

# **The Bureau of Energy Efficiency (Form of Annual Statement of Accounts and Records) Rules, 2007**

UNION OF INDIA

India

## **The Bureau of Energy Efficiency (Form of Annual Statement of Accounts and Records) Rules, 2007**

### **Rule**

### **THE-BUREAU-OF-ENERGY-EFFICIENCY-FORM-OF-ANNUAL-STATEMENT of 2007**

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The Bureau of Energy Efficiency (Form of Annual Statement of Accounts and Records) Rules, 2007Published vide Notification No. G.S.R. 173(E), dated 28th February, 2007Ministry of PowerG.S.R. 173(E). - In exercise of the powers conferred by clause (p) of Sub-section (2) of Section 56 and sub-section (1) of Section 25 of the Energy Conservation Act, 2001 (52 of 2001), the Central Government, in consultation with the Comptroller and Auditor-General of India, hereby makes the following rules, namely :-

#### **1. Short title and commencement.**

(1)These rules may be called the Bureau of Energy Efficiency (Form of Annual Statement of Accounts and Records) Rules, 2007.(2)They shall come into force on the date of their publication in the Official Gazette.

#### **2. Definitions.**

(1)In these rules unless the context otherwise requires,-(a)'Act' means the Energy Conservation Act, 2001 (52 of 2001);(b)'Audit Officer' means the Comptroller and Auditor General of India or any person appointed by him in connection with the audit of accounts of the Bureau;(c)'Bureau' means the Bureau of Energy efficiency constituted under Section 3 of the Act;(d)"Director-General" means the Director-General of the Bureau appointed under Section 9 of the Act;(e)"Finance and Accounts Officer" means the Finance and Accounts Officer of the Bureau or any other officer authorized to exercise the powers of the Finance and Accounts Officer;(f)"Form" means a form appended to these

rules;(g)"Secretary" means the Secretary of the Bureau of Energy Efficiency appointed under Section 9 of the Act.(2)Words and expressions used and not defined in these rules but defined in the Act, shall have the same meanings respectively assigned to them in the Act.

### **3. Accounts of the Bureau.**

(1)The Bureau shall prepare the annual statement of accounts for every financial year commencing with 2004-05. The Director-General of the Bureau may authorize the Finance and Accounts Officer to prepare the accounts on his behalf.(2)The Secretary of the Bureau shall supervise the maintenance of the accounts of the Bureau, the compilation of financial statement and return, and shall ensure that all accounts, books, connected vouchers and other documents and papers of the Bureau required by the audit officer for the purpose of auditing the accounts of the Bureau are placed at the disposal of that officer.(3)The annual statement of accounts duly approved by the Governing Council of the Bureau and after certification by the Comptroller and Auditor General of India or his authorized representative, shall be submitted by the Director-General of the Bureau to the Central Government by 15th November of each year or such other date as may be specified by the Central Government from time to time.(4)(a)The Bureau shall prepare the following financial statements alongwith necessary Schedules, notes on accounts and significant accounting policies in accordance with the common format of financial statements prescribed by the Government of India, Ministry of Finance, Controller General of Accounts, namely :-(i)Balance Sheet in Form-A,(ii)Income and Expenditure Account in Form-B,(iii)Receipt and Payment Account in Form-C.(b)The authorized signatories to sign and authenticate the 'Receipts and Payment Account', 'Income and Expenditure Account' and 'Balance Sheet' shall be Finance and Accounts Officer, Secretary and Director-General of the Bureau;(c)The Bureau shall prepare these financial statements in accordance with the notes, instructions and accounting policies for compilation of financial statements as detailed in the common format of financial statements and the instruction issued by the Central government from time to time.

### **4. Audit of Accounts.**

(1)The Annual statement of accounts shall be submitted to the Audit officer on or before the 30th June, following year to which the accounts relate and the Audit Officer shall audit the accounts of the Bureau and report thereon.(2)The Bureau shall, on receipt of the Audit Report, take action to remedy any defect irregularity pointed out therein and submit the Annual Statement of Accounts together with the Audit Report and action taken note thereon to the Governing Council for approval.(3)The Annual Statement o Accounts together with the Audit Report and action taken note thereon, duly approved by the Governing Council, shall be included in the Annual Report of the Bureau and submitted to the Central Government by 15th November of each year or such other date as may be specified by the Central Government from time to time.Form A[See Rule 3(4)(a)(I)]Balance Sheet as at 31st March

(Amount  
Rs.)

Corpus/Capital Fund and Liabilities	Schedule	Current Year	Previous Year
Corpus/Capital Fund	1	-	-
Reserves and Surplus	2	-	-
Earmarked/Endowment Funds	3	-	-
Secured Loans and Borrowings	4	-	-
Unsecured Loans and Borrowings	5	-	-
Deferred Credit Liabilities	6	-	-
Current Liabilities and Provisions	7	-	-
TOTAL		-	-
ASSETS			
Fixed Assets	8	-	-
Investments-from Earmarked/Endowment Funds	9	-	-
Investments-Others	10	-	-
Current Assets, Loans, Advances etc.	11	-	-
Miscellaneous Expenditure(to the extent not written off or adjusted)		-	-
TOTAL		-	-
Significant Accounting Policies	25		
Contingent Liabilities and Notes on Account	26		

Form B[See Rule 3(4)(a)(II)]Income and Expenditure Account for the Year ended 31st March

			(Amount Rs.)
INCOME	Schedule	Current Year	Previous Year
Income from Sales/Services	12	-	-
Grants/Subsidies	13	-	-
Fees/Subscriptions	14	-	-
Income from Investments(Income on Investment from earmarked/endowment funds transferred to funds)	15	-	-
Income from Royalty, Publication etc.	16	-	-
Interest Earned	17	-	-
Other Income	18	-	-
Increase/(decrease) in stock of finished goods and works-in-progress	19	-	-
TOTAL (A)		-	-
EXPENDITURE			
Establishment Expenses	20	-	-

Other Administrative Expenses etc.	21	-	-
Expenditure on Grants, Subsidies etc.	22	-	-
Interest	23	-	-
Testing	24	-	-
Depreciation (Net total at the year end corresponding to schedule 8)		-	-
TOTAL (B)		-	-
Balance being excess of Income over Expenditure (A-B)			
Transfer to Special Reserve (Specify each)		-	-
Transfer to/from General Reserve		-	-
BALANCE BEING SURPLUS/(DEFICIT) CARRIED TO CORPUS/CAPITAL FUND		-	-
SIGNIFICANT ACCOUNTING POLICIES	25		
CONTINGENT, LIABILITIES AND NOTES ON ACCOUNTS	26		

Form C[See Rule 3(4)(a)(iii)] Receipts and Payments for the Year Ended 31st March

				(Amount - Rs.)	
RECEIPTS	Current year	Previous year	PAYMENTS	Current Year	Previous Year
1	2	3	4	5	6
I. Opening Balances	-	-	I. Expenses		
			(a) Establishment Expenses (Corresponding to Schedule 20)	-	-
(a) Cash in Hand			(b) Administrative Expenses (Corresponding to Schedule 21)	-	-
(b) Bank Balances					
(i) In current accounts	-	-			
(ii) In deposit accounts	-	-			
(iii) Saving accounts	-	-			
II. Grants Received			II. Payment made against funds for various projects (Name of the fund or project should be shown along with the particulars of payments made for each project)	-	-
(a) From Government of India	-	-			
(b) From State Government	-	-			
(c) From other sources	-	-			

(details) (Grants of capital  
& revenue expenditure to be  
shown separately)

III. Income on Investments  
from

(a) Earmarked/Endowment  
Funds - -

(b) Own Funds (Other  
Investment) - -

IV. Interest Received

(a) On Bank deposits - -

(b) (Loans, Advances etc.) - -

V. Other Income (Specify) - -

VI. Amount Borrowed - -

VII. Any other receipts (give  
details) - -

Total - -

III. Investments and deposits  
made

(a) Out of  
Earmarked/Endowment funds - -

(b) Out of Own Funds  
(Investment-Others) - -

IV. Expenditure on Fixed  
Assets &  
Capital Work-in-Progress

(a) Purchase of Fixed Assets - -

(b) Expenditure on capital  
work-in-Progress - -

V. Refund of surplus  
money/loans - -

a) To the Government of India - -

b) To the State Government - -

c) To other providers of funds - -

VI. Finance charges (Interest) - -

VII. Other Payments (Specify) - -

VIII. Closing Balances - -

a) Cash in Hand - -

b) Bank Balances

i) In current accounts - -

ii) In deposit accounts - -

iii) Saving accounts - -

Total - -

## Forming Part of Balance Sheet as at 31st March

	(Amount – Rs.)	
SCHEDULE 1 - CORPUS FUND/CAPITAL FUND	Current Year	Previous Year
Balance as at the beginning of the year	-	-
Add: Contributions towards Corpus Capital Fund	-	-
	-	-

Add/(Deduct): Balance of netincome/(expenditure) transferred from the Income and ExpenditureAccount

BALANCE AS AT THE YEAR-END - -

**SCHEDULE 2 - RESERVES AND SURPLUS**

1. Capital Reserve :	-	-	-
As per last Account	(-)	- (-)	-
Addition during the year	-	-	-
Less: Deductions during the year	-	-	-
2. Revaluation Reserve :	(-)	- (-)	-
As per last Account	-	-	-
Addition during the year	-	-	-
Less: Deductions during the year	(-)	- (-)	-
3. Special Reserves:	-	-	-
As per last Account	-	-	-
Addition during the year	(-)	- (-)	-
Less: Deductions during the year	-	-	-
4. General Reserve :	-	-	-
As per last Account	-	-	-
Addition during the year	-	-	-
Less: Deductions during the year	(-)	- (-)	-
<b>TOTAL</b>	-	-	-

(Amount-Rs.)

