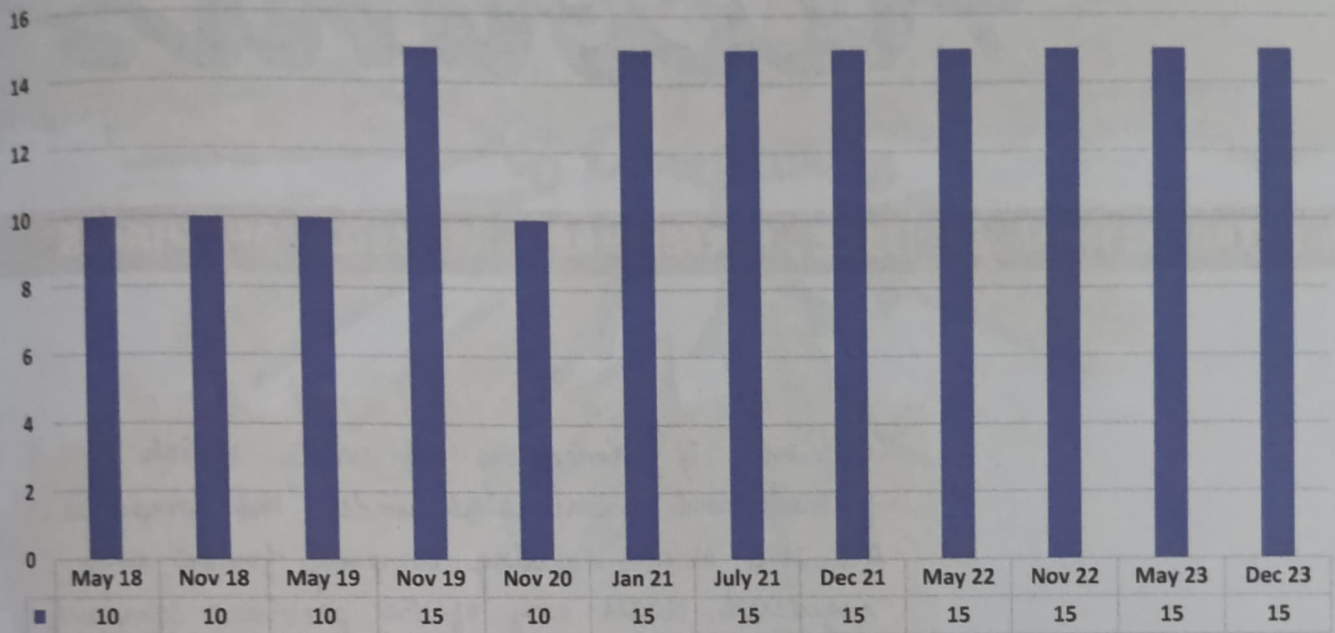


CHAPTER 12 - COMPANY ACCOUNTS

Company Accounts



Maintenance of books of account
Features of company

Handwritten notes and diagrams related to company accounts, including a flowchart on the right side of the page.

COMPANY

Accounts

1- INTRODUCTION & ISSUE, FORFEITURE & RE-ISSUE OF SHARES

'Company' is termed as an entity which is formed and incorporated under the Companies Act, 2013 or an existing company formed and registered under any of the previous company law.

