

Financial reporting requirements

6 January 2022

Overview - MICA overhauls financial reporting requirements

Amendments to Companies (Audit and Auditors) Rules, 2014

- Additional reporting obligations for auditors e.g. funding transactions, audit trail of transaction recorded in accounting software

01

CARO 2020

- Introduced several new clauses and revised certain existing clauses

02

Amendments to Schedule III

- Reclassification of certain financial statement items / disclosure for financial statement captions and other changes
- Introduction of various regulatory disclosures – some aligned with CARO 2020

03

Amendments to Companies (Accounts) Rules, 2014

- Requirements relating to accounting software for maintaining books of account
- Additional disclosures in the Board's report

04

Applicable from FY beginning on or after 1 April 2021 except for provisions relating to accounting software which is applicable from FY beginning on or after 1 April 2022

Schedule III - amendments

Schedule III amendments - general implementation issues

Applicability to interim financial statements?



Presentation of comparative information for additional disclosures?



Restatement of comparatives and presentation of third balance sheet?



Applicability to consolidated financial statements?



Schedule III amendments - Balance sheet

Schedule III amendments - Balance sheet

Area	Amendment	CARO Reference	Key consideration / formats																																						
<p>Title deeds of immovable properties</p> <ul style="list-style-type: none"> - not held in the name of the Company or - held jointly with others 	<ul style="list-style-type: none"> ▪ Details required in a prescribed format ▪ Disclose whether held in the name of a promoter, director, their relative or their employee <ul style="list-style-type: none"> – Promoter/ relative: as defined in the Companies Act, 2013 ▪ Does not include property for which the company is a lessee and the lease agreement is duly executed in its favour 	<p>Clause 3(i)(c)</p>	<table border="1" data-bbox="1465 249 2369 835"> <thead> <tr> <th>Relevant line item in the Balance sheet</th> <th>Description of item of property</th> <th>Gross carrying value</th> <th>Title deeds held in the name of</th> <th>Whether title deed holder is a promoter, director or relative# of promoter*/director or employee of promoter/director</th> <th>Property held since which date</th> <th>Reason for not being held in the name of the company**</th> </tr> </thead> <tbody> <tr> <td>PPE</td> <td>Land Building</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>**also indicate if in dispute</td> </tr> <tr> <td>-</td> <td>Investment property</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>PPE retired from active use and held for disposal</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>-</td> <td>others</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>#Relative here means relative as defined in the Companies Act, 2013. *Promoter here means promoter as defined in the Companies Act, 2013.</p> <ul style="list-style-type: none"> ▪ Reason for not being held in the name of the company also indicating if there is a dispute ▪ Disclosure also required where lease arrangement is not executed in favour of the company as a lessee ▪ Definition of title deed ▪ Immovable property held as inventory (such as by real estate entities) not to be considered for disclosure under this clause 				Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative# of promoter*/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company**	PPE	Land Building	-	-	-	-	**also indicate if in dispute	-	Investment property	-	-	-	-	-	-	PPE retired from active use and held for disposal	-	-	-	-	-	-	others	-	-	-	-	-
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Schedule III amendments - Balance sheet