**SCHEDULE 3 -**

**EARMARKED/ENDOWMENT FUNDS**

**FUND-WISE BREAKUP**

**TOTALS**

	Fund WW	Fund XX	Fund YY	Fund ZZ	Current Year	Previous Year
(a) Opening balance of the funds	-	-	-	-	-	-
(b) Additions to the Funds :						
i. Donations/grants	-	-	-	-	-	-
ii. Income form investments madeon account of funds	-	-	-	-	-	-
iii. Other additions (specify nature)	-	-	-	-	-	-
<b>TOTAL (a+b)</b>	-	-	-	-	-	-
(c) Utilisation/Expenditure towards objectives of funds						
i. Capital Expenditure						
- Fixed Assets	-	-	-	-	-	-

- Others	-	-	-	-	-	-
Total	-	-	-	-	-	-
ii. Revenue Expenditure						
- Salaries, wages and allowances etc.	-	-	-	-	-	-
- Rent	-	-	-	-	-	-
- Other Administrative expenses	-	-	-	-	-	-
Total	-	-	-	-	-	-
TOTAL (c)	-	-	-	-	-	-
NET BALANCE AS AT THE YEAR	-	-	-	-	-	-
END(a+b+c)	-	-	-	-	-	-

Notes. - (1) Disclosures shall be made under relevant heads based on conditions attaching to the grants. (2) Plan Funds received from the Central/State Governments are to be shown as separate Funds and not to be mixed up with an other Funds.

		(Amount-Rs.)	
SCHEDULE 4 - SECURED LOANS AND BORROWINGS		Current Year	Previous Year
1.	Central Government	-	-
2.	State Government (Specify)		
3.	Financial Institutions		
	(a) Terms Loans	-	-
	(b) Interest Accrued and due	-	-
4.	Banks:		
	(a) Term Loans	-	-
	-Interest accrued and due	-	-
	(b) Other Loans (Specify)	-	-
	-Interest accrued and due	-	-
5.	Other Institutions and Agencies	-	-
6.	Debentures and Bonds	-	-
7.	Others (Specify)	-	-
	TOTAL	-	-

Note: Amount due within one year.

		(Amount. Rs.)	
SCHEDULE 5 - UNSECURED LOANS AND BORROWINGS		Current Year	Previous Year
1.	Central Government	-	-
2.	State Government (Specify)	-	-
3.	Financial Institutions	-	-

4.	Banks:		
	(a) Terms Loans	-	-
	(b) Other Loans (Specify)	-	-
5.	Other Institutions and Agencies	-	-
6.	Debentures and Bonds	-	-
7.	Fixed Deposits	-	-
8.	Others (Specify)	-	-
	TOTAL	-	-

Note: Amounts due within one year.

SCHEDULE 6 - DEFERRED CREDIT LIABILITIES	Current Year	Previous Year
(a) Acceptances secured by hypothecation of capital equipment and other assets	-	-
(b) Others	-	-
TOTAL	-	-

Note: Amounts due within one year.

(Amount-Rs.)

SCHEDULE 7 - CURRENT LIABILITIES AND PROVISIONS	Current Year	Previous
A. CURRENT LIABILITIES		
1. Acceptances	-	-
2. Sundry Creditors:		
(a) For Goods	-	-
(b) Others	-	-
3. Advances Received	-	-
4. Interest accrued but not due on		
(a) Secured Loans/borrowings	-	-
(b) Unsecured Loans/borrowings	-	-
5. Statutory Liabilities:		
(a) Overdue	-	-
(b) Others	-	-
6. Other current Liabilities	-	-
TOTAL (A)	-	-
B. PROVISIONS		
1. For Taxation	-	-



2.	Gratuity	-	-
3.	Superannuation/Pension	-	-
4.	Accumulated Leave Encashment	-	-
5.	Trade Warranties/Claims	-	-
6.	Others (Specify)	-	-
	TOTAL (B)	-	-
	TOTAL (A+B)	-	-

## Forming Part of Balance Sheets as at 31st March, 2007

### SCHEDULE 8 – FIXED ASSETS BLOCK

#### GROSS BLOCK

#### DEPRECIATION NET

	Description	Cost/valuation as at beginning of theyear	Additions sharing the year	Deduction during the year
Other than grant-in-kind assets	On assets (grants-in-kind)[effects shown in balance-sheet			
A. FIXED ASSETS :				
1.	LAND			
	(a) Freehold	-	-	(-)
	(b) Leasehold	-	-	(-)
2.	BUILDINGS			
	(a) On Free Hold Land	-	-	(-)
	(b) On Leasehold Land	-	-	(-)
	(c) Ownership Flats/Premises	-	-	(-)
	(d) Superstructures on Land not belonging to the entity	-	-	(-)
3.	PLANT MACHINERY & EQUIPMENT	-	-	(-)
4.	VEHICLES	-	-	(-)
5.	FURNITURE, FIXTURES	-	-	(-)
6.	OFFICE EQUIPMENT	-	-	(-)
7.	COMPUTER/SOFTWARE/PERIPHERALS	-	-	(-)
8.	ELECTRIC INSTALLATIONS	-	-	(-)
9.	LIBRARY BOOKS	-	-	(-)
10.	TUBEWELLS & W. SUPPLY	-	-	(-)

11.	OTHER FIXED ASSETS	-	-	(-)
TOTAL OF CURRENT YEAR	-	-	(-)	-
PREVIOUS YEAR	-	-	(-)	-

B. CPAITAL  
WORK-IN-PROGRESS

TOTAL

Note to be given as to cost of assets on hire purchaser basis included above.

(Amount  
Rs.)

SCHEDULE 9 - INVESTMENTS FROM  
EARMARKED/ENDOWMENT FUND

	Current Year	Previous Year
1.	In Government Securities	- -
2.	Other approved Securities	- -
3.	Shares	- -
4.	Debentures and Bonds	- -
5.	Subsidiaries and Joint Ventures	- -
6.	Others (to be specified)	- -
	TOTAL	- -

SCHEDULE 10 - INVESTMENTS OTHERS

	Current Year	Previous Year
1.	In Government Securities	- -
2.	Other Approved Securities	- -
3.	Shares	- -
4.	Debentures and Bonds	- -
5.	Subsidiaries and Joint Ventures	- -
6.	Others (to be specified.)	- -
	TOTAL	- -

(Amount-Rs.)

**SCHEDULE 11 - CURRENT  
ASSETS, LOANS, ADVANCES  
ETC.**

**A. CURRENT ASSETS**

	Current Year	Previous Year	
1.	Inventories		
	(a) Stores and Spares	-	-
	(b) Loose Tools	-	-
	(c) Stock-in-trade		
	Finished Goods	-	-
	Work-in-progress	-	-
	Raw Materials	- -	- -
2.	Sundry Debtors		
	(a) Debts Outstanding for a period exceeding six months	-	-
	(b) Others	- -	- -
3.	Cash balances in hand (including cheques/drafts and imprest)	-	-
4.	Bank Balances		
	(a) With Scheduled Banks		
	-On Current Accounts	-	-
	-On deposit Accounts (includesmargin money)	-	-
	-On Savings Accounts	- -	- -
	(b) With Non-Scheduled Banks		
	-On Current Accounts	-	-
	-On deposit Accounts (includesmargin money)	-	-
	-On Savings Accounts	- -	- -
5.	Post Officer-Savings Accounts-	-	-
<b>TOTAL (A)</b>		-	-
			(Amount-Rs.)

**SCHEDULE 11 - CURRENT  
ASSETS, LOANS,  
ADVANCES ETC.(Contd.)**

**B. LOANS, ADVANCES AND  
DOTHER ASSETS**

	Current Year	Previous Year
1.	Loans	
	(a) Staff	- -
		- -

	(b) Other Entities engaged inactivities/objectives similar to that of the Entity			
	(c) Other (specify)	- -	-	-
2.	Advances and other amounts recoverable in cash or in kind orfor value to be received			
	(a) On Capital Account	-	-	
	(b) Prepayments	-	-	
	(c) Others	- -	-	-
3.	Income Accrued			
	(a) On Investments fromEarmarked/Endowment Funds	-	-	
	(b) On Investments-Others	-	-	
	(c) On Loans and Advances	-	-	
	(d) Others	- -	-	-
	(includes income dueunrealised-Rs. ....)			
4.	Claims Receivable	-		-
	TOTAL (B)	-	-	
	TOTAL (A+B)	-	-	

(Amount-Rs.)