Shareholder = Owner of the company

Features of Company

1. Incorporated Association

2. Separate Legal Entity

3. Perpetual Existence

4. Common Seal

5. Limited Liability

6. Distinction between Ownership and Management.

7. Not a Citizen

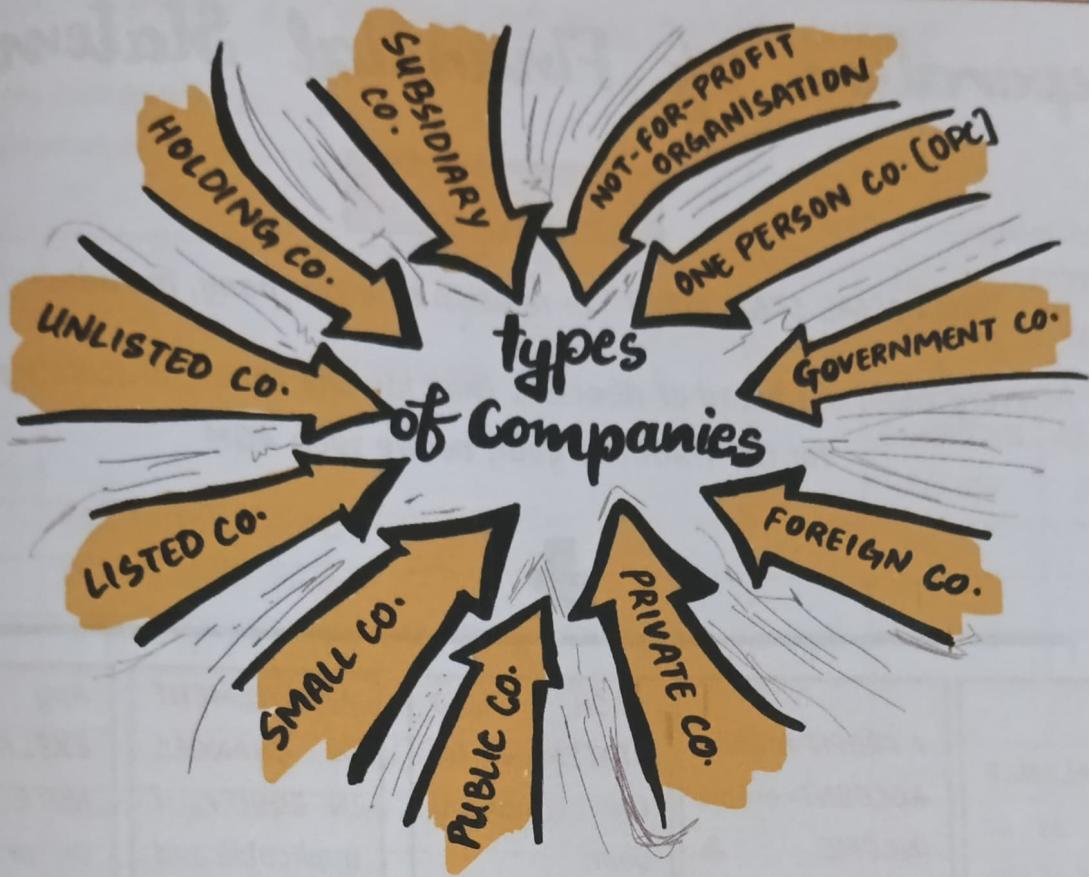
8. Transferability of Shares

9. Maintenance of Books

10. Periodic Audit

11. Right of Access to Information

12. Share Capital



Maintenance of Books of Account

SECTION - 128
Of the Companies Act, 2013

Every company shall prepare and keep at its registered office

- Books of Accounts and
- Relevant books and papers and
- Financial Statement

for every financial year which give a true and fair view of the state of affairs of the company, including that of its branch office or offices, if any, and explain the transactions effected both at the registered office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting:

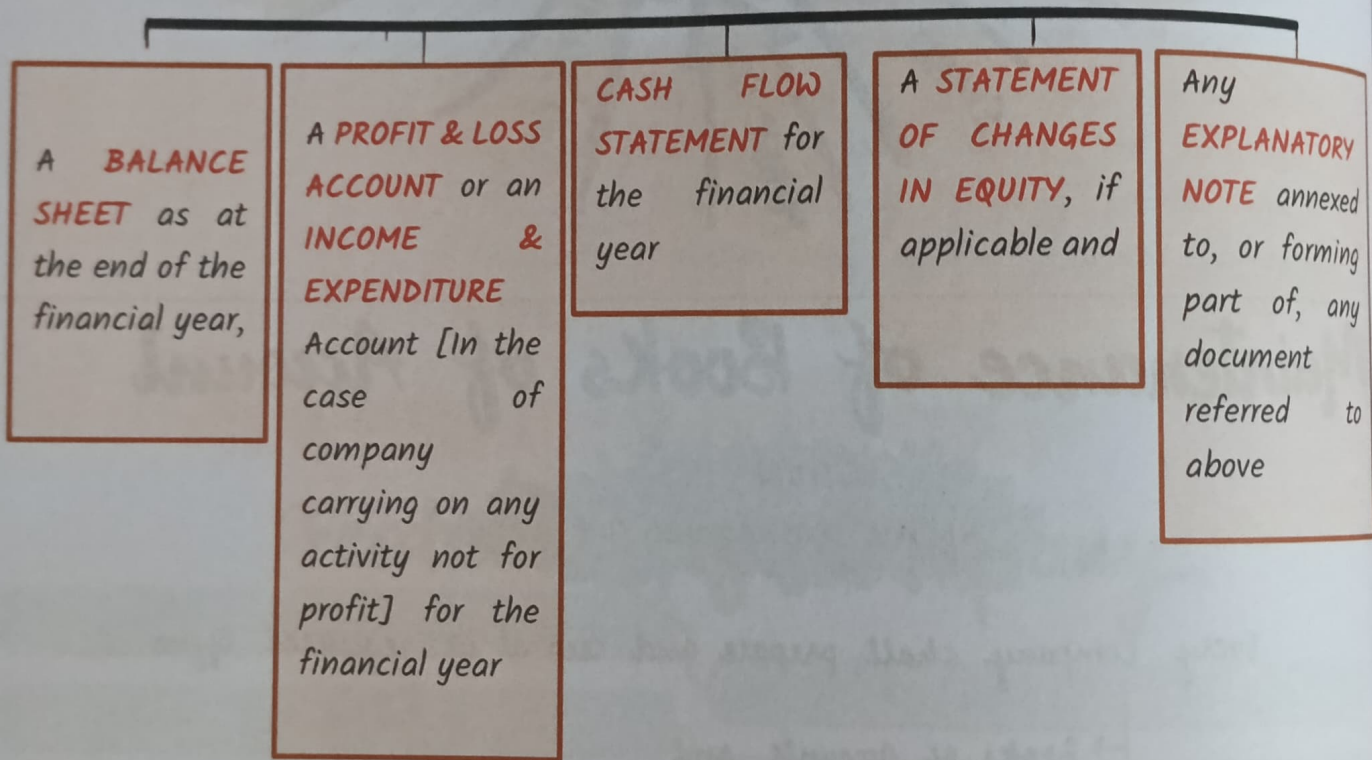
Provided Further that the company may keep such books of Account or other relevant papers in electronic mode in such manner as may be prescribed.

