

Discussion on Division III to Schedule III to The Companies Act



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Agenda

- Roadmap for Implementation of Ind AS for NBFCs
- NBFC Definition – As per Ind AS Rules
- Introduction to Division III to Schedule III to The Companies Act
- Part I – Balance Sheet
- Part II – Statement of Changes in Equity
- Part III – Statement of Profit and Loss Account

Roadmap for Implementation of Ind AS for NBFCs

Roadmap for Ind AS implementation

(For NBFCs)

2018-19
Phase I

- NBFC's with net worth of Rs.500 crores or more

2019-20
Phase II

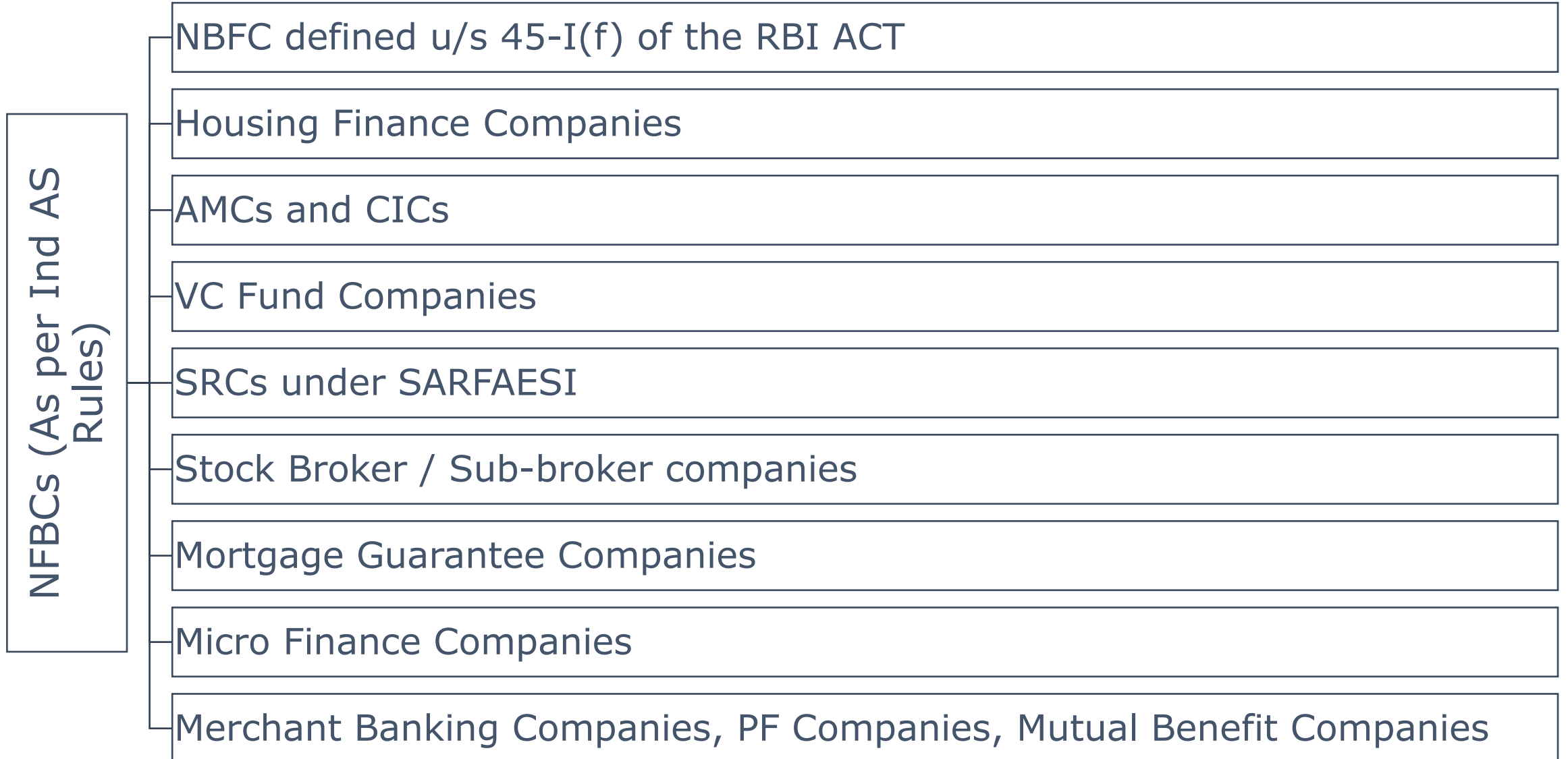
- All listed companies NBFC's (or in the process of listing) & not covered in Phase I above.
- All unlisted NBFC's with net worth of Rs.250 crores or more

1. Applies to Holding, subsidiaries, joint ventures and associate companies of above companies.
2. Applicable to both standalone and consolidated FS.
3. FS to be presented with an opening B/s and comparative period.