SCHEDULE 12 - INCOME FROM  
SALES/SERVICES

	Current Year	Previous Year
1.	Income from Sales	
	(a) Sales of Finished Goods	- -
	(b) Sale of Raw Material	- -
	(c) Sale of Scraps	- -
2.	Income from Services	- -
	(a) Labour and Processing Charges	- -
	(b) Professional/ConsultancyService	- -
	(c) Agency Commission andBrokerage	- -
	(d) Maintenance Services(Equipment/Property)	- -
	(e) Others (specify)	- -
	TOTAL	- -

(Amount-Rs.)

## SCHEDULE 13 - GRANTS/SUBSIDEIES

(Irrevocable Grants and Subsidies received)

Current Year

Previous Year

1.	Central Government	-	-
2.	State Government(S)	-	-
3.	Government Agencies	-	-
4.	Institutions/welfare Bodies	-	-
5.	International Organisations	-	-
6.	Others (specified)	-	-
	<b>TOTAL</b>	-	-

(Amount-Rs.)

SCHEDULE 14 - FEES/SUBSCRIPTIONS		Current Year	Previous Year
1.	Entrance Fees	-	-
2.	Annual Fees/subscriptions	-	-
3.	Seminar/program Fees	-	-
4.	Consultancy Fees	-	-
5.	Others (specify)	-	-
	<b>TOTAL</b>	-	-

Note: Accounting Policies towards each item are to be disclosed.

(Amount-Rs.)

**SCHEDULE 15 -**

**INCOME**

**FROM INVESTMENTS**

**Investment**

**form Earmarked fund**

**Investment-Others**

| | -

Current Previous C  
Year Year Ye

(Income on Investment  
from  
Earmarked/Endowment  
Fund transferred to  
Funds)

1.	Interest			
	(a) On Govt. Securities	-	- -	-
	(b) Other Bonds (Debentures)	-	- -	-
2.	Dividends			
	(a) On Shares	-	- -	-
	(b) On Mutual Fund Securities	-	- -	-
3.	Rents	-	- -	-
4.	Others (Specify)	-	- -	-
	<b>TOTAL</b>	-	- -	-
		-	- -	-

Transferred to  
Earmarked/Endowment  
Funds

	(Amount-Rs.)	
SCHEDULE 16 - INCOME FROM ROYALTY, PUBLICATION ETC.	Current Year	Previous Year
(a) Income from Royalty	-	-
(b) Income from Publications	-	-
(c) Others (Specify)	-	-
TOTAL	-	-

		(Amount-Rs.)	
SCHEDULE 17 - INTEREST EARNED		Current Year	Previous Year
1.	On Term Deposits	-	-
	(a) With Scheduled Banks	-	-
	(b) With Non-Scheduled Banks	-	-
	(c) With Institutions	-	-
	(d) Others	-	-
2.	On Savings Accounts		
	(a) With Scheduled Banks	-	-
	(b) With Non-Scheduled Banks	-	-
	(c) Post Officer Savings Accounts	-	-
	(d) Others	-	-
3.	On Loans		
	(a) Employees/staff	-	-
	(b) Others	-	-
4.	Interest On Debtors And Other Receivables		
	TOTAL	-	-

Note: Tax deducted at source to be indicated

		(Amount-Rs.)	
SCHEDULE 18 - OTHER INCOME	Current Year	Previous Year	
1.	Profit on sale/disposal of Assets -	-	-
	(a) Owned assets	-	-
	(b) Assets acquired out of grants, or received free of cost	-	-
2.	Export incentives realized	-	-
3.	Fees For Miscellaneous Services	-	-
4.	Miscellaneous Income	-	-
	TOTAL	-	-

**SCHEDULE 19 - INCREASE/DECREASE IN STOCK OF FINISHED GOODS& WORK IN PROGRESS**

	Current Year	Previous Year	
(a)	Closing Stock		
	- Finished Goods	-	-
	- Work-in-progress	-	-
(b)	Less : Operating stock	-	-
	- Finished Goods	-	-
	- Work-in-progress	-	-
	Net Increase/Decrease [a+b]	-	-
		(Amount-Rs.)	

**SCHEDULE 20 - ESTABLISHMENT EXPENSES**

	Current Year	Previous Year	
	(R & P)	(I & E)	(R & P)
(I & E)			
(a) Salaries and Wages	-	-	-
(b) Allowances and Bonus	-	-	-
(c) Contribution to Provident Fund	-	-	-
(d) Contribution to Other Fund (Specify)	-	-	-
(e) Staff Welfare Expenses	-	-	-
(f) Expenses on Employees Retirement and Terminal Benefits	-	-	-
(g) Others (specify)	-	-	-
TOTAL	-	-	-

(Amount-Rs.)

**SCHEDULE 21 - OTHER ADMINISTRATIVE EXPENSES**

	Current Year	Previous Year	
	(I & E)	(R & P)	(I & E)
			(R & P)
-			
(a) Purchases	-	-	-
(b) Labour and Processing Expenses	-	-	-
(c) Cartage and Carriage Inwards	-	-	-
(d) Electricity and Power	-	-	-
(e) Water Charges	-	-	-
(f) Insurance	-	-	-
(g) Repairs and Maintenance	-	-	-
(h) Excise Duty	-	-	-
(i) Rent, Rates and Taxes	-	-	-
(j) Vehicle Running and Maintenance	-	-	-

(k) Postage, Telephone & Communication Charges	-	-	-	-
(l) Printing & Stationary	-	-	-	-
(m) Travelling and Conveyance Expenses	-	-	-	-
-Overseas Committee	-	-	-	-
-Officers & Staff Members	-	-	-	-
-Committee Members	-	-	-	-
(n) Expenses on Seminars	-	-	-	-
(o) Subscription Expenses	-	-	-	-
(p) Expenses on Fees	-	-	-	-
(q) Auditor Remuneration	-	-	-	-
(r) Hospitality Expenses	-	-	-	-
(s) Professional Charges	-	-	-	-
(t) Provision for Bad and Doubtful Debts/Advances	-	-	-	-
(u) Irrecoverable Balances Written-off	-	-	-	-
(v) Packing Charges	-	-	-	-
(w) Freight and Forwarding Expenses	-	-	-	-
(x) Distribution Expenses	-	-	-	-
(y) Advertisement and Publicity	-	-	-	-
(z) Others (specify)	-	-	-	-
TOTAL	-	-	-	-

(Amount-Rs.)

SCHEDULE 22 - EXPENDITURE ON GRANT SUBSIDIES ETC.	Current Year	Previous Year
(a) Grants given to Institutions/Organisations	-	-
(b) Subsidies given to Institutions/Organisations	-	-
TOTAL	-	-

Note - Name of the Entities along with the amount of Grants/Subsidies are to be disclosed.

(Amount-Rs.)

SCHEDULE 23 - INTEREST	Current Year	Previous Year
(a) On Fixed Loans	-	-
(b) On Other Loans	-	-
(c) Other (specify)	-	-
TOTAL	-	-

SCHEDULE 24 - EXPENDITURE ON TESTING	Current Year	Previous Year
(a) Testing fee paid to outside laboratories	-	-
(b) Market Samples	-	-



(c) Laboratory apparatus and stores	-	-
TOTAL	-	-

## **Forming Part of the Accounts for the Year Ended as at 31st March**

## **25 - Significant Accounting Policies (Illustrative)**

### **1. Accounting Convention**

The financial statements are prepared on the basis of historical cost convention unless otherwise stated and on the accrual method of accounting.

### **2. Inventory Valuation**

2.1 Stores and Spares (including machinery spares) are valued at cost. 2.2 Raw materials, semi-finished goods and finished goods are valued at lower of cost and net reliable value. The cost are based on weighted averaged cost. Cost of finished goods and semi-finished goods is determined by considering material, labour and related overheads.

### **3. Investments**

3.1 Investments classified as "long terms investment" are carried at cost. Provision for decline other than temporary, is made in carrying cost of such investment. 3.2 Investment classified as "current" are carried at lower of cost and fair value. Provision for shortfall on the value of such investments is made for each investment considered individually and not on a global basis. 3.3 Cost includes acquisition expenses like brokerage, transfer stamps.

### **4. Excise Duty**

Liability for excise duty in respect of goods produced by the entity, other than for exports, is accounted upon completion of manufacture and provision is made for excisable manufactured goods as at the year-end.

### **5. Fixed Assets**

5.1 Fixed Assets are stated at cost of acquisition inclusive of inward freight, duties and taxes and incidental and direct expenses related to acquisition. In respect of projects involving construction, related pre-operational expenses (including interest on loans for specific project prior to its completion), form part of the value of the assets capitalized. 5.2 Fixed Assets received by way of non-monetary grants (other than towards the Corpus Fund), are capitalized at value stated, by

corresponding credit to Capital Reserve.

## **6. Depreciation**

6.1 Depreciation is provided on straight-line method as per rates specified in the Income Tax Act, 1961 except depreciation on cost adjustments arising on account of conversion of foreign currency, liabilities of fixed assets, which is amortized over the residual life of the respective assets. 6.2 In respect of additions to/deductions from fixed assets during the year, depreciation is considered on prorata basis. 6.3 Assets costing Rs. 5,000 or less each are fully provided.