Preparation of Financial Statements

SEC 2 (40)

"FINANCIAL STATEMENT" in relation to a company, includes-

At every AGM, the board of directors shall lay the financial statements for the financial year, before such AGM



Provided that the financial statement, with respect to OPC, small co. and dormant co. may not include the cash flow statement.

BASIC REQUIREMENTS AS TO FINANCIAL STATEMENTS

1. Give a true and fair view of the state of affairs of the company (ies),
2. Comply with the accounting standard notified u/s 133, and
3. Be in the form(s) provided in schedule III
4. Items contained in financial statements shall be in accordance with the accounting standards.

PART I - FORM OF BALANCE SHEET

Name of the Company.....

Balance Sheet as at

(Rupees in.....)

		PARTICULARS	NOTES NO	FIGURES FOR THE CURRENT REPORTING PERIOD	FIGURES FOR THE PREVIOUS REPORTING PERIOD
		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) (AS 22)			
	c	Other Long Term Liabilities			
	d	Long-Term Provisions (D) (AS 29)			
4.		Current Liabilities			
	a	Short-Term Borrowings (E)			
	b	Trade Payables [GSR 679 (E) dated 04.09.15]			
		(A) Total outstanding dues of micro enterprises and Small enterprises, and			
		(B) Total outstanding dues of creditors other than micro enterprises and small enterprises			
	c	Other Current Liabilities			
	d	Short-Term Provisions			
		TOTAL			
		ASSETS			
1		Non-current assets			
	a	Property, Plant and Equipment & Intangible Assets			
	i	Property, Plant & Equipments (AS 10)			

	ii	Intangible assets (AS 26)		
	iii	Capital Work-in-progress (AS 10)		
	iv	Intangible assets under development		
b		Non-Current Investments (AS 13)		
c		Deferred Tax Assets (Net) (AS 22)		
d		Long-term loans & advances		
e		Other non-current assets		
2		Current assets		
a		Current investments		
b		Inventories (AS 2)		
c		Trade receivables		
d		Cash and cash equivalents (AS 3)		
e		Short-term loans and advances		
f		Other current assets		
		Total		

NOTES TO ACCOUNTS

Certain items are to be explained as follows (list not exhaustive):

A. SHARE CAPITAL

For each class of share capital following points is to be kept in mind:

- 1) The number and amount of shares authorised.
- 2) The number of shares which are issued, subscribed and fully paid and which are issued, subscribed but not fully paid.
- 3) The par value per share.
- 4) Shares outstanding at the beginning and at the end of the reporting period should be reconciled.
- 5) Calls unpaid.
- 6) Forfeited shares.

