Surplus	Separate
13.	Revenue Reserve	Reserves & Surplus	Separate
14.	Profit & Loss	Reserves & Surplus	Surplus
15.	P & L A/c debit balance	Reserves & Surplus	Surplus
16.	Money received against share warrant	Shareholders Fund	Separately
		Non Current Liability	
17.	Bonds/Debentures	Long Term Borrowing	Separate
18.	Term loan	Long Term Borrowing	Separate
19.	Deferred Payment Liabilities	Long Term Borrowing	Separate
20.	Public Deposits	Long Term Borrowing	Separate
21.	Loans & advances from related parties	Long Term Borrowing	Separate
22.	Other Loans & advances	Long Term Borrowing	Separate
23.	Secured Loans	Long Term Borrowing	Separate
24.	Unsecured Loans	Long Term Borrowing	Separate
25.	Trade Payables (Beyond 12 months)	Non Current Liabilities	Other long term liabilities
26.	Bills Payable (Beyond 12 months)	Non Current Liabilities	Other long term liabilities
27.	Others (Beyond 12 months)	Non Current Liabilities	Other long term liabilities
28.	Provision for employee benefits	Non Current Liabilities	Long Term Provisions
29.	Loans Repayable on demand	Current Liabilities	Short Term Provisions
30.	Loans & advances from related parties	Current Liabilities	Short Term Provisions
31.	Current Maturities of Long term debts	Current Liabilities	Other Current Liabilities
32.	Current maturities of finance lease obligations	Current Liabilities	Other Current Liabilities
33.	Interest accrued but not due on borrowings	Current Liabilities	Other Current Liabilities
34.	Interest accrued and due on borrowings	Current Liabilities	Other Current Liabilities
35.	Income received in advance unpaid dividend	Current Liabilities	Other Current Liabilities
36.	Unpaid matured deposits	Current Liabilities	Other Current Liabilities
37.	Interest on unpaid matured deposits	Current Liabilities	Other Current Liabilities
38.	Unpaid matured debentures	Current Liabilities	Other Current Liabilities
39.	Interest accrued on unpaid matured debentures	Current Liabilities	Other Current Liabilities
40.	Other payable	Current Liabilities	Other Current Liabilities
41.	Outstanding expenses	Current Liabilities	Other payables
42.	Provision for dividend	Note as a contingent Liability	Note as a contingent Liability
43.	Provision for taxation	Current Liabilities	Short term provisions
44.	Provision for Dividend Distribution Tax	Note as a contingent Liability	Note as a contingent Liability
45.	Land	Non-Current Assets	Fixed Assets Tangible
46.	Building	Non-Current Assets	Fixed Assets Tangible

Sr. No.	Item	Main head	Subhead
47.	Plant & Machinery	Non-Current Assets	Fixed Assets Tangible
48.	Furniture & Fixtures	Non-Current Assets	Fixed Assets Tangible
49.	Vehicles	Non-Current Assets	Fixed Assets Tangible
50.	Office equipments	Non-Current Assets	Fixed Assets Tangible
51.	Plant & equipments	Non-Current Assets	Fixed Assets Tangible
52.	Leasehold asset	Non-Current Assets	Fixed Assets Tangible
53.	Goodwill	Non-Current Assets	Fixed Assets Intangible
54.	Brands	Non-Current Assets	Fixed Assets Intangible
55.	Trademarks	Non-Current Assets	Fixed Assets Intangible
56.	Computer software	Non-Current Assets	Fixed Assets Intangible
57.	Mastheads & Publishing titles	Non-Current Assets	Fixed Assets Intangible
58.	Mining rights	Non-Current Assets	Fixed Assets Intangible
59.	Copyrights & Patents	Non-Current Assets	Fixed Assets Intangible
60.	Intellectual Property rights	Non-Current Assets	Fixed Assets Intangible
61.	Recipes, formulae, models, designs & prototypes	Non-Current Assets	Fixed Assets Intangible
62.	Licenses	Non-Current Assets	Fixed Assets Intangible
63.	Website	Non-Current Assets	Fixed Assets Intangible
64.	Capital work in progress	Non-Current Assets	Separate
65.	Intangible assets under development	Non-Current Assets	Separate
66.	Investment property	Non-Current Assets	Non-Current Investment
67.	Investment in Equity instruments	Non-Current Assets	Non-Current Investment
68.	Investment in Pref. shares	Non-Current Assets	Non-Current Investment
69.	Investment in Government/Trust Securities	Non-Current Assets	Non-Current Investment
70.	Investment in Debentures/Bonds	Non-Current Assets	Non-Current Investment
71.	Investment in Mutual Funds	Non-Current Assets	Non-Current Investment
72.	Investment in Partnership firms	Non-Current Assets	Non-Current Investment
73.	Deferred tax assets	Non-Current Assets	Separate
74.	Capital advances	Non-Current Assets	Long term loans & advances
75.	Security Deposits	Non-Current Assets	Long term loans & advances
76.	Loans and advances to related parties	Non-Current Assets	Long term loans & advances
77.	Other loans & advances	Non-Current Assets	Long term loans & advances
78.	Trade Receivables on deferred credit terms	Non-Current Assets	Other Non-Current Assets
79.	Investment in Equity instruments held for 12 months.	Current Assets	Current Investments
80.	Investment in Pref. shares	Current Assets	Current Investments
81.	Investment in Government/Trust Securities held for 12 months.	Current Assets	Current Investments
82.	Investment in Debentures/Bonds held for 12 months.	Current Assets	Current Investments
83.	Investment in Mutual Funds for 12 months.	Current Assets	Current Investments
84.	Investment in Partnership firms for 12 months.	Current Assets	Current Investments