## **7. Miscellaneous Expenditure**

Deferred revenue expenditure is written off over a period of 5 years from the year it is incurred.

## **8. Accounting for Sales**

Sales include excise duty and are net of sales returns, rebate and trade discount.

## **9. Government Grants or Subsidies**

9.1 Government grants of the nature of contribution towards capital cost of setting up projects are treated as Capital Reserve. 9.2 Grants in respect of specific fixed assets acquired are shown as a deduction from the cost of the related assets. 9.3 Government grants/subsidy are accounted on realization basis.

## **10. Foreign Currency Transactions**

10.1 Transactions denominated in foreign currency are accounted at the exchange rate prevailing at the date of the transactions. 10.2 Current assets, foreign currency loans and current liabilities are converted at the exchange rate prevailing as at the year end and the resultant gain/loss is adjusted to cost of fixed assets, if the foreign currency liability relates to fixed assets, and in other cases is considered to revenue.

## **11. Lease**

Lease rentals are expensed with reference of lease terms.

## **12. Retirement Benefits**

12.1 Liability towards gratuity payable on death/retirement of employees is accrued based on actuarial valuation. 12.2 Provision for accumulated leave encashment benefit to the employees is accrued and computed on the assumption that employee are entitled to receive the benefit as at each year end.

## 1. Contingent Liabilities

1.1 Claims against the Entity not acknowledged as debts Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)  
1.2 In respect of Bank guarantee given by/on behalf of the Entity Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)  
Letters of Credit opened by Bank on behalf of the Entity Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)  
Bills discounted with Banks Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)  
1.3 Disputed demands in respect of: Income Tax Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)  
Sales Tax Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)  
Income Taxes Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)  
1.4 In respect of claims from parties for non-execution of orders but contested by the Entity Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)

## 2. Capital Commitments

Estimated value of contractor remaining to be executed on capital account and not provided for (net of advances) Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)

## 3. Lease Obligations

Future obligations for rentals under finance lease arrangements for plant and machinery amount to Rs \_\_\_\_\_ (Previous year Rs \_\_\_\_\_)

## 4. Current Assets, Loans and Advances

In the opinion of the Management, the current assets, loan and advances have a value on realization in the ordinary course of business, equal at least to the aggregate amount shown in the Balance Sheet.

## 5. Taxation

In view of there being no taxable income under Income Tax Act, 1961, no provision for Income Tax has been considered necessary.

## 6. Foreign Currency Transactions

(Amount Rs.)

Current year    Previous Year

6.1 Value of imports calculated on C.I.F. Basis- Purchase of finished goods- Raw materials & components (including in transit)- Capital Goods- Stores, Spares and Consumables  
6.2 Expenditure in foreign currency  
a) Travel  
b) Remittances and Interest payment to Financial Institutions/Banks in Foreign Currency  
c) Other expenditure- commission on Sales- Legal and professional expenses-

Miscellaneous Expenses6.3EarningsValue of Exports on FOB basis6.4Remuneration to auditorsAs Auditors- Taxation matters- For Management services- For certificateOthers

**7. Corresponding figures for the previous year have been regrouped rearranged/wherever necessary.**

**8. Schedules 1 to 26 are annexed to and form an integral part of the balance sheet as at \_\_\_\_\_ and the Income and Expenditure Account or the year ended on that date.**

Notes, Instructions and Accounting Principles for Compilation of Financial Statements(1)The financial statements (viz, Balance Sheet and Income and Expenditure Account) shall be prepared on accrual basis; and shall be in the form suggested, or as near thereto as possible.If the information required to be given under any of the item or sub-item in this Form cannot be conveniently included in the Balance Sheet or the Income and Expenditure account itself, as the case may be, it can be furnished in a separate Schedule or Schedules to be annexed to and forming part of the Balance Sheet or the Income and expenditure Account. This is recommended where items are numerous.(2)A statement of all significant accounting policies adopted in the preparation of the Balance Sheet and the Income and Expenditure Account shall be included in the financial statements, and the significant Accounting Policies should be disclosed at one place. Accounting Policies refer to the specific accounting principles and the method of applying those principles adopted by the Entity in the preparation of the financial Statements. Where any of the accounting policies is not in conformity with accounting standards, and the effect of departures from accounting standards is material, the particulars of the departure shall be disclosed, together with the reasons therefor and the financial effect thereof, except where such effect is not ascertainable.(3)Accounting policies shall be applied consistently from one financial year to the next. Any change in the accounting policies which has a material effect in the current period or which is reasonably expected to have a material effect in latter periods, shall be disclosed. In case of change in accounting policies which has a material effect in the current period, the amount by which any item in the financial statements is effected by such change shall also be disclosed to the extent ascertainable. Where such amount is not ascertainable, wholly or in part, the fact shall be disclosed.(4)The accounting treatment and presentation in the Balance Sheet and the Income and Expenditure Account of transactions and events shall be governed by their substance and not merely by the legal form.(5)In determining the accounting treatment and manner of disclosure of an item in the Balance Sheet and/or the Income and Expenditure Account, due consideration shall be given to the concept of materiality.(6)Provision shall be made for all known liabilities and losses even though the amount cannot be determined with substantial accuracy (and the amount of provision represents only a best estimate in the light of available information.)'Provision' means any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets, or retained by way of providing for any known liability, the amount of which cannot be determined with substantial accuracy.Provisions shall be made for contingent loss if :(a)it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability has been incurred at the balance sheet date,

and(b)a reasonable estimate of the amount of the resulting loss can be made.If either of the above conditions is not met, the existence of the contingent loss shall be disclosed by way of a note to the Income and Expenditure account, unless the possibility of the loss is remote.

**7. Where any amount written off or retained by way of depreciation, renewals or diminution in the value of assets or retained by way of providing for any known liability is in excess of the amount which is considered reasonably necessary for the purpose, the excess shall be treated as a reserve and not as a provision.**

**8. Revenue shall not be recognized unless :**

(a)the related performance has been achieved;(b)no significant uncertainty exists regarding the amount of the consideration; and(c)it is not unreasonable to expect realisation and ultimate collection.

**9. Separate disclosure shall be made in the Income and Expenditure Account in respect of :**

(a)"Prior period" items, which comprise material item of income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods.(b)"Extra-ordinary" items which are material items of income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the entity and, therefore, are not expected to recur frequently or regularly.(c)Any item under the head "Miscellaneous Expenses" which exceeds 1 per cent of the total turnover gross income of entity or Rs. 50,000/- whichever is higher. This shall be shown against an appropriate account head in the Income and Expenditure Account.(d)Any item under the head "Miscellaneous Expenses" which exceeds 1 per cent of the total turnover gross income of entity or Rs. 50,000/- whichever is higher. This shall be shown as a separate and distinct item against an appropriate account head in the Income and Expenditure Account.(10)The Schedules referred to in the form, the account in policies and explanatory notes shall form an integral part of the financial statements.(11)Notes to the Balance Sheet and the Income and expenditure Account shall contain the Explanatory material pertaining to the items in the Balance Sheet and the Income and Expenditure Account.(12)The figure in the Balance Sheet and Income and expenditure Account, if rounded off, shall be rounded off as below:

Amount of turnover (in Rs.)	Rounding off to (Rs.)
Less than One lakh	Hundred
One lakh or more but less than one crore	Thousand
One crore or more but less than one hundred crore	Lakh
One hundred or more but less than on thousand crore	Crore

(13)Reference may also be made to the enclosed Notes and Instructions for compilation in relation to in the formats suggested.Notes and Instructions for SchedulesCorpus/Capital Fund and Liabilities

## 1 - Corpus/Capital Fund

(a)Corpus/Capital Fund is akin to Capital, Share Capital or Owners' Funds. It comprises amount received by way of contributions specifically to the Corpus, as increased/decreased by the net operating result shown in the Income and Expenditure Account (other than surplus, if any transferred to any Reserves or Earmarked Funds).(b)The Opening Balance, Additions to, Deductions from and Closing Balance of the Corpus/Capital Fund shall be shown under this head.(c)Additions to the Corpus Fund shall be net of transfers, if any, to any Reserve or Earmarked Fund required under statue or as per applicable regulations.Notes and Instructions for SchedulesCorpus/Capital Fund and Liabilities

## 2 - Reserves and Surplus

### 1. CAPITAL RESERVES:

Opening  
BalanceAdditions  
during the  
yearDeductions  
during the  
Year

The expression 'capital reserves' shall notincluded any amount regarded as free for distribution through theIncome and Expenditure Account. Surplus on revaluation should betreated as Capital Reserve and shown separately. Surplus ortranslation of financial statements of foreign branches, if any,is not a revaluation reserve.

### 2. REVALUATION RESERVE:

Opening  
BalanceAdditions  
during the  
yearDeductions  
during the  
Year

To reflect effects ofchanging prices, fixed assets otherwise stated at historicalcosts, are revalued and the historical cost substituted by arevaluation, normally done by competent valuers. Suchsubstitutions resulting in an upward revaluation is required tobe shown as a "Revaluation Reserve".This reserve is an unrealized gain and shouldnot be credited as income in the Income and Expenditure Account.