Non-Banking Financial Company (NBFC) - Definition

Non Banking Financial Company - Definition



Introduction to the Division III to Schedule III to The Companies Act

Schedule III to the Companies Act 2013

The Schedule III to the Companies Act 2013 provides general instructions for presentation of financial statements of a company under both Accounting Standards (AS) and Indian Accounting Standard (Ind AS). The Schedule III has been divided into 3 divisions:

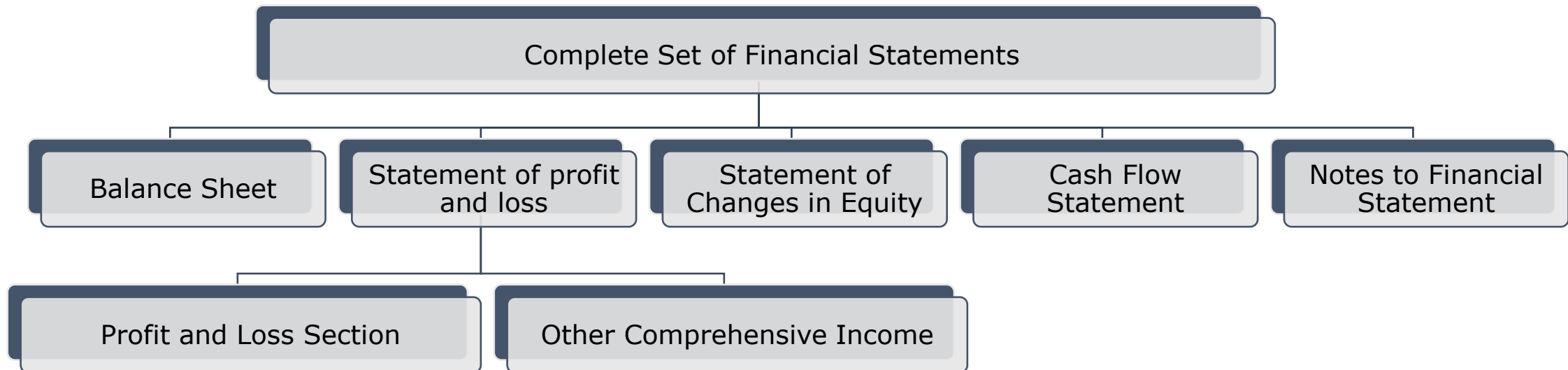


Introduction to Division III to Schedule III

Applicability:

- Every NBFC to which Ind AS applies (For both standalone and consolidated Financial Statement)

Ind AS 1 as well as the Companies Act defines a “Complete set of financial statements” as follows:



Division III sets out format for Balance Sheet, Statement of Profit and Loss, Statement of changes in equity and Notes to Financial Statements.

Part I: Balance Sheet

Balance sheet as at

	Particulars	Note No.	1 st April 201X	31 st March 201X	31 st March 201X
	Assets:				
(1)	Financial Asset				
(a)	Cash and Cash Equivalents				
(b)	Bank Balance other than (a) above				
(c)	Derivative Financial Statement				
(d)	Receivable				
	(I) Trade Receivable				
	(II) Other Receivable				
(e)	Loans				
(f)	Investments				
(g)	Other Financial assets (to be specified)				
(2)	Non-Financial Assets				
(a)	Inventories				
(b)	Current tax assets (Net)				
(c)	Deferred tax assets (Net)				
(d)	Investment Property				
(e)	Biological assets other than bearer plants				
(f)	Property Plant and Equipment				
(g)	Capital work-in-progress				
(i)	Goodwill				
(j)	Other Intangible Assets				
(k)	Other Non Financial assets (to be specified)				
	Total Assets				