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Capital Work-in-progress (CWIP) and Intangible assets under development	<ul style="list-style-type: none"> ▪ Disclosure of ageing schedule in a prescribed format ▪ Separate disclosure required for: <ul style="list-style-type: none"> – projects in progress – projects temporarily suspended ▪ Disclosure required for projects whose completion is overdue or has exceeded its cost as per original plan in the specified format <ul style="list-style-type: none"> – Details of projects where activity has been suspended shall be given separately. 	-	<p>Format for ageing schedule:</p> <table border="1" data-bbox="1544 339 2321 551"> <caption>CWIP aging schedule (Amount in Rs.)</caption> <thead> <tr> <th rowspan="2">CWIP</th> <th colspan="4">Amount in CWIP for a period of</th> <th rowspan="2">Total*</th> </tr> <tr> <th>Less than 1 year</th> <th>1-2 years</th> <th>2-3 years</th> <th>More than 3 years</th> </tr> </thead> <tbody> <tr> <td>Projects in progress</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Projects temporarily suspended</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>Format for projects which are overdue or exceeded costs as per original plan:</p> <table border="1" data-bbox="1572 639 2321 983"> <thead> <tr> <th rowspan="2">CWIP</th> <th colspan="4">To be completed in</th> </tr> <tr> <th>Less than 1 year</th> <th>1-2 years</th> <th>2-3 years</th> <th>More than 3 years</th> </tr> </thead> <tbody> <tr> <td>Projects in progress</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 2</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Projects temporarily suspended</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 1</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Project 2</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> ▪ If suspension necessary part of the process of getting asset ready for its intended use, such projects should not be considered as projects temporarily suspended* ▪ Interaction with Ind AS 23 ▪ Revised plans are to be ignored for timelines* ▪ Definition of project <p><i>* Basis ICAI's exposure draft of revised guidance note on schedule III</i></p>	CWIP	Amount in CWIP for a period of				Total*	Less than 1 year	1-2 years	2-3 years	More than 3 years	Projects in progress						Projects temporarily suspended						CWIP	To be completed in				Less than 1 year	1-2 years	2-3 years	More than 3 years	Projects in progress					Project 1					Project 2					Projects temporarily suspended					Project 1					Project 2				
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Fair valuation of PPE / Intangible assets/ Investment property	<ul style="list-style-type: none"> ▪ Separate disclosure in the reconciliation of PPE/ Intangible assets if the change due to revaluation is 10% or more for each class ▪ The Company is required to disclose whether following valuations are carried out by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017 <ul style="list-style-type: none"> – Fair valuation of investment property (as measured for disclosure purposes) – Revaluation of PPE/ Intangible assets 	Clause 3(i)(d) – New clause	<ul style="list-style-type: none"> ▪ Accounting standards require separate disclosure for revaluation irrespective of the percentage change ▪ In case registered valuer has not been used for valuation, company should state such fact ▪ Disclosure required whether upward or downward revaluation

Schedule III amendments - Balance sheet

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Details of Benami property held	Prescribed details are required to be where any proceeding has been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder	Clause 3(i)(e)	<ul style="list-style-type: none"> ▪ The disclosure would include: <ul style="list-style-type: none"> – Nature of property and amount thereof <ul style="list-style-type: none"> • if unrecorded then disclosure of such fact with reasons thereof – Details of beneficiaries – if proceedings as an a better of the transaction or the transferor then such details to be provided – Nature of proceedings, status of the same and company’s view – Consequential impact on the financial statements and/or the liability that may arise in case the proceedings are decided against the company ▪ In case proceeding are initiated post balance sheet date but before the authorisation, consider requirements of applicable standards for subsequent events for disclosure