### 3. SPECIAL RESERVES:

Opening  
BalanceAdditions  
during the  
yearDeductions  
during the  
year

These would comprise Special reserves required to be created pursuant to any statutory or regulatory, requirement applicable to the Entity; and if so, should be clarified in the Notes on Accounts in Schedule 27.

#### 4. GENERAL RESERVE:

Opening  
BalanceAdditions  
during the  
yearDeductions  
during the  
year

The expression 'General Reserve' shall mean any reserve other than capital reserve and revaluation reserve. This item will include all reserves, other than those separately classified.

#### Note-General

(a) Movements in various categories of reserves should be shown as indicated in the schedule.

(b) The expression 'reserve' shall not include any amount written off or retained by way of providing for depreciation, renewals or diminution in value of assets or retained by way of providing for any known liability.

Notes and Instructions for the Schedules Corpus/capital Fund and Liabilities

### 3 - Earmarked/Endowment Funds

Amount received as grants or assistance, or retained by the entity to be utilized for specific or earmarked purposes and remaining to be expended/utilized for the specific purpose for which these are intended, are required to be disclosed under this head. Such funds may be received in cash or kind from Government, Govt. agencies, institutions and other agencies etc. and are subject to compliance by the entity, or certain stipulated terms and conditions. For this reason, the balances available and their utilization should be disclosed in the manner suggested in the Schedule. The Plan funds received from the Central and/or State Governments are to be shown as distinct category of Fund. Other plan funds earmarked/endowed for any chair, house, building, Trust etc. are to be shown as distinct category of Fund. The following shall not be reckoned as part of Earmarked

Funds:(a)Grants/funds which have the characteristics of promoters' contribution which are of the nature of additions/ to the accretion Corpus Fund;(b)Funds/grants received by the Entity as compensation for expenditure/losses incurred in the earlier years, as these would be reckoned only in the Income and Expenditure Account for the year.(c)non-monetary grants by way of capital assets or other resources, corresponding credit of which is of the nature of capital reserve,unless such grants are specified as irrevocable contribution to the Corpus.Notes - General(a)It is appropriate to ensure that the accretions to and utilization of earmarked funds is in accordance with the terms and conditions attaching to the same.(b)Earmarked Funds, considered their nature, are represented by specifically earmarked investments or other assets.(c)Plan Funds received from the Central/State Governments are to be shown as separate Funds and not to be mixed up with any other Funds.(d)Records relating to fixed assets acquired/constructed should be maintained for each earmarked fund. However, for the purpose of the annual financial statements disclosure may be made of the aggregate accumulated cost up to each year and of such fixed assets in respect of each fund, unless the assets are taken over and are incorporated in Schedule 8.Corporus/Capital Fund and Liabilities

## 4 - Secured Loans and Borrowings

- |      |  |  |
|------|--|--|
| 1.2. | Central Government<br>State Government | Indicate the nature of security and terms of repayment. Indicate the name of State Govt. and nature of security and terms of repayment.  |
| 3.   | Financial Institutions                 | Includes borrowings/refinance obtained from Industrial Development Bank of India, export-Import Bank of India, National Bank for Agriculture and Rural Development (including liability against participation certificates, if any). Normally these may be in the form of Terms Loans. |
| 4.   | Banks                                  | Includes borrowings/refinance obtained from commercial banks (including co-operative banks). Terms Loans need to be segregated from other facilities.  |
|      | (a) Term Loans                         |  |
|      | (b) Other Loans                        |  |
| 5.   | Other institutions and agencies        | Includes institutions/agencies other than those mentioned above.   |
| 6.   | Debentures and Bonds                   | The terms of redemption of debentures and bonds should be stated with the earliest date of their redemption.   |

Notes - General(a)Information shall be given in each case as regards the nature of security given.(b)Secured loans and borrowings shall be such as are against hypothecation/pledge/charge on the assets of the entity.(c)The aggregate amount of loans under each head, as are guaranteed by the Central/State Govt. may also be mentioned along with the fact that these are so guaranteed.(d)Loans and borrowings include refinance from institutions and agencies and liability against participation certificates.(e)Amount received by way of discount of debtors or receivables or rediscount of bills, shall not be shown as borrowings.(f)Interest accrued and due shall be included under each sub-head. Interest accrued but not due shall not be included under this head, but shall be shown as part of current liabilities.(g)Unreconciled inter-branch outstanding entries at credit



should not be shown as borrowings.(h)Amount due within a period of less than 12 months as at the balance sheet date need to be disclosed.Corporus/Capital Fund and Liabilities

## 5 - Unsecured Loans and Borrowings

- |                                    |  |
|------------------------------------|--|
| 1. Central Government              | Indicate the terms of repayment  |
| 2. State Government(s)             | Indicate name of the State Government and the terms of repayment.  |
| 3. Financial Institutions          | Includes borrowings obtained from Industrial Development Bank of India, Export-Import Bank of India, National Bank for Agriculture and Rural Development.<br><br>Normally these may be in the form of term loans, pending creation of a charge on assets, bridge loans may be given as 'unsecured' loans.  |
| 4. Banks                           | Includes borrowings obtained from Commercial Banks (including Cooperative Banks)<br><br>Indicate the nature of facilities.<br><br>Overdrawn balances as per books do not constitute loans and generally arise due to cheques issued in excess of book balances. Such balances can be shown as loans only where the entity enjoys or is granted overdraft facility. |
| 5. Other institutions and agencies | Includes loans from institutions/agencies other than those mentioned above.  |
| 6. Debentures and Bonds            | The terms of redemption of debenture and bond should be stated with the earliest date of their redemption.   |
| 7. Fixed Deposits                  | These comprise deposits received from public or otherwise for fixed periods and against no security.   |

Notes - General(a)Unsecured loans and borrowings comprise amounts in respect of which no assets of the entity is charged as security or encumbered.(b)Interest accrued and due shall be included under each sub-head. Interest accrued but not due shall not be included under this head, but shall be shown as part of current liabilities.(c)Amount due within a period of less than 12 months as at the balance sheet date need to be disclosed.Corporus/Capital Fund and Liabilities

## 6 - Deferred Credit Liabilities

(1)Acceptances and other similar long-term obligations contracted in respect of acquisition of assets, the liability for payment of which falls in periods longer than 12 months as at the date of the balance sheet should be included here.(2)If the assets are charged as security or encumbered corresponding to the liability, this fact should be stated.(3)If the acceptances are also guaranteed for repayment by the Government, any Govt. agency, bank, institution or other body/entity, this fact should also be stated.(4)Amount due within one year of the date of the balance sheet need to be separately disclosed.Corporus/Capital Fund and Liabilities

## 7 - Current Liabilities and Provisions

### A. CURRENT LIABILITIES

1.	Acceptances	Included under this sub-head would be the drawer's assent on bills of exchange to the order of the drawer.  The amounts to be shown against this sub-head shall comprise amounts owned by the entity in favour of others on account of goods purchased or services rendered or in respect of contractual obligations. These need to be segregated for goods and shown separately.
2.	Sundry creditors(a) For goods(b) Others	The liability against this sub-head shall comprise amounts received in respect of which goods or services have yet to be supplied/rendered or for which value has yet to be given, and includes advance subscriptions.
3.	Advance received	
4.	Interest accrued but not due(a) Secured Loans//Borrowings(b) Unsecured Loans/Borrowings	Includes interest accrued up to the year-end but not due secured/unsecured.  These comprise liabilities in terms of the Central/State laws governing the Entity; and includes unpaid liability for tax deducted at source under the Income Tax Act, 1961, Statutory bonus, provident fund, pension, gratuity, ESI interest to SSI Units on their overdue, sales tax, exercise, Costume duty, and other statutory levies. Overdue liabilities are undisputed amounts which are due and remain unpaid beyond the normal due date/stipulated period i.e. those are in default.
5.	Statutory Liabilities(a) Overdue(b) Others	These would include amounts not covered by the other sub-heads. Any material amount included under this sub-head may be separately shown indicating the nature thereof.
6.	Other Current Liabilities	
	Overdrawn bank balances as per books, where the entity does not have any sanctioned limits/overdraft facilities, shall also be included under this sub-head, or separately disclosed	

as "Overdrawn bank balances in excess of bookbalances".

Note-General A Current Liability is one which falls due for payment within a relatively short period, normally not more than 12 months.

B.

#### PROVISIONS

- |    |                         |  |
|----|-------------------------|--|
| 1. | For Taxation            | Provision needs to be made and retained based on the status of Tax matters as at the year-end.   |
| 2. | Gratuity                | Provision for liability towards gratuity payable on death/retirement of employees needs to be accrued on actuarial basis, and provided up to the year-end.           |
| 3. | Superannuation/Pension  | Provision for liability payable towards superannuation of employees be accrued on actuarial basis, and provided up to the year end.                                  |
| 4. | Accumulated Leave       | Provision for liability towards accumulated leave encashment of employees needs to be accrued on actuarial basis, and provided up to the year-end.                   |
| 5. | Trade Warranties/Claims | Where the entity is manufacturing/processing goods for sale, it may be liable to trade warranty risks, which need to be provided for on a reasonable/rational basis. |
| 6. | Others                  | These need to be specified, and shall not include provisions for doubtful debts/advances, which shall be reduced from the relevant asset heads.                      |

Notes-General Provision is an amount written off or a retained by way of providing for depreciation or diminution in the value of assets, or retained by way of providing for a known liability, the amount of which cannot be determined with substantial accuracy.

