

EDITORIAL NOTE

There is a Schedule VI each of us know, it is a language by itself in the corporate world today. The entire system runs around the schedule VI, the notes, the Schedules, the ratios, the understanding, business strategies and all of them. Now all this system, the entire country is well versed with, would undergo a change, it is not a major change but a smaller one at that.

The entire Finance & accounting fraternity is used to changes. Thousands of laws change on a yearly basis, understanding changes, the justice interprets in a different manner, and all this happens in one year.

When we review this in the next year we already are in a

different level of maturity and the old one which we have read understood and adhered to all these years looks a change even without a change per se.

Indian GAAP was in, US GAAP came and disrupted the process, now IFRS is looming large, and by then XBRL would have an edge on information. Information by itself has become a business, information was always for business, but today information, disclosure, formats, figures, ways and means are a industry by itself

This edition concentrates on the changes on Schedule VI, we will come with more of such material. Enjoy the change
GURU JANA TEAM

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Editorial Note

OLD &
REVISED
SCHEDULE VI

LIGHT HOUSE



Some Recent Changes:

- Non-residents have a different PAN application now
 - in Form 49AA
- Filing Financials with MCA in XBRL format –
 - Due Date – 30th November 2011
- Now Form 16As have to be downloaded from NSDL

DIFFERENCE BETWEEN: OLD AND REVISED SCHEDULE – VI

ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Comprised of	Part 1: Balance Sheet Part 2: P/Loss Account Part 3: Interpretations Part 4: B/S Abstract And Company's General Business Profile	Part 1: Balance Sheet Part 2: Statement of Profit and Loss
Accounting standards	Silent on the issue of Whether the Schedule VI overrides the accounting standards.	It addresses the issue by clearly providing that the accounting Standards will Override Schedule VI. Thus AS prevails over Schedule VI.
Formats of Balance Sheet	Both horizontal and Vertical format permitted.	Only vertical format Permissible.
Format of Profit & Loss Account	No prescribed format For Profit and Loss Account. Only Minimum Requirements were Specified.	Format of Profit and Loss account is Prescribed
Notes to Accounts	No guidance on Presentation of notes To the accounts.	Guidance on Presentation of notes to Accounts given in Addition to information Presented in the Financial statements. It shall provide wherever Required; (a) Narrative descriptions or disaggregation's of Items recognized in those statements and (b) Information about items that do not qualify for recognition in those statements

Additional Disclosures in case of Shareholders

ADDITIONAL DISCLOSURE REQUIRED

ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Disclosure of reconciliation of no. of shares outstanding at beginning and end of reporting period	Not required	Separate disclosure required for each class of share capital
Disclosure of rights, preferences and restrictions attaching to each class of shares including restrictions on distribution of dividends and repayment of capital	Not required	Separate disclosure required for each class of share capital
Disclosure of shares in company held by each shareholder holding more than 5 % shares specifying no. of shares held	Not required	Separate disclosure required for each class of share capital
Calls unpaid	Calls unpaid by directors to be disclosed	Calls unpaid (showing aggregate value of calls unpaid by directors and officers) to be disclosed
Disclosure of the shares reserved for issue under options and contracts /commitments for sale of shares/disinvestment, including terms and amounts	Only particulars for any option on unissued share capital to be disclosed	Separate disclosure required for each class of share capital
Share options outstanding	No guidance	Requires separate disclosure under head "Reserves and Surplus".
Money received against share warrants	No guidance	Separate disclosure required in B/S under head "Shareholders' Funds".



ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Share application money pending allotment	No guidance	Share application money pending allotment (not due for refund) is to be shown as a separate line item in B/S. This item to be disclosed as a separate head between "Shareholders' Funds" and "Non-Current Liabilities"

In Case of Share application money pending allotment



In case of Current & Non-current Classification

ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Current and noncurrent classification of liabilities	Not required	<p>Required.</p> <p>A liability is classified as current when it satisfies any of the following criteria:</p> <p>(a) it is expected to be settled in company's normal operating cycle;</p> <p>(b) it is held primarily for the purpose of being traded;</p> <p>(c) it is due to be settled within twelve months after the reporting date; or</p> <p>(d) company does not have an unconditional right to defer settlement of liability for at least 12 months after reporting date.</p> <p>All other liabilities are classified as non-current.</p> <p>Requires a clear bifurcation of assets into current and non-current.</p> <p>An asset is classified as current when it satisfies any of the following criteria:</p> <p>(a) it is expected to be realized in, or is intended for sale or consumption in, company's normal operating cycle;</p> <p>(b) it is held primarily for the purpose of being traded;</p> <p>(c) it is expected to be realized within 12 months after reporting date; or</p> <p>(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after reporting date.</p> <p>All other assets are classified as non-current</p>
Current and noncurrent classification of assets	Requires current assets and loans and advances to be shown separately.	

In Case of Borrowings

ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Disclosure of defaults in case of borrowings	Not required	Required. To be specified separately in each case of both Long and Short term borrowings for period and amount of continuing default as on the B/S date in repayment of loans and interest.
	Separate classification not required	Required. Separate classification under head "Long term borrowings" or "Short

In case of Bonds & Debentures

ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Disclosure of Bonds/debentures (along with ROI and particulars of redemption or conversion)	Not required	Bonds/debentures (along with ROI and particulars of redemption or conversion, as the case may be) need to be stated in descending order of maturity or conversion, starting from farthest redemption or conversion date, as the case may be. Where bonds/debentures are redeemable by instalments, maturity date is the first instalment date becomes due.



In Case of Fixed Assets

ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Disclosure of impact of acquisitions through business combinations and impairment (or reversal thereof)	Not required	Required

In case of Intangible Assets

ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Classification of intangible assets	No guidance on classification of intangible assets	Intangible assets to be classified as under: (a) Goodwill. (b) Brands /trademarks. (c) Computer software. (d) Mastheads and publishing titles. (e) Mining rights. (f) Copyrights, and patents and other intellectual property rights, services and operating rights. (g) Recipes, formulae, models, designs and prototypes. (h) Licenses and franchise. (i) Others (specify nature).

ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Disclosure of cheques and drafts on hand	Not required	Required
Separate disclosure of bank balances with more than 12 months maturity	Not required	Required
Separate disclosure of repatriation restrictions	Not required	Required

In Case of Cash & Cash Equivalents



Areas where
Disclosure
Required

ITEM	OLD SCHEDULE VI	REVISED SCHEDULE VI
Sources from which bonus shares are issued	Required	Not Required
Disclosure of utilisation of securities premium amount	Required	Not Required
Break up of turnover-quantities and amounts in respect of each class of goods	Required	Not Required
Bifurcation between income from trade and other investments	Required	Not Required
Separate disclosure of bank balances with schedules and non-scheduled banks	Required	Not Required
Nature of interest income	Required	Not Required
Disclosure of TDS in case of gross presentation of income from investments and interest	Required	Not Required
Disclosure in case of manufacturing and trading companies for opening and closing stock of goods produced/traded giving break up and quantities	Required	Not Required
Disclosure in case of manufacturing companies for quantitative information on licensed/installed capacity and actual production	Required	Not Required
Disclosure of amount reserved for repayment of loans and share capital	Required	Not Required
In case of non-provision of depreciation, disclosure in notes to accounts to the fact that no depreciation has been provided along with quantum of arrears of depreciation calculated as per Section 205(2) of the Companies Act,1956.	Required	Not Required
Disclosure of maximum amount due from directors or other officers during the year	Required	Not Required
Disclosure of dues from companies under the same management	Required	Not Required



UNLEARNING



From the kinder garden we moved to the primary school. There after we moved to the high school and then from college towards the profession or business. Every step was learning and the same time it was an unlearning too. We learnt a little and found a better and different way to do it. Thus we forgot the first method.

We learnt and unlearnt. We don't do accounts in the same method as we learnt in commerce. The basic, foundations, logic, knowledge remains the same, but the way the end result is achieved is totally different. We no longer do postings in accounting to the ledger; the system does it on its own. Many new generation accountants would have never done a posting from the daybooks to the ledgers; they learnt it in college and soon had to understand that the system does it. An ERP system almost defies the thought process of double entry system of accounting in many aspects, only a single entry is done and a system will take care of the second entry by default.