Schedule III amendments - Balance sheet

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Loans and advances to specified person	<ul style="list-style-type: none"> Disclosure of loans or advances in the nature of loans granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are: <ul style="list-style-type: none"> (a) repayable on demand; or (b) without specifying any terms or period of repayment (c) Percentage to the total Loans and Advances in the nature of loans 	Clause 3(iii)(f)	<table border="1" data-bbox="1370 307 2397 654"> <thead> <tr> <th>Type of Borrower</th> <th>Amount of loan or advance in the nature of loan outstanding</th> <th>Percentage to the total Loans and Advances in the nature of loans</th> </tr> </thead> <tbody> <tr> <td>Promoter</td> <td></td> <td></td> </tr> <tr> <td>Directors</td> <td></td> <td></td> </tr> <tr> <td>KMPs</td> <td></td> <td></td> </tr> <tr> <td>Related Parties</td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> Whether an advance is in nature of loans depends on facts and circumstances Promoter/ related parties as defined in the Companies Act, 2013 Disclosure required for loans / advances in nature of loans given during the year Disclosure to be made for gross amounts (before impairment)* Relationship (of promoter, director, KMP, related parties) should exist on the date of the transaction* Interaction with Ind AS 24 <p><i>* Basis ICAI's Exposure Draft of Revised Guidance Note on Schedule III</i></p>	Type of Borrower	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Promoter			Directors			KMPs			Related Parties		
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Trade receivables	<ul style="list-style-type: none"> ▪ Disclosure of ageing schedule in a prescribed format ▪ For periods covering – less than 6 months, 6 months – 1 year; 1-2 years; 2-3 years and more than 3 years, segregated into following: <ul style="list-style-type: none"> (i) Undisputed – considered good (ii) Undisputed – which have significant increase in credit risk (iii) Undisputed Trade Receivables - credit impaired (iv) Disputed Trade Receivables-considered doubtful (v) Disputed – which have significant increase in credit risk (vi) Disputed – credit impaired 	CARO Clause 3(xix)	<table border="1" data-bbox="1513 319 2372 911"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="5">(Amount in Rs.)</th> <th rowspan="2">Total</th> </tr> <tr> <th colspan="5">Outstanding for following periods from due date of payment#</th> </tr> <tr> <th></th> <th>Less than 6 months</th> <th>6 months -1 year</th> <th>1-2 Years</th> <th>2-3 years</th> <th>More than 3 years</th> <th></th> </tr> </thead> <tbody> <tr> <td>(i) Undisputed Trade receivables — considered good</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(ii) Undisputed Trade Receivables — which have significant increase in credit risk</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(iii) Undisputed Trade Receivables — credit impaired</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(iii) Undisputed Trade Receivables — credit impaired</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(iv) Disputed Trade Receivables — considered good</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(v) Disputed Trade Receivables — which have significant increase in credit risk</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(v) Disputed Trade Receivables — which have significant increase in credit risk</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(vi) Disputed Trade Receivables — credit impaired</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p data-bbox="1531 915 2321 946"># similar information shall be given where no due date of payment is specified in that case disclosure shall be from the date of the transaction.</p> <p data-bbox="1531 953 1844 971">Unbilled dues shall be disclosed separately.]</p> <ul style="list-style-type: none"> ▪ Dispute means disagreement between two parties demonstrated by some positive evidence which supports or corroborates the fact of disagreement. ▪ Ageing to be computed from due date of payment In the absence of agreed due date, the transaction date on which asset/ liability is recognised as per applicable standards* ▪ Disclosure not required for contract assets <p data-bbox="1416 1315 2219 1343">* Basis ICAI's exposure draft of revised guidance note on schedule III</p>	Particulars	(Amount in Rs.)					Total	Outstanding for following periods from due date of payment#						Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years		(i) Undisputed Trade receivables — considered good							(ii) Undisputed Trade Receivables — which have significant increase in credit risk							(iii) Undisputed Trade Receivables — credit impaired							(iii) Undisputed Trade Receivables — credit impaired							(iv) Disputed Trade Receivables — considered good							(v) Disputed Trade Receivables — which have significant increase in credit risk							(v) Disputed Trade Receivables — which have significant increase in credit risk							(vi) Disputed Trade Receivables — credit impaired						
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Area	Amendment	CARO Reference	Key consideration / formats																				
Other financial assets	Security deposits to be presented under the heading 'other financial assets' instead of loans	-	Earlier it was presented under 'loans and advances'																				
Promoter's shareholdings	<ul style="list-style-type: none"> Promoters' shareholding as at the year end along with percentage change of shareholding during the year <ul style="list-style-type: none"> Promoter as defined in Companies Act, 2013 	-	<p>Disclose a note in financials statements as follows:</p> <table border="1"> <thead> <tr> <th colspan="4">Shares held by promoters at the end of the year</th> <th>% Change during the year***</th> </tr> <tr> <th>S.No</th> <th>Promoter name</th> <th>No. of Shares**</th> <th>%of total shares</th> <th></th> </tr> </thead> <tbody> <tr> <td colspan="4">Total</td> <td></td> </tr> </tbody> </table> <p>** Details shall be given for each class of shareholders *** percentage change shall be computed with respect to the number at the beginning of the year or if issued during the year for the first time then with respect to the date of issue</p> <p>Disclosure will apply for instruments entire equity in nature</p>	Shares held by promoters at the end of the year				% Change during the year***	S.No	Promoter name	No. of Shares**	%of total shares		Total									
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Statement of changes in equity ('SOCIE')	<ul style="list-style-type: none"> Following additional disclosures may be required: <ul style="list-style-type: none"> Changes in Equity Share Capital due to prior period errors Restated balance at the beginning of the current reporting period 	-	<p>A. Equity Share Capital</p> <p>(1) Current reporting period</p> <table border="1"> <thead> <tr> <th>Balance at the beginning of the current reporting period</th> <th>Changes in Equity Share Capital due to prior period errors</th> <th>Restated balance at the beginning of the current reporting period</th> <th>Changes in equity share capital during the current year</th> <th>Balance at the end of the current reporting period</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>(2) Previous reporting period</p> <table border="1"> <thead> <tr> <th>Balance at the beginning of the previous reporting period</th> <th>Changes in Equity Share Capital due to prior period errors</th> <th>Restated balance at the beginning of the previous reporting period</th> <th>Changes in equity share capital during the previous year</th> <th>Balance at the end of the previous reporting period</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period						Balance at the beginning of the previous reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting period	Changes in equity share capital during the previous year	Balance at the end of the previous reporting period					
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Utilisation of borrowings	Where the company has not used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date, the company should disclose the details of where they have been used	Clause 3(ix)(c)	<ul style="list-style-type: none"> ▪ Disclosure is applicable for all borrowings from banks and financial institution <ul style="list-style-type: none"> – auditor's reporting under CARO restricted to term loans ▪ Establishment of one-to-one relationship with borrowings and utilisation is not required ▪ Amounts received close to the end of the year or temporarily invested for purposes other than specified ▪ General purpose loans require specific considerations to determine whether or not these have been diverted.
Lease liabilities	Long term and current maturities of lease obligations needs to be classified under non-current and current financial liabilities respectively.	-	-
Current maturities of long term borrowing	Current maturities of long-term borrowings to be presented under the heading 'current borrowings'	-	Earlier requirement was to present it under other liabilities