#### ASSETS

#### SCHEDULE 8

#### - FIXED

#### ASSETS:

- |    |                      |  |
|----|----------------------|--|
| 1. | LAND                 | Where immovable properties are purchased/acquired by paying a composite cost, a reasonable/reliable estimate should be made of the land cost and shown separately. |
|    | (a) freehold         |  |
|    | (b) Leasehold        | Leasehold land should be amortised over the period of lease unless the lease is in perpetuity.   |
| 2. | BUILDINGS            |  |
|    | (a) On freehold land | As far as practicable, distinction may be made between factory and office buildings for purposes of provision for depreciation at different                        |

		rates.
	(b) On leasehold land	Buildings/premises shall be those which are intended to be wholly/partly used for the purposes of the activities of the Entity and would not include "Investment Properties."
	(c) Ownership Flats/Premises	Superstructures on leasehold lands should be depreciated to be co-terminus with the amortization of land, unless the superstructures have a shorter life.
	(d) Superstructures on Land Not belonging to the Entity	Buildings shall include roads, bridges, and culverts.
3.	PLANT, MACHINERY & EQUIPMENT	<p>included under this Sub-head would be items like :</p> <ul style="list-style-type: none"> <li>- Earth moving Machinery</li> <li>- Boilers</li> <li>- Furnaces</li> <li>- Generators</li> <li>- Dyes/Mould</li> <li>- Machinery used for specific industry/services like Building contractors, in hospitals/clinics, processing units, hydraulic works (including pipelines), Tool rooms.</li> <li>- Other items used for manufacture/processing etc.</li> </ul> <p>Separate Account heads should be maintained in the ledgers and kept reconciled with the Fixed Assets registers. Disclosure of information under the above sub-heads is encouraged.</p>
4.	VEHICLES	<p>included under the Sub-head would be items like :</p> <ul style="list-style-type: none"> <li>- Tractors/Trailers</li> <li>- trucks, Jeeps and Vans</li> <li>- Motor Cars</li> <li>- Motor Cycles, Scooters, Three Wheelers and Mopeds</li> <li>- Rickshaws</li> </ul> <p>Separate Account heads should be maintained in the ledgers and kept reconciled with the Fixed Assets registers. Disclosure of information under the above sub-heads is encouraged.</p>
5.	FURNITURE, FIXTURES	included under this Sub-head would be items like

:

- (a) Cabinets/Almirahs/Filing Racks
- (b) Air-Conditioners/Air Conditioning Plant
- (c) Air Coolers
- (d) Water Coolers
- (e) Tables/Chairs/Sofas/Carpets
- (f) Wooden partitions/temporary structures
- (g) Voltage Stabilisers, UPS Systems.
- (h) Other Items

Separate Account heads should be maintained in the ledgers and kept reconciled with the Fixed Assets registers. Disclosure of information under the above sub-heads is encouraged, for material amounts.

6. OFFICE EQUIPMENT

included under this Sub-head would be items like :

- (a) Typewriters
- (b) Photocopiers/duplicators
- (c) Fax Machines

Separate account heads should be maintained in the ledgers and kept reconciled with the Fixed Assets registers. Disclosure of information under the above sub-heads is encouraged, for material amounts.

7. COMPUTER/PERIPHERALS

Computers, Printers and their peripherals like the Floppies, CDs, Software etc. would be the items under this head.

Separate Account heads should be maintained in the ledgers and kept reconciled with the Fixed Assets registers. Disclosure of information under the above sub-heads is encouraged, for material equipment.

8. ELECTRIC INSTALLATIONS

included under this Sub-head would be terms like :

- (a) Electrical Machinery
- (b) Electric Lights/Fans
- (c) Switch Gear instruments
- (d) Transformers
- (e) Electric Wiring and fittings

		Separate Accountheads should be maintained in respect of the above items and kept reconciled with the Fixed Assets registers. Disclosure of information under the above sub-heads is encouraged, for material amounts.
		In some cases the number of Library Books could be very large of there may be an established Library. In such cases these books may be disclosed as a separate category of assets. Library books will include books/journals/information stored in CD ROMs.
9.	LIBRARY BOOKS	
10.	TUBEWELLS & W. SUPPLY SYSTEM	Tubewells and Water Supply Systems may be shown as a distinct category.
11.	CAPITAL WORK-IN-PROGRESS	Fixed assets in the course of construction should be shown against this head till they are ready for their intended use. Plant, machinery and equipment acquired and pending installation should be included here.

#### Notes - General

**1. Fixed Assets are those assets which are held with the intention of being used for the purpose of producing or providing services and not held for sale in the normal course of trade.**

**2. Under each sub-head should be shown :**

(a) the cost or the valuation as at the beginning of the year. (b) additions during the year (both acquisitions and by way of grants) (c) deductions (including sales, disposals, write-offs) during the year. (d) the total cost/valuation as at the year-end. (e) depreciation up to the previous year-end, that on additions/deductions during the year and the total accumulated depreciation up to the year end. (f) the net block to the assets as at the year-end.

**3. The accounting policy relating to accounting for fixed assets acquired (including by way of grants or at concessional rates), or constructed should be disclosed along with the method adopted for depreciation/amortization.**

**4. Where sums have been written up or any assets due to their revaluation, the basis thereof should be disclosed; and every balance sheet after the first Balance Sheet subsequent to the revaluation should show the revised figures for a period of five years with the date and amount of revision.**

## 5. Where grants relating to specific fixed assets are received and these are equal to the whole or virtually the whole of the cost of the asset, the Fixed assets should be shown in the Balance Sheet at a nominal value.

Alternatively; grants relatable to depreciable fixed assets may be treated as deferred income and recognized in the Income and Expenditure Account on a systematic and rational basis over the useful life of such assets i.e. such grants should be allocated to income over the periods and in the proportions in which depreciation is charged. Grants relatable to non-depreciable assets should be credited to "Capital Reserve", unless there are pre-conditions requiring fulfilment.

## 6. Depreciation

Depreciation shall be provided so as to charge the depreciable amount of a depreciable asset over its useful life. Depreciation is a measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, effluxion of time or obsolescence through technology and market charges. It includes amortization of assets the useful life of which is determined and depletion of wasting assets. For this purpose : (a) Depreciable asset means an asset which -i. is expected to be used during more than one accounting period, and ii. has a limited useful life; and iii. is held by the entity for use in the production or supply of goods and services, for rental to others, or for administrative purpose and not for the purpose of sale in the ordinary course of its business/operating activities. (b) depreciable amount of a depreciable asset means its original cost, or other amount substituted for original cost in the financial statements less the residual value. (c) Useful life means either -i. the period over which a depreciable asset is expected to be used by the Entity, or ii. the number of production or similar units expected to be obtained from the use of the asset by the Entity.

### SCHEDULE 9 - INVESTMENTS - FROM EARMARKED/ENDOWMENT FUNDS :

1.	Government Securities	Includes Central and State government securities and Government Treasury Bills. These securities should be shown at cost/book value. However, the difference between such value and market value should be given in the notes to the Balance Sheet.
2.	Other approved Securities	Securities other than Government Securities, treated as approved securities (such as Trustee securities), should be included here.
3.	Shares	Investments in shares of companies and corporations not included in item 2 should be included here.

4.	Debentures and Bonds	Investments in debentures and bonds of companies and Corporations not included in item 2 should be included here.
5.	Subsidiaries and/or joint ventures	Investments in subsidiaries/associate entities should be included here. An entity shall be treated as a 'subsidiary' or joint venture, if the entity exercises control over the composition of management/governing body, with or without any financial investment therein.  An entity will be considered as subsidiary for the purpose of this classification if more than 25% of the corpus of that entity is held by the entity as at the beginning of the year.
6.	Others (to be specified)	Includes residual investments, if any, like commercial paper, investments (to be specified) in Mutual Funds and other instruments not being in the nature of shares/debentures/bonds. Investment in Properties, if any, would also be included here.

#### Notes-General

**1. The Gross value in aggregate, the depreciation in aggregate and net value of Investments are to be separately disclosed. Approved securities (covered by 1 and 2 above) are required to be bifurcated into "permanent" and "current" categories for valuation and determination of shortfall in value.**

**2. (a) Investments can either be "Long term" or "permanent" or "Current".**

(b) "Current Investment" means an investment which is by its very nature, readily realizable and is intended to be held for not more than one year from the date on which it is made. Such investments should be shown at lower of cost or their fair value, which shall be determined on individual investment basis and the shortfall shall be provided, while appreciation shall be ignored. (c) Long-term investments are those investments which are other than current investments, and these are intended to be held for the purposes of capital appreciation and yield. Such investments are held at cost and shall be reduced when there is a decline, other than temporary, in their value-reduction being made for each investment.