Sr. No.	Item	Main head	Subhead
85.	Trade Receivables	Current Assets	Separate
86.	Cash	Current Assets	Cash & Cash equivalent
87.	Bank	Current Assets	Cash & Cash equivalent
88.	Cheques, drafts on hand	Current Assets	Cash & Cash equivalent
89.	Earmarked balance with banks	Current Assets	Cash & Cash equivalent Other bank balances
90.	Bank deposits with less than 12 months	Current Assets	Cash & Cash equivalent
	Bank deposits realizable after 12 months	Non-Current Assets	Other bank balances Other Non-Current Assets
91.	Loans & advances (short period)	Current Assets	Short term loans & advances
92.	Bills Receivable	Current Assets	Trade Receivable
93.	Loans due by directors	Current Assets	Short term loans & advances
94.	Other current assets	Current Assets	Other Current Assets
95.	Preliminary expenses	Current Assets	Other Current Assets
96.	Discount on issue of shares/debentures	Current Assets	Other Current Assets
97.	Underwriting commission	Current Assets	Other Current Assets
98.	Formation expenses	Current Assets	Other Current Assets
99.	Share application money pending allotment	Separate title on liability	
100.	Share application money due for refund	Current Liabilities	Other Current Liabilities
101.	Advances taken for goods & services to be supplied (beyond 12 months)	Non Current Liabilities	Other Long Term Liabilities
102.	Advances for goods & services (part of normal operating cycle)	Current Liabilities	Other Current Liabilities
103.	Deferred Tax Liabilities	Non Current Liabilities	
104.	Interest accrued on investment	Current Assets	Other Current Assets
105.	Interest accrued on fixed deposits	Current Assets	Other Current Assets
106.	Interest accrued on Loans & Advances	Current Assets	Other Current Assets
107.	Interest accrued on Recoverable from Govt. authorities	Current Assets	Other Current Assets
108.	Bills of exchange	Short-term Loans & Advances	Others
109.	Balance with Excise, Customs, Port Trust	Current Assets	Other Current Assets
110.	Rly siding	Tangible Assets	Plant & Machinery
111.	Leasehold property	Tangible Assets	Tangible Fixed Asset
112.	Leasehold Improvement	Tangible Assets	Separate
113.	Live stock	Tangible Assets	Other Asset
114.	PF contribution	-	Employee Benefit Expenses
115.	Welfare Expenses	-	Employee Benefit Expenses
116.	Penalty for delayed deposit of PF	-	Other Expenses
117.	Expenses on Gratuity	-	Employee Benefit Expenses