Schedule III amendments - Balance sheet

Area	Amendment	Other reference	Key consideration / formats
Utilisation of borrowed funds, share premium or any other sources of funds	<p>Where company has advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:</p> <p>(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries ('UB'));</p> <p>(ii) provide any guarantee, security or the like to or on behalf of the UB; the company shall disclose</p> <ul style="list-style-type: none"> ▪ date and amount of fund advanced or loaned or invested in Intermediaries with complete details of each Intermediary / funding party ▪ date and amount of fund further advanced by such intermediaries to UB alongwith complete details of the UB ▪ date and amount of guarantee, security or the like provided to or on behalf of the UB ▪ declaration that relevant provisions of the Foreign Exchange Management Act, 1999 (42 of 1999) and Companies Act has been complied with for such transactions and the transactions are not violative of the Prevention of Money-Laundering act, 2002 (15 of 2003). <p>Similar disclosure is required when Company receives funds with the understanding to lend or invest in UB on behalf of the Funding Party</p>	Auditor's Reporting u/s 143(3)	<ul style="list-style-type: none"> • Intent is to cover transactions that are camouflaged by including a pass-through entity to hide ultimate beneficiary* • Disclosure required to be given by both the funding party and the intermediaries • Disclosure of complete details of the funding party, intermediaries and ultimate beneficiaries required including date and amount for each transaction • Consider compliance with the relevant provisions of Foreign Exchange Management Act, 1999; Companies Act and the Prevention of Money Laundering Act, 2002 <p><i>* Basis ICAI's Exposure Draft of Revised Guidance Note on Schedule III</i></p>

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Borrowings obtained on the basis of security of current assets	<p>Following disclosures where borrowings are made from banks/ FI on basis of security of current assets:</p> <ul style="list-style-type: none"> ▪ Whether quarterly returns/ statements of current assets filed with banks/ FI are in agreement with the books ▪ Summary of reconciliation and reasons of material discrepancies (if any) to be adequately disclosed 	Clause 3(ii)(b)	<p><u>Financial reporting considerations</u></p> <ul style="list-style-type: none"> • All borrowings from banks/ FI which are availed basis security of current assets to be considered • Credit facilities reckoned should be both fund-based and non-fund based • Disclosure required for balance outstanding for any day during the year and not at year end • Comparison of books of account with quarterly returns and statements • Disclosure is also required where borrowings have been availed basis security of current assets of group companies* • Material discrepancies to be reported • Only quarterly return/statements to be considered • Scope of 'statements' <p><i>*Basis ICAI's Exposure Draft of Revised Guidance Note on Schedule III</i></p> <p><u>Additional considerations for CARO :</u></p> <ul style="list-style-type: none"> • Auditor to report only when sanctioned working capital limit exceeds 5 crores • Verification of underlying processes/ controls to ensure quarterly books of account are upto date • Corroborate information with reports of separate agency appointed to audit quarterly stock statements • Consider issues raised by concerned bank/ financial institution