**3. Investment held against earmarked/endowment funds need to be separately disclosed.**



**4. Investment in properties, if held, shall be shown at cost less depreciation in the same manner as in the case of fixed assets.**

**5. The entity shall disclose the Accounting Policy in relation to investments, their cost, depreciation and carrying value - both for long-term & current investments.**

**6. Any premium paid on acquisition of permanent investments shall be amortised on a time proportion basis upto the date of their maturity. Discount on acquisition shall not be amortised.**

#### SCHEDULE

##### 10-INVESTMENT-OTHERS :

1.	Government Securities	Includes Central and State Government securities and Government Treasury Bills. These securities should be shown at cost/book value. However, the difference between such value and market value should be given in the notes to the Balance sheet.
2.	Other approved Securities	securities other than Government Securities, treated as approved securities (such as Trustee securities). should be included here.
3.	Shares	Investments in shares of companies and corporations not included in item 2 should be included here.
4.	Debentures and Bonds	Investments in debentures and bonds of companies and Corporations not included in item 2 should be included here.
5.	Subsidiaries and joint ventures	Investments in subsidiaries/associate entities should be included here. An entity shall be treated as a 'subsidiary' or joint venture, if the entity exercises control over the composition of management/governing body, with or without any financial investment therein.  An entity will be considered as subsidiary for the purpose of this classification if more than 25% of the corpus of that entity is held by the entity as at the beginning of the year.
6.	Others	Includes residual investments, if any, like commercial paper, investments (to be specified) in Mutual Funds and other instruments not being in the nature of shares/debentures/bonds. Investment in Properties, if any, would also be included here.

Notes-General

**1. The Gross value in aggregate, the depreciation in aggregate and net value of Investments are to be separately disclosed. Approved securities [covered by 1 and 2 above] are required to be bifurcated into "permanent" and "current" categories for valuation and determination of shortfall in value.**

**2. (a) Investments can either be "Long term" or "permanent" or "Current".**

(b)"Current Investment" means an investment which is by its very nature, readily realizable and is intended to be held for not more than one year from the date on which it is made. Such investments should be shown at lower of cost or their fair value, which shall be determined on individual investment basis and the shortfall shall be provided, while appreciation shall be ignored. (c) Long-term investments are those which are other than current investments and these are intended to be held for the purposes of capital appreciation and yield. Such investments are held at cost and shall be reduced when there is a decline, other than temporary, in their value-reduction being made for each investment.

**3. Investments held against earmarked/endowment funds are disclosed in Schedule 9.**

**4. Investment in Properties, if held, shall be shown at cost less depreciation in the same manner as in the case of fixed assets.**

**5. The entity shall disclose the Accounting Policy in relation to investments, their cost, depreciation and carrying value - both for long-term and current investments.**

**6. Any premium paid on acquisition of permanent investments shall be amortised on a time proportion basis upto the date of their maturity. Discount on acquisition shall not be amortised.**

**7. Matured investments, not realized may be separately disclosed.**

SCHEDULE 11 -

CURRENT ASSETS,

LOANS, ADVANCES ETC:

A. CURRENT ASSETS

1.

Inventories

Inventories comprise  
tangible property held

		forsale in the ordinary course of business, or in the process ofproduction of such sales, or for consumption in the process ofproduction of goods or services for sale, including maintenancesupplies and consumable other than machinery parts.
	(a) Stores and Spares	
	(b) Loose Tools	
	(c) Stock-in-trade	Basis of valuation of inventories should be disclosed.
	-Finished Goods	Finished goods would include goods purchased/produced and lying in hand at all loans of the entity
	-Work-in-progress	
	-Raw Materials	Raw Materials would also include parts orcomponents used or consumer in the process of production of goodsfor sale.
2.	Sundry Debtors :	Debtors comprise person from whom amounts are due for goods sold or services rendered or in respect ofcontractual obligation.
		Debts considered good for recovery and thoseconsidered doubtful shall be shown separately.
	(a) Debts Outstanding for a periodexceeding six months(b) Others	Provision fordoubtful debts, if made, should be shown as a reduction from theamount of debts considered doubtful.

3. Cash balance in hand :  
(including cheques/drafts  
and imprest:)  
  
Amount held as bank  
balances
4. Bank Balances :  
  
against earmarked/endowment  
funds should be separately  
disclosed.  
  
(a) With Scheduled Banks  
- On Current Accounts  
  
Where any deposit  
accounts are pledged or  
charged as security or are  
encumbered, the fact  
should be disclosed.  
  
- On Deposit Accounts  
(including margin money)  
  
Overdue/Matured  
Deposits should be  
separately disclosed.  
  
- On Saving Accounts  
  
(b) With Non-Scheduled  
Banks  
- On Current Accounts  
- On Deposit Accounts  
(including margin money)  
- On Saving Accounts  
Post Office-Savings  
Accounts :
- 5.

#### ASSETS

#### SCHEDULE 11 -

#### CURRENT ASSETS, LOANS, ADVANCES ETC.:

#### B. LOANS, ADVANCES AND OTHER ASSETS

1. Loans  
  
Loans and Advances as are  
considered good  
and recoverable should be  
disclosed. Doubtful  
amounts, if any, should be  
stated under each  
sub-head, and provision if

		made, should beshown as a reduction therefrom
		Interest accrued on interest bearing staffloans should be accounted notwithstanding that actual recoveriesof interest might commerce after repayment of principal.
	(a) Staff	Irrevocable grants/subsidies/donation to suchentitles shall not be included here. If interest-bearing, theamount of interest earned up to year-end should be adjusted.
	(b) Other entitles engaged in activities/objectives similarto that of the entity	
	(c) Other (specify)	
2.	Advances and other amounts recoverable in cash or in kingor for value to be received :	
	(a) On Capital Account	Advances to suppliers/contractors for capital works should beshown against this sub-head
	(b) Prepayments	This includes prepaid expenses.
	(c) Others	Both 'Income accrued and due' and 'incomeaccrued but not due' up to the year-end should be included underthis head.
3.	Income accrued :	
	(a) On Investments from Earmarked/Endowment Funds	
	(b) On Investments-Others	Income on Investment from Earmarked/EndowmentFunds and that on Other

		Investment should by shown separately.
	(c) On Loans and Advances	
	(d) Others (includes income due unrealized-Rs.)	If uncertainty attaches to realization or ultimate collection, income should not be recognized, and if recognized, should be provided for. Dividends should be recognized based on the date(s) of their declaration. Separate disclosure should be made in respect of income accrued, due but not realized. Only claims, which are considered good and realizable, should be included.
4.	Claim receivable :	
INCOME AND EXPENDITURE ACCOUNT-INCOME SCHEDULE		
12 - INCOME FROM SALES/SERVICES		
INCOME FROM SALES :		
1.	Income from Sales (a) Sale of finished Goods (b) Sale of Raw materials	Sales comprise the aggregate amount for which sales are effected. These would be shown net of trade discounts, rebate and returns.
	(c) Sale of Scraps	Sales are complete when significant risks and regards of ownership get transferred from the seller to the buyer, irrespective of the time of payment of delivery of the goods

2.	Income from Services	<p>Disclosure of export sales should be made separately</p> <p>Income must be shown at gross figures and TaxDeducted at Source should be indicated separately</p>
	(a) Labour and Processing Charges	<p>Labour and processing charges realizable forprocessing/fabrication of goods/materials of other entitleshould be disclosed against this sub-head.</p>
	(b) Professional/consultancy Services	<p>Consultancy Charges and fee for rendition ofprofessional services by the entity should be included under thissub-head.</p>
	(c) Agency Commission and brokerage	<p>Where the entity acts as a broker or agent forarranging supply of goods/services of others, i.e. without actingon a principal to principal basis, the commission and brokerageincome earned would be shown against this sub-head.</p>
	(d) Maintenance Services (Equipment/Property)	<p>Where the entity undertakes maintenancecontracts for equipment of\r property etc. the income earned upto the year-end from this source should be included under thissub-head.</p>
	(e) Other (Specify)	

**SCHEDULE 13 -  
GRANTS/SUBSIDIES :  
(irrevocable Grants &  
Subsidies Received)**

1.	Central Government	Grants, Subsidies or other similar assistance received for the general purposes and objectives of the Entity, on an irrevocable basis, or to cover expenditure incurred in prior periods, shall be included in this Schedule.
2.	State Government(s)	These grants etc. are without any conditions attached as to their utilization and are of the nature of non-refundable amounts which are to be appropriated to income.
3.	Government Agencies	
4.	Institutions/Welfare Bodies	
5.	International Organisations	The gross receipt shall be shown against each sub-head, and grants/subsidies which are given in turn to other institutions/organisations on irrevocable basis as expenditure should be considered in Schedule 22.
6.	Others (Specify)	

**SCHEDULE 14 -  
FEES/SUBSCRIPTIONS**

1.	Entrance fees	Accounting policies on each item will have to be disclosed.
2.	Annual Fees/subscriptions	In case the Fees like Entrance Fee, subscriptions etc. are in the nature of capital receipt, such amount should go to the Corpus Fund/Capital Fund. Otherwise such fees will be incorporated in this



3. Seminar/Program Fees
4. Consultancy Fees
5. Others (Specify)
- schedule.
- In case the major activities of the Entity are to organize seminar/workshop and/or provide consultancy service, such income should form part of the Schedule 12.
- The gross receipts should be shown here. Expenditure incurred on seminar/workshops, consultancy etc. should be shown as other administrative expenses' in the schedule 21.