	Particulars	Note No.	1 st April 201X	31 st March 201X	31 st March 201X
	Liabilities:				
(1)	Financial Liabilities				
(a)	Derivative financial instruments				
(b)	Payables				
	(I) Trade Payables				
	(i) total outstanding dues of micro enterprises and small enterprises				
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises				
	(II) Other Payables				
	(i) total outstanding dues of micro enterprises and small enterprises				
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises				
(c)	Debt Securities				
(d)	Borrowings (Other than Debt Securities)				
(e)	Deposits				
(f)	Subordinated Liabilities				
(g)	Other financial liabilities (to be specified)				
(2)	Non Financial Liabilities				
(a)	Current tax liabilities (Net)				
(b)	Provisions				
(c)	Deferred tax liabilities (Net)				
(3)	Equity				
(a)	Equity Share Capital				
(b)	Other Equity				
	Total Liabilities and Equity				

Key Changes:

- Assets and liabilities are categorized broadly into financial and non financial on the face of balance sheet
- Non Classified format (No classification for current / non current)
- Presentation of assets and liabilities in decreasing order of liquidity (i.e. Liquidity based balance sheet)
- Introduction of new heads on the face of balance sheet
- All financial instruments would be further classified into AC, FVOCI and FVTPL in respective schedules.

Balance sheet as at

	Particulars	Note No.	1 st April 201X	31 st March 201X	31 st March 201X
	Assets:				
(1)	Financial Asset				
(a)	Cash and Cash Equivalents				
(b)	Bank Balance other than (a) above				
(c)	Derivative Financial Statement				
(d)	Receivable				
	(I) Trade Receivable				
	(II) Other Receivable				
(e)	Loans				
(f)	Investments				
(g)	Other Financial assets (to be specified)				
(2)	Non-Financial Assets				
(a)	Inventories				
(b)	Current tax assets (Net)				
(c)	Deferred tax assets (Net)				
(d)	Investment Property				
(e)	Biological assets other than bearer plants				
(f)	Property Plant and Equipment				
(g)	Capital work-in-progress				
(i)	Goodwill				
(j)	Other Intangible Assets				
(k)	Other Non Financial assets (to be specified)				
	Total Assets				

	Particulars	Note No.	1 st April 201X	31 st March 201X	31 st March 201X
	Liabilities:				
(1)	Financial Liabilities				
(a)	Derivative financial instruments				
(b)	Payables				
	(I) Trade Payables				
	(i) total outstanding dues of micro enterprises and small enterprises				
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises				
	(II) Other Payables				
	(i) total outstanding dues of micro enterprises and small enterprises				
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises				
(c)	Debt Securities				
(d)	Borrowings (Other than Debt Securities)				
(e)	Deposits				
(f)	Subordinated Liabilities				
(g)	Other financial liabilities (to be specified)				
(2)	Non Financial Liabilities				
(a)	Current tax liabilities (Net)				
(b)	Provisions				
(c)	Deferred tax liabilities (Net)				
(3)	Equity				
(a)	Equity Share Capital				
(b)	Other Equity				
	Total Liabilities and Equity				

Derivatives:

Derivatives needs to be classified into various sub-classes along with notional amounts as follows:

	As at March 31, 201X		
	Notional amounts	Fair Value -Assets	Fair Value -Liabilities
(A) Currency			
Spot and forwards			
Currency Futures			
Currency swaps			
Options purchased			
Options sold (written)			
Others			
Total (A)	-	-	-
(B) Interest rate			
Forward Rate Agreements and Interest Rate Swaps			
Options purchased			
Options sold (written)			
Futures			
Others			
Total	-	-	-
(C) Credit derivatives			
(D) Equity linked			
(E) Other derivatives (Please specify)			
Total derivatives (A)+(B)+(C)+(D)+ (E)	-	-	-

Derivatives needs to be further reclassified as follows:

	As at March 31, 201X		
	Notional amounts	Fair Value -Assets	Fair Value -Liabilities
Included in above are derivatives held for hedging and risk management purposes as follows:			
(A) Fair value hedging:			
- Currency derivative			
- Interest rate derivative			
- Credit derivative			
- Equity linked derivative			
- Others			
Subtotal (A)	-	-	-
(B) Cash flow hedging:			
- Currency derivative			
- Interest rate derivative			
- Credit derivative			
- Equity linked derivative			
- Others			
Subtotal (B)	-	-	-
(C) Net investment hedging:			
- Currency derivative			
- Interest rate derivative			
- Credit derivative			
- Equity linked derivative			
- Others			
Subtotal (C)	-	-	-
Undesignated Derivatives (D)			
Total (A+B+C+D)	-	-	-

Loans:

Loans needs to be primarily classified under schedule as follows:

XX. Loans

	As at March XX, 201X						
	Amortised cost	At Fair Value				Others*	Total
		Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account	Subtotal		
	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)
Loans							
A (i) Bills Purchased and Bills Discounted					-		-
(ii) Loans repayable on Demand					-		-
(iii) Term Loans					-		-
(iv) Leasing							
(v) Factoring							
(vi) Others (to be specified)							
Gross	-	-	-	-	-	-	-
Less: Impairment loss allowance					-		-
Net	-	-	-	-	-	-	-

Loans (Contd.):

Loans needs to be further re-classified under schedule on basis of security as follows:

XX. Loans

	As at March XX, 201X							
	Amortised cost	At Fair Value				Subtotal	Others*	Total
		Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account				
	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)	
Loans								
B.(i) Secured by tangible assets and intangible assets					-		-	
(ii) Covered by Bank/ Government Guarantees					-		-	
(ii) Unsecured					-		-	
Gross	-	-	-	-	-	-	-	
Less: Impairment loss allowance					-		-	
Total	-	-	-	-	-	-	-	

Loans (Contd.):

Loans needs to be re-classified under schedule on basis of in India lending and outside India lending as follows:

XX. Loans

	As at March XX, 201X						
	Amortised cost	At Fair Value				Others*	Total
		Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account	Subtotal		
	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)
Loans							
(I) Loans in India							
(i) Public Sectors							
(ii) Others					-		-
Gross	-	-	-	-	-	-	-
Less: Impairment loss allowance					-		-
Net	-	-	-	-	-	-	-
(II) Loans outside India							
Gross	-	-	-	-	-	-	-
Less: Impairment loss allowance					-		-
Net	-	-	-	-	-	-	-

Investments:

X. Investments

	As at March XX, 201X						
	Amortised cost	At Fair Value				Others*	Total
		Through other comprehensive income	Through profit and loss account	Designated at fair value through profit and loss account	Subtotal		
	1	2	3	4	(5=2+3+4)	6	(7=1+5+6)
Investments							
Mutual fund units					-		-
Government securities					-		-
Other approved securities					-		-
Debt securities					-		-
Equity instruments					-		-
Subsidiaries					-		-
Associates							
Joint ventures							
Others (specify)					-		-
Total – Gross (A)	-	-	-	-	-	-	-
(i) Investments outside India							
(ii) Investments in India					-		-
Total (B)					-		-
Less: Impairment loss allowance (C)	-	-	-	-	-	-	-
Total – Net D= (A)-(C)	-	-	-	-	-	-	-

Debt Securities:

Debt Securities needs to be classified as follows:

XX. Debt Securities

Particulars	As at March 31, 201X			
	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total
	1	2	3	(4)=(1)+(2)+(3)
Liability component of compound financial instruments				-
Others (Bonds/ Debenture etc.)				-
Total	-	-		-
Debt securities in India				-
Debt securities outside India				-
Total	-	-		-

Borrowings (Other than Debt Securities):

Borrowings needs to be classified as follows:

XX. Borrowings

	As at March 31, 201X			
	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total
	1	2	3	(4)=(1)+(2)+(3)
(a)Term loans				-
(i)from banks				
(ii)from other parties				
(b)Deferred payment liabilities				
(c)Loans from related parties				
(d) Finance lease obligations				
(e)Liability component of compound financial instruments				
(f)Loans repayable on demand				
(i)from banks				
(ii)from other parties				
(g) Other loans (specify nature)				
Total	-	-		-
Borrowings in India				-
Borrowings outside India				-
Total	-	-		-

Borrowings needs to be further reclassified into secured / unsecured, if guaranteed by any party disclosure needs to be given for the guaranteed amount under each head. Other disclosure include terms of repayment, period and amount of default on the balance sheet date.