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Trade payable	<ul style="list-style-type: none"> ▪ Disclosure of ageing schedule in a prescribed format <ul style="list-style-type: none"> – Ageing to be segregated into: <ul style="list-style-type: none"> (i) MSME; (ii) Disputed dues (MSME); (iii) Others (iv) Disputed dues - Others 	Clause 3(iii)(xix)	<table border="1" data-bbox="1582 282 2372 544"> <thead> <tr> <th rowspan="2">Particulars</th> <th colspan="4">Outstanding for following periods from due date of payment#</th> <th rowspan="2">Total</th> </tr> <tr> <th>Less than 1 year</th> <th>1-2 years</th> <th>2-3 years</th> <th>More than 3 years</th> </tr> </thead> <tbody> <tr> <td>(i) MSME</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(ii) Others</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(iii) Disputed dues – MSME</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(iv) Disputed dues - Others</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> ▪ Dispute means a disagreement demonstrated by some positive evidence* ▪ Ageing to be computed from due date of payment <ul style="list-style-type: none"> – In the absence of agreed due date, ageing to be computed from the transaction date i.e. date on which asset/ liability is recognised as per applicable standards* ▪ Unbilled dues to be disclosed separately ▪ Disclosure not required for contract liabilities <p data-bbox="1505 1068 2326 1096">* Basis ICAI's Exposure Draft of Revised Guidance Note on Schedule III</p>	Particulars	Outstanding for following periods from due date of payment#				Total	Less than 1 year	1-2 years	2-3 years	More than 3 years	(i) MSME						(ii) Others						(iii) Disputed dues – MSME						(iv) Disputed dues - Others					
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Schedule III amendments - Balance sheet

Area	Amendment	CARO Reference	Key consideration / formats																								
Relationship with struck off companies	<p>Where the company has any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, the Company shall disclose the following details, with the struck off company comprising of :-</p> <ul style="list-style-type: none"> - Name - Transactions - Balance outstanding - Relationship 	-	<table border="1" data-bbox="1513 329 2423 704"> <thead> <tr> <th data-bbox="1513 329 1717 472">Name of struck off Company</th> <th data-bbox="1717 329 2020 472">Nature of transactions with struck-off Company</th> <th data-bbox="2020 329 2160 472">Balance outstanding</th> <th data-bbox="2160 329 2423 472">Relationship with the Struck off company, if any, to be disclosed</th> </tr> </thead> <tbody> <tr> <td></td> <td data-bbox="1717 472 2020 504">Investments in securities</td> <td></td> <td></td> </tr> <tr> <td></td> <td data-bbox="1717 504 2020 535">Receivables</td> <td></td> <td></td> </tr> <tr> <td></td> <td data-bbox="1717 535 2020 566">Payables</td> <td></td> <td></td> </tr> <tr> <td></td> <td data-bbox="1717 566 2020 635">Shares held by struck off company</td> <td></td> <td></td> </tr> <tr> <td></td> <td data-bbox="1717 635 2020 704">Other outstanding balances (to be specified)</td> <td></td> <td></td> </tr> </tbody> </table> <ul style="list-style-type: none"> ▪ Consequences of entering into such transactions ▪ Whether disclosure is required where name of the company was struck off subsequent to entering into the transaction, but before settlement of amount due under the transaction? ▪ Completeness of information 	Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding	Relationship with the Struck off company, if any, to be disclosed		Investments in securities				Receivables				Payables				Shares held by struck off company				Other outstanding balances (to be specified)		
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Schedule III -
Profit and loss
related
amendments

Profit and loss related amendments

Area	Amendment	CARO Reference	Key consideration / formats
Undisclosed income	Disclosure of details of any transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961), unless there is immunity for disclosure under any scheme and shall also state whether the previously unrecorded income and related assets have been properly recorded in the books of account during the year.	Clause 3(viii)	<ul style="list-style-type: none"> ▪ Emphasis is on transactions not recorded and have been surrendered or disclosed as income ▪ Income disclosed under force, coercion, etc., cannot be treated as income surrendered or disclosed by the company - company must have voluntarily admitted to the addition of such income <ul style="list-style-type: none"> – Additions by tax authorities cannot be presumed to be surrendered or disclosed voluntarily ▪ Surrender or disclosure of unrecorded income might relate to any assessment year under the IT Act ▪ Ascertain proper recording of Income surrendered in the books of account <ul style="list-style-type: none"> – Includes proper disclosure as per Ind AS/ AS to enable the users understand the impact. ▪ Evaluate whether internal financial controls are operating effectively particularly with respect to recognition of revenue/ income
Crypto currency	Disclosures relating to crypto/ virtual currency traded/ invested during the year with the profit / loss on such transactions and the amount of currency as at the reporting date. Also, deposits and advances received from any person for the purpose of trading / investing in crypto currency are to be disclosed.	-	-