Arithmetic has taken its place in the lives from the homemaker to the CEO. The way arithmetic has been in our life is a process of learning and unlearning.

As a kindergarten kid, Arithmetic started with fingers. Take five fingers in one hand, if you want to count more, take your other hand out of the pocket.

10 fingers was a limitation and hence arithmetic moved to a paper. We had to unlearn the fingers and move to vertical strokes. After 4 vertical strokes strike them out with a horizontal stroke, it makes it five. Continues like this.

Later arithmetic moved from strokes to numbers, we had to unlearn the fingers and strokes. Borrow from the number in the left. A child got confused, "Why should I borrow, dad told me to give. I will always give." Slowly we learnt to borrow from the left and moved on.

Arithmetic moved to mental mathematics and calculators and there was no longer need for fingers, strokes, pencils, borrowings, it had to be done in mind. The teacher told forget writing, you should calculate in the mind. This was to be unlearnt too.

All this changed when we did nIt had to become a part of a thought process. Today when we are in business or jobs, we just count naturally, we don't take too much strain on the logic and it happens as natural as talking. A spreadsheet dependent person uses a spreadsheet in lieu of his brains. Again it is changing and yet again we are unlearning. We moved from fingers to strokes to numbers to borrowing to mind to machine to instinct.

The process of education is learning and unlearning. We no longer remember the algebra formulae but use it in natural instincts. We are now in a process of unlearning rather than learning.

The subject knowledge is learnt and unlearnt. Engineers don't design the way they learnt, Doctors go by clinical examination and not the book always, Architects defy the principle of gravity many times, marketing learnt in the books has little semblance of what happens in the field. We learnt many things and also unlearnt with more ease.

The same principle of learning & unlearning does not happen everywhere. There are lots of things we learn, but we don't have to unlearn. See this instance of Ram, a owner of a retail chain.

Ram runs a large retail chain of garments, and he walked into his shop that morning with a nagging thought, "Why is my business not growing?" After pondering for some time, he realized that the sales men and work environment was not doing a proper job. He got in new trainers. A question always ruled his mind "How do these guys learn?"

Ram's mind worked fast and relentlessly imagined:

§ I would like to instill a smile in their face always, which would be customer delight.

§ I would like them to work with passion; there should be an urge to achieve more. They would need to understand that doing a sale to a customer is a transaction, understanding a customer is building relationship.

§ How many times to tell them to conserve energy, be organized and

§ I would need them to feel that the organization is theirs and they would need to treat it as members and not employees.

Ram realized what they had learnt in their formative years were only subjects. The way the subjects would help in our work is totally different from what is learnt in the schools & colleges. To make the employees learn the different fabrics, the details of warp & weft, the weave was easy, but how could he make them learn to smile, passion, relationship, organized way, and belonging. These could not be learnt or unlearnt.

Each of us would need to examine the learning's from the education phase. Most of the learning's are unlearnt and new once have sealed the old learning's. While certain aspects like passion, relationship, way of living, being happy, having a smile always cannot be learnt or unlearnt. It has to be lived. It would be a humungous task to do a repair work to teach a grown up adult these things, he should learn it in the formative years.

In the younger days if the teachers, parents & trainers concentrate on moral values, right way of living as much as applied sciences, as much as mathematics or history of some other bygone era, life would be much more easier and better.

There are some things, which have to be learnt and unlearnt. There are other aspects, which only have to be learnt, and there is no unlearning in them. Truth can be learnt and lived and not unlearnt. Relationships, passion to work and such characters, which form a life can only be learnt. There is no need to unlearn them or forget them. They are a part of every body's life.

In most of the organizations, if the members are made up of life learning's it is a much better organization to implement systems, to achieve targets, to rise to the occasion. Every organization should give as much importance to life values. These need not be unlearnt, just learn them, and just live them. It is easier than applied science.