Subordinated Liabilities:

Subordinated Liabilities needs to be classified as follows:

XX. Subordinated Liabilities

Particulars	As at March 31, 201X			
	At Amortised Cost	At Fair Value Through profit and loss	Designated at fair value through profit or loss	Total
	1	2	3	(4)=(1)+(2)+(3)
Perpetual Debt Instruments other than those that qualify as Equity				-
Preference Shares other than those that qualify as Equity				-
Others (specifying the nature and type of instrument issued)				-
				-
Total	-	-		-
Subordinated Liabilities in India				-
Subordinated Liabilities outside India				-
Total	-	-		-

Part II: Statement of Changes in Equity

Part III: Statement of Profit and Loss Account

	Particulars	Note No.	31 st March 201X	31 st March 201X
	<u>Revenue from operations</u>			
(i)	Interest Income			
(ii)	Dividend Income			
(iii)	Rental Income			
(iv)	Fees and commission Income			
(v)	Net gain on fair value changes			
(vi)	Net gain on derecognition of financial instruments under amortised cost category			
(vii)	Sale of products (incl. Excise duty)			
(viii)	Sale of services			
(ix)	Others (to be specified)			
(I)	Total Revenue from operations			
(II)	Other Income (to be specified)			
(III)	Total Income (I+II)			
	<u>Expenses</u>			
(i)	Finance Costs			
(ii)	Fees and commissions expense			
(iii)	Net loss on fair value changes			
(iv)	Net loss on de-recognition of financial instruments under amortised cost category			
(v)	Impairment on financial instruments			
(ix)	Cost of Materials consumed			
(x)	Purchase of Stock-in-trade			
(xi)	Changes in Inventories of Finished Goods, Stock-in-trade and			
(xii)	Employee Benefits Expenses			
(xiii)	Depreciation, amortization and impairment			
(xiv)	Other expenses (to be specified)			
(IV)	Total Expenses (IV)			

	Particulars	Note No.	31 st March 201X	31 st March 201X
(V)	Profit / (Loss) before exceptional items and tax (III-IV)			
(VI)	Exceptional Items			
(VII)	Profit/(loss) before tax (V-VI)			
(VIII)	Tax Expense:			
	(1) Current Tax			
	(2) Deferred Tax			
(IX)	Profit / (loss) for the period (VII-VIII)			
(XIV)	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss (specify items and amounts)			
	(ii) Income tax relating to items that will not be reclassified to profit or loss			
	Subtotal (A)			
	B (i) Items that will be reclassified to profit or loss (specify items amounts)			
	(ii) Income tax relating to items that will be reclassified to profit or loss			
	Subtotal (B)			
	Other Comprehensive Income (A+B)			
(XV)	Total Comprehensive Income for the period			
	Earnings per Equity Share			
	Basic (Rs.)			
	Diluted(Rs.)			

Interest Income

XX. Interest income

Particulars	Year Ended March 31, 201X		
	On Financial Assets measured at fair value through OCI	On Financial Assets measured at Amortised Cost	Interest Income on Financial Assets classified at fair value through profit or loss
Interest on Loans			
Interest income from investments			
Interest on deposits with Banks			
Other interest income			
Total	-	-	-

Net gain / (loss) on fair value changes

Particulars	(Current Year)	(Previous Year)
(A) Net gain/ (loss) on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments		
- Derivatives		
- Others		
(ii) On financial instruments designated at fair value through profit or loss		
(B) Others (to be specified)		
Total Net gain/(loss) on fair value changes (C)		
Fair Value changes:		
-Realised		
-Unrealised		
Total Net gain/(loss) on fair value changes(D) to tally with (C)		

*Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.

Finance Cost

Particulars	(Current Year)		(Previous Year)	
	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost	On Financial liabilities measured at fair value through profit or loss	On Financial liabilities measured at Amortised Cost
Interest on deposits				
Interest on borrowings				
Interest on debt securities				
Interest on subordinated liabilities				
Other interest expense				
Total				

Impairment on Financial Instruments

Particulars	(Current Year)		(Previous Year)	
	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost	On Financial instruments measured at fair value through OCI	On Financial instruments measured at Amortised Cost
Loans				
Investments				
Others (to be specified)				
Total				

Any Questions?

*Thank
you*



CA. Bhavya Parekh