Profit and loss related amendments

Area	Amendment	CARO Reference	Key consideration / formats
CSR	<p>The following shall be disclosed with regard to CSR activities:-</p> <ul style="list-style-type: none"> (i) amount required to be spent by the company during the year, (ii) amount of expenditure incurred, (iii) shortfall at the end of the year, (iv) total of previous years shortfall, (v) reason for shortfall, (vi) nature of CSR activities, (vii) details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard, (viii) where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year shall be shown separately 	Clause 3(xx)	-

Schedule III - Other additional disclosures

Other additional disclosures

Area	Amendment	CARO Reference	Key consideration / formats
Compliance with number of layers of Companies	Where the company has not complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017, the name and CIN of the companies beyond the specified layers and the relationship/extent of holding of the company in such downstream companies shall be disclosed.	-	Disclosure of name and CIN of the companies which are beyond the number of layers permitted under the Companies Act, 2013
Wilful defaulters	Where a company is a declared wilful defaulter by any bank or financial Institution or other lender, following details shall be given: (a) Date of declaration as willful defaulter, (b) Details of defaults (amount and nature of defaults) * wilful defaulter" here means a person or an issuer who or which is categorized as a willful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India	Clause 3(ix)(b)	<ul style="list-style-type: none"> ▪ Willful default should be identified as per definition under RBI circular ▪ Scope of reporting restricted to declarations relevant to the financial year under audit till the date of audit report ▪ Reporting would normally be required when the auditor has identified that the company defaulted in repayments of loans and/ or interest to lenders [Clause 3(ix)(a)] ▪ Cover all banks/ FIs even if such bank/ FI has not lent to the company ▪ Reporting in respect of 'other lenders' restricted to government or government authorities ▪ Consider upto the audit report date

Other additional disclosures

Area	Amendment	CARO Reference	Key consideration / formats
Disclosure of Ratios	<p>Following Ratios to be disclosed:-</p> <ul style="list-style-type: none"> (a) Current Ratio, (b) Debt-Equity Ratio, (c) Debt Service Coverage Ratio, (d) Return on Equity Ratio, (e) Inventory turnover ratio, (f) Trade Receivables turnover ratio, (g) Trade payables turnover ratio, (h) Net capital turnover ratio, (i) Net profit ratio, (j) Return on Capital employed, (k) Return on investment. <p>Explanation to be given for:</p> <ul style="list-style-type: none"> ▪ the items included in numerator and denominator to be given ▪ change in ratio by more than 25% as compared to previous year 	Clause 3(xix)	<ul style="list-style-type: none"> ▪ Specified ratios to be disclosed in the financial statements e.g. current ratio, debt-equity ratio, return on capital employed, turnover ratios etc. ▪ Ratios presented should be consistent with those reported in other information (e.g. annual report) ▪ Method of computation should be consistent period over period – any change should be explained
Compliance with approved scheme of amalgamation	<p>Where any Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, the Company shall disclose that the effect of such Scheme of Arrangements have been accounted for in the books of account of the Company 'in accordance with the Scheme' and 'in accordance with accounting standards' and deviation in this regard shall be explained</p>		<ul style="list-style-type: none"> ▪ Disclosure that the effects of scheme of arrangements have been accounted as per the approved scheme and accounting standards ▪ Any deviation to be explained

Other additional disclosures

Area	Amendment	CARO Reference	Key consideration / formats
Registration of charges or satisfaction with ROC	Where any charges or satisfaction yet to be registered with ROC beyond the statutory period, details and reasons thereof shall be disclosed		-
Rounding off	Figures appearing in the financial statements to be rounded off depending upon the total income (earlier 'turnover')		Consideration also to be given to other operating revenues and other income

Q & A



Thank you