B. RESERVES AND SURPLUS

Reserves and surplus can be distributed among the following sub-heads:

- 1) Capital reserves
- 2) Capital redemption reserves
- 3) Securities Premium
- 4) Debenture Redemption reserve
- 5) Revaluation reserve
- 6) Surplus; the balance as per profit and loss statement

C. LONG TERM BORROWINGS

Long term borrowings can be classified under the following sub-heads:

- 1) Bonds/Debentures
- 2) Term loans
- 3) Deferred payment liabilities
- 4) Deposits
- 5) Long term maturities of finance lease obligations
- 6) Loans and advances from related parties
- 7) Other loans and advances (specify nature)

D. LONG TERM PROVISIONS

This can be classified as follows:

- 1) Employee benefits provision like gratuity, provident fund etc.
- 2) Other provisions (specify the nature)

E. SHORT TERM BORROWINGS

Short term borrowings can be classified among the following sub-heads:

- 1) Loans repayable on demand
- 2) Loans and advances from related parties
- 3) Deposits
- 4) Other loans and advances (specify the nature)

F. OTHER CURRENT LIABILITIES

Some of the other current liabilities can be grouped as under:

- 1) Interest accrued but not/and due on borrowings
- 2) Income received in advance
- 3) Unpaid dividends
- 4) Application money received for allotment of securities and due for refund and interest accrued thereon
- 5) Other current liabilities (specify the nature)

G. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment can be classified as follows:

- 1) Land
- 2) Buildings
- 3) Plant and Equipment
- 4) Furniture and Fixtures

5) Vehicles

6) Office equipment

7) Others (specify the nature)

A detailed report showing additions, disposals, acquisitions through business combinations and other adjustments and amount related to depreciation, impairment losses, revaluation etc. should be provided for each class of asset.

H. INTANGIBLE ASSETS

Intangible assets can be classified as follows:

1) Goodwill

2) Brands/trademarks

3) Computer software

4) Mining rights

5) Publishing titles

6) Copyrights, patents and other intellectual property rights, services and operating rights.

7) Licence and franchise

8) Recipes, models, designs, formulae and prototypes

9) Others (specify the nature)

A detailed report showing additions, disposals, acquisitions through business combinations and other adjustments and amount related to depreciation, impairment losses, revaluation etc. should be provided for each class of asset.

I. NON-CURRENT INVESTMENTS

Investments can be classified as under:

1) Investments in property

2) Investments in equity instruments

3) Investments in preference shares

4) Investments in governments or trust securities

5) Investments in debentures or bonds

6) Investments in mutual funds

7) Investments in partnership firms

8) Other non-current investments (specify the nature)

J. LONG TERM LOANS AND ADVANCES

It can be classified under the following sub-groups:

1) Capital advances

2) Security deposits

- 3) Loans and advances to related parties
- 4) Other loans and advances (specify nature) The above shall also be sub-classified as follows:
 - 5) Secured, considered goods
 - 6) Unsecured, considered goods
 - 7) Doubtful

K. CURRENT INVESTMENTS

It can be classified as follows:

- 1) Investments in equity instruments
- 2) Investments in preference shares
- 3) Investments in government or trust securities
- 4) Investments in bonds or debentures
- 5) Investments in mutual funds
- 6) Investments in partnership firms
- 7) Other investments (specify the nature)

L. INVENTORIES

Inventories can be classified as:

- 1) Raw materials
- 2) Work-in-progress
- 3) Stores and spares
- 4) Finished goods
- 5) Loose tools
- 6) Stock in trade
- 7) Goods in transit
- 8) Others (specify the nature)

M. CASH AND CASH EQUIVALENTS

The following head can be classified as follows:

- 1) Balances with banks
- 2) Cheques, drafts in hand
- 3) Cash in hand
- 4) Others (specify the nature)

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 (AS 9 & AS 7)			xxx		xxx
II.	Other income			xxx		xxx
III.	Total Revenue (I + II)			xxx		xxx
IV.	Expenses:					
	Cost of materials consumed			xxx		xxx
	Purchases of Stock-in-Trade			xxx		xxx
	Changes in inventories of finished goods / work-in-progress and Stock-in-Trade			xxx		xxx
	Employee benefits expense (AS 15)					
	Finance costs (AS 16)					
	Depreciation and amortization expense (AS 10)					
	Other expenses					
	Total expenses			xxx		xxx
V.	Profit before exceptional and extraordinary items and tax (III-IV)			xxx		xxx
VI.	Exceptional items (AS 5)			xxx		xxx
VII.	Profit before extraordinary items and tax (V - VI)			xxx		xxx
VIII.	Extraordinary Items (AS 5)			xxx		xxx
IX.	Profit before tax (VII- VIII)			xxx		xxx
X	Tax expense:					
	(1) Current tax (AS 22)			xxx		xxx
	(2) Deferred tax (AS 22)			xxx		xxx
XI	Profit (Loss) for the period from continuing operations (IX-X)			xxx		xxx
XII	Profit/(loss) from discontinuing operations			xxx		xxx
XIII	Tax expense of discontinuing operations (AS 24)			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: (AS 20)				
	(1) Basic			XXX	XXX
	(2) Diluted			XXX	XXX

Types of Shares

Preference Shares (Equity Shares)