Sr. No.	Item	Main head	Subhead
118	Directors' fees (Contract of service)		Other Expenses
	Directors Remuneration (under a contract for services)	-	Other Expenses
*119	Prepaid Expenses	Current Assets	Short Term Loans & Advances Other Loans & Advances
*120	Advance Tax	Current Assets	
*121	VAT Receivable	Current Assets	
*122	Service Tax Receivable	Current Assets	
123	Security Deposits	Current/Non-current Liability	Loans & Advances
124	Bills Payable	Current Liabilities	Trade Payables
125	Bank Overdraft	Current Liability	Short-term Borrowings
126	Advance from customer	Current Liability	Trade Payable
127	Debentures redeemable within the year	Current Liability	Other Current Liability
128	Term Loans from Banks	Non-current Liability	Long-term Borrowings
129	Bank Loan Repayable on Demand	Current Liabilities	Other Current Liabilities
130	Bank Loan Repayable by Installments		
	a) Installments Repayable within 12 months	Current Liabilities	Other Current Liabilities
	b) Rest of the amount	Non-current	Other Liabilities
131	Deferred payment for acquisition of fixed assets		
	a) Within 12 months	Current Liabilities	Short-term Borrowings
	b) Beyond 12 months	Non-current Liabilities	Long-term Borrowings
132	Advances for Goods and Services (current nature)	Current Liabilities	Other Current Liabilities
133	Current Maturities of Long Term Borrowings	Current Liabilities	Other Current Liabilities
134	Statutory Dues	Current Liabilities	Other payables
135	Calls in Advance	Current Liabilities	Other Current Liabilities
136	Capital Advance	Non Current Asset	'Long Term Loans & Advance'
137	Advance to sundry creditors	Current Assets	Short term loans and advances
138	Short term bank deposits	Cash and Bank balance	Other bank balance
139	Remittances in Transit	Current Assets	Cash & Cash equivalent
140	Cash Credit	Non-current Liabilities	Secured Loans Loans & Advances from Bank
141	Term Loan	Non-current Liabilities	Secured Loans Loans & Advances from Bank

If expected to be realized within next 12 months. If it is not expected to be realized within next 12 months, it should be shown under Long Term Loans & Advances.
If the amount is amortised in more than 12 month it should be shown as non current assets.

16. SOME ADJUSTMENTS**16.1 Corporate Income Tax**

1. Making provision for tax for the year
 Profit & Loss A/c Dr.
 To Provision for Taxation A/c
2. Adjustment of short or Excess provision for previous years
 - a) In the case of short provision
 P & L Appropriation A/c Dr.
 To Provision for Taxation A/c
 - b) In the case of excess provision
 Provision for Taxation A/c Dr.
 To P & L Appropriation A/c
3. For converting provision into tax liability
 Provision for Tax A/c Dr.
 To Tax Payable A/c
4. For adjustment of advance tax and TDS (Dr. balance)

Tax Payable A/c	Dr.	(Actual liability)
Tax Refund Due A/c	Dr.	(Refund due)
To Advance Tax A/c		
To TDS A/c		
5. For payment of balance of tax payable (if any)
 Tax payable A/c Dr.
 To Bank A/c
6. For receipt of tax refund due (if any)
 Bank A/c Dr.
 To Tax Refund due A/c

Assessment under dispute

After receipt of Assessment order, the company has a right to file an appeal and challenge the order. If the assessment is disputed the Balance Sheet should disclose advance tax and provision for tax for that year till the disposal of the matter. The information of amount of tax subject to appeal should be shown as Contingent Liability.

SHORT PROBLEMS**Illustration 1 :**

Show necessary Journal Entries and disclosure of relevant items in final accounts :

Trial Balance
as at 31st March, 2015

	Dr. ₹	Cr. ₹
Advance Income Tax 2013-2014		
Advance Income Tax 2014-2015	2,00,000	
Provision for Income Tax 2013-2014	1,30,000	1,80,000

Adjustments :

1. The Income Tax Assessment for 2013-14 has been completed during the year and tax liability has been fixed at ₹ 2,20,000. No effect has been given to this in the accounts.
2. Provision for income tax to be made for the year 2014-15 is ₹ 1,20,000.

Solution**Journal**

	Dr. ₹	Cr. ₹
Profit & Loss A/c To Provision for Income Tax A/c <i>(Being provided for taxation for the year)</i>	Dr. 1,20,000	1,20,000
Profit & Loss Appropriation A/c To Provision for Income Tax <i>(Being deficit in provision for taxation for prior period and items)</i>	Dr. 40,000	40,000
Provision for Income Tax A/c To Income Tax Payable A/c <i>(Being tax payable for the year)</i>	Dr. 20,000	20,000