SCHEDULE 15 - INCOME  
FROM INVESTMENTS

1. Interest
- (a) On Govt. Securities
- (b) Other Bonds/Debentures
- 1.
- 2.
- 3.
- Income from investments shall be disclosed at gross figures and tax deducted at source is to be stated separately.
- Interest on Govt. securities shall comprise
- (a) interest earned at coupon rate upto the last applicable date of interest, i.e. interest accrued & due; and
- (b) interest accrued thereafter upto the year-end at the coupon rate
- Income on bonds and debentures would include discount accrued upto the year-end on bonds issued at a

			discount, to be redeemed at par or on premium, based on the terms of their issue. Dividends shall be accrued, based on the dates on which declaration thereof i.e. when the entity has a right to receive the same.
2.	Dividends	4.	
	(a) on Shares		
	(b) on Mutual fund Securities		
3.	Rents	5.	Rents shall be shown as income on Investment of properties, if any Interest claimed on overdue/matured investment shall not be recognized unless pre-conditions for such recognition are satisfied.
4.	Others (Specify)	6.	Distinction should be made in respect of income on Investments:
		7.	(a) Owned by the Entity; and
			(b) those held against earned/endowment funds.
		8.	At the year-end total of the income of investment from earmarked/endowment funds should be transferred to the funds through Schedule 3.

**SCHEDULE 16 - INCOME  
FROM ROYALTY,  
PUBLICATION ETC :**

1. Income from Royalty

- Accounting policies on each item will have to be disclosed.
- In case the major activities of the Entity are to publish books, journals, documents etc. such income should form part of the Schedule 12.
- The gross receipts should be shown here. Expenditure incurred on publication etc. should be shown as 'other administrative expenses' in the schedule 21.
2. Income from Publications
3. Other (Specify)

**SCHEDULE 17 -  
INTEREST EARNED**

- interest income earned should be shown a gross figures and tax deducted at source is to be stated separately.
1. On Term Deposits :
- 1.
- (a) With Schedules Banks  
(b) With Non-Scheduled Banks  
(c) With Institutions  
(d) Others
2. On Saving Accounts :
2. Distinction should be made in respect of income;
- (a) With Schedules Banks  
(b) With Non-Schedules Banks  
(c) Post Office Savings Accounts  
(d) Others
- (a) on assets owned by the Entity; and  
(b) those held against earmarked/endowment funds;
3. Loans :
- (a) Employees/Staff

(b) Others

4. Interest on Debtors &  
Other Receivables

SCHEDULE 18 - OTHER  
INCOME:

- |    |  |  |
|----|--|--|
| 1. | Profit on Sale/disposal of<br>Assets   | Sales proceeds/realization,<br>net of the bookvalue of the<br>assets shall, if a surplus, be<br>included under<br>this sub-head. |
|    | (a) Owned assets<br>(b) Assets acquired out of<br>grants or received free of<br>cost |  |
| 2. | Export incentives realized   | Export incentives claimed<br>and no realized upto the<br>year-end shall not be<br>included in Income.                            |
| 3. | Fees for Miscellaneous<br>Services   | Items of materials<br>amounts included<br>in Miscellaneous Income<br>should be separately<br>disclosed.                          |
| 4. | Miscellaneous Income   |  |

SCHEDULE 19 -  
INCREASE/(DECREASE)  
IN STOCK OF  
FINISHED GOODS &  
WORK-IN-PROGRESS :

- |                          |  |
|--------------------------|--|
| (a) Closing stock        | Accounting policies<br>regarding valuation of<br>stock should be declared. |
| -Finished goods          |  |
| -Work-in-progress        |  |
| (b) Less : Opening Stock |  |
| -Finished goods          |  |
| -Work-in-progress        |  |

SCHEDULE 20 -  
ESTABLISHMENT  
EXPENSES :

- (a) Salaries and wages

The gross expenditure against each head including in respect of staff on deputation should be disclosed.

(b) Allowances and Bonus

(c) Contribution to Provident Fund

Statutory obligations of the entity towards provident fund, Employees' state insurance, retirement benefit etc. should be disclosed clearly and item-wise.

(d) Contribution to other fund (specify)

(e) Staff Welfare expenses

In case of recoveries like fines, penalties etc. the same should not be deducted from the expenses heads but included under 'Other Income' in the Schedule 18.

(f) Expenses on employees' Retirement and terminal Benefits

(g) Others (specify)

Notes-General Prior period items Prior period and Extraordinary items shall be separately disclosed so that the effect thereof on the net expenditure for the year is known.

#### SCHEDULE 21 - OTHER ADMINISTRATIVE EXPENSES ETC.

(a) Purchase\*

The gross expenditure against each head should be disclosed

(b) Labour and processing expenses

(c) Cartage and Carriage Inwards

In case of recoveries e.g. rent recoveries, freight charges recovered, fines, penalties, damages from suppliers etc. the amount of such recoveries should not be deducted from the expenses heads but included under "Schedule 16". "Other Income,"

(d) Electricity and Power

(e) Water charges

(f) Insurance

(g) Repairs and maintenance

(h) Excise Duty

(i) Rent, Rates and Taxes

(j) Vehicles running and Maintenance

(k) Postage, Telephone and Communication Charges

(l) Printing and Stationery

(m) Travelling and Conveyance Expenses

(n) Expenses on Seminar/Workshops

(o) Subscription Expenses

(p) Expenses on Fees

(q) Auditors Remuneration

(r) Hospitality Expenses

(s) Professional Charges

(t) Provision for Bad and Doubtful debts/Advances

(u) Irrecoverable Balances Written-off

(v) Packaging Charges

(w) Freight and Forwarding Expenses

(x) Distribution Expenses

(y) Advertisement and Publicity

(z) Others (specify)

Prior period and Extraordinary Items shall be separately disclosed so that the effect thereof on the net expenditure for the year is known.

The list of heads is not exhaustive but illustrative. As far as possible only these heads of account should be used unless there are compelling reasons to add or delete any of these heads.

\*Purchases should be segregated between raw materials and stores for manufacture and for finished goods traded in. In case of manufacturing entities, 'Consumption of Raw Materials' and 'Stores' may be given instead of 'Purchases'.

INCOME AND  
EXPENDITURE ACCOUNT -  
EXPENDITURE  
SCHEDULE 22 -  
EXPENDITURE ON  
GRANTS, SUBSIDIES ETC.

(a) Grants given to Institutions/Organisations	<p>Grants, Subsidies or other similar assistance given to the Institutions/Organisations for general purposes and objectives for the Entity, on an irrevocable basis, shall be included in this Schedule.</p> <p>Name of the Institutions/Organisations, their activities along with the amounts in each case should be disclosed.</p>
(b) Subsidies given to Institutions/Organisation	<p>These grants etc. are with or without any conditions attached as to their utilization and are of the nature of non-refundable amounts which are to be appropriated as expenditure.</p> <p>The gross receipts shown against each sub-head in the Schedule 13, could be the sources of the grants/subsidies that are given, in turn, to other institution/organisation on irrevocable basis.</p> <p>The gross expenditure against each head should be disclosed.</p>

INCOME AND  
EXPENDITURE ACCOUNT -  
EXPENDITURE  
SCHEDULE 23 - INTEREST :

(a) On Fixed Loans	1.	Interest would include commitment charges.
(b) On Other Loans (including Bank Charges)	2.	Fixed Loans are loans which are for fixed period, like Term Loans
(c) Others (specify)	3.	Expenditure by way of interest as per Schedule 23 is the minimum

disclosure requirement.  
The Entity should  
be encouraged to disclose  
interest expended asked  
on the sources of loans  
and borrowings as per the  
heads in Schedules 4 and  
5.

**SCHEDULE 26 -  
CONTINGENT LIABILITIES,  
AND NOTES  
AND ACCOUNTS**

**A. CONTINGENT  
LIABILITIES**

1. Claims against the Entity  
not acknowledged as debts

2. Liability of partly-paid  
investments

Liability on partly paid shares,  
debentures etc. is required to be stated.

3. liability on account of  
outstanding forward  
exchange contracts

Amount of outstanding forward  
exchange contracts at the exchange rates  
applicable as at the year-end should be  
stated.

4. Guarantees and Letters of  
credit outstanding

Liability towards Guarantees given by  
the entity or on its behalf and Letter of  
Credit outstanding as at the year-end  
are required to be disclosed.

5. Bills discounted

Bills discounted outstanding as at the  
year-end need to be disclosed.

6. Other items for which the  
entity is contingently liable

Included here would be disputed  
statutory and other demands/claims,  
Bills rediscounted, commitments  
under underwriting contracts and other  
items for which the entity  
is contingently liable.

**B. NOTES ON ACCOUNTS**

1. Commitment on capital  
Account not provided for

This would in terms of  
contracts/arrangements in terms of  
which amounts would have to be paid  
for acquisition/construction of assets.  
The amount, net of advances is required



to be disclosed.

## 2. Other Notes