

## Expected paper pattern based on model question papers and question papers since Dec 23 Exam and Revision Plan

Q.No.	Subpart	Marks	Chapters	Revision Coverage
1	15 MCQs	30	All	Separate session on MCQs scheduled on 8th Nov
2	a	7	Ind-AS	Ind AS Marathon + Additional Questions Practice Session
2	b	7	Ind-AS	
3	a	7	Ind-AS	
3	b	7	Valuation	Marathon (Concepts + PYQs + MQPs)
4	a	7	Financial Instruments / NBFC	
4	b	7	Internal Reconstruction	
5	NA	14	Business Combinations	
6	NA	14	Consolidation	
7	a	7	VAS / EVA / MVA	
7	b	7	Recent Developments	Theory Booster Session
8	a	5	Government Accounting	
8	b	5	Government Accounting	
8	c	4	Business Combinations / Consolidation	Marathon (Concepts + PYQs + MQPs)

## Recent Developments in Financial Reporting

### 4P Bottom Line Reporting

Aspect	Details
<b>Introduction to 4P Bottom Line Reporting</b>	<ul style="list-style-type: none"> <li>- The triple bottom line was introduced by John Elkington in 1994.</li> <li>- Considers economic, social, and environmental dimensions of a business's impact.</li> <li>- "Bottom line" traditionally refers to the operating result on an income statement.</li> <li>- Full cost accounting includes environmental and social costs for comprehensive evaluation.</li> </ul>
<b>Quadruple Bottom Line (QBL) [FSES]</b>	<ul style="list-style-type: none"> <li>- Adds spiritual performance to the triple bottom line.</li> <li>- Includes social, environmental, financial, and spiritual dimensions.</li> <li>- The fourth bottom line measures the spiritual impact (love, happiness, and understanding among stakeholders).</li> <li>- Introduces the idea of using core business principles compassionately for customers.</li> </ul>
<b>Benefits of 4P Bottom Line Reporting</b>	<ul style="list-style-type: none"> <li>- Enhances reputation and brand.</li> <li>- Secures a social license to operate.</li> <li>- Attracts high-calibre employees.</li> <li>- Improves investor market access.</li> <li>- Establishes preferred supplier status.</li> <li>- Reduces risk profile.</li> <li>- Identifies cost-saving opportunities.</li> <li>- Increases innovation scope.</li> <li>- Aligns stakeholder needs with management focus.</li> <li>- Facilitates stakeholder dialogue.</li> <li>- Promotes altruism and happiness.</li> </ul> <p><b>Learning Tip:</b> Group benefits under categories: <b>Reputation, Employees, Finance, Innovation, Stakeholders.</b></p>
<b>Prerequisites for QBL Reporting</b>	<ul style="list-style-type: none"> <li>- Senior management support.</li> <li>- Alignment with business strategy.</li> <li>- Adequate resources.</li> <li>- Stakeholder engagement.</li> <li>- Comprehensive data availability.</li> </ul> <p><b>Learning Tip:</b> Use the mnemonic "SMART": Strategy, Management, Adequate resources, Reliable data, Team engagement.</p>
<b>Critical Issues to Address</b>	<ul style="list-style-type: none"> <li>- Define QBL's role in driving strategic business objectives.</li> <li>- Establish resource and cost requirements.</li> <li>- Be aware of associated legal implications.</li> <li>- Understand risks in publishing QBL information.</li> </ul> <p><b>Learning Tip:</b> Use the acronym "DRLR": Define, Resources, Legal, Risks.</p>

Aspect	Details
<b>Key Challenges in Implementing QBL</b>	<ul style="list-style-type: none"> <li>- Lack of awareness.</li> <li>- Understanding stakeholder requirements.</li> <li>- Aligning objectives and risks.</li> <li>- Determining performance indicators.</li> </ul> <p><b>Learning Tip:</b> Remember "<b>LAUD</b>": <b>L</b>ack (of awareness), <b>A</b>lignment, <b>U</b>nderstanding, <b>D</b>etermining indicators.</p>
<b>Options for QBL Reporting</b>	<p>Companies can customize QBL reporting by considering:</p> <ul style="list-style-type: none"> <li>- Strategic objectives.</li> <li>- Reporting capacity.</li> <li>- Stakeholder requirements.</li> <li>- Industry sector activities.</li> </ul>

## Sustainability Reporting, Global Reporting Initiative, Business Responsibility and Sustainability Report

Aspect	Details
<b>Sustainability Reporting [3Ps]</b>	<ul style="list-style-type: none"> <li>- Balances the needs of <b>People, Planet, and Profit</b> (Social, Environmental, Economic).</li> <li>- Helps assess impacts, identify risks, and integrate sustainability into strategies.</li> <li>- Promotes sustainable development: meeting present needs without compromising future generations.</li> </ul>
<b>Global Reporting Initiative (GRI)</b>	<ul style="list-style-type: none"> <li>- Widely used framework for sustainability reporting.</li> <li>- Key principle: <b>Materiality</b>, focusing on topics critical for reflecting an organization's impact and influencing stakeholders' decisions.</li> </ul>
<b>Benefits of Sustainability Reporting</b>	<ul style="list-style-type: none"> <li>- <b>Internal Benefits:</b> Understanding risks, linking financial and non-financial performance, long-term strategic focus, benchmarking sustainability.</li> <li>- <b>External Benefits:</b> Mitigating negative environmental and social impacts, improving reputation and loyalty, enhancing perceived value.</li> <li>- Contributes to reputation, HR management, governance, supply chain, and social/environmental matters.</li> </ul> <p><b>Learning Tip:</b> Remember "<b>Internal: Risks &amp; Strategy</b>", "<b>External: Image &amp; Impact</b>."</p>
<b>Business Responsibility Report (BRR)</b>	<ul style="list-style-type: none"> <li>- Mandatory for the top 1,000 listed companies in India, introduced by SEBI and MCA.</li> <li>- Details implementation of responsible practices in five sections: <ul style="list-style-type: none"> <li><b>A:</b> General Information (e.g., identity, financial year, key services).</li> <li><b>B:</b> Financial Details (e.g., capital, turnover, CSR spend).</li> <li><b>C:</b> Other Details (subsidiaries, BR participation).</li> </ul> </li> </ul>

Aspect	Details
	<b>D:</b> BR Information (directors, policies). <b>E:</b> Principle-wise Performance. <b>Learning Tip:</b> Use " <b>GF-BOP</b> " for BRR sections: General, Financial, Other, Policies.
<b>Nine NVG Principles (BRR)</b>	<ul style="list-style-type: none"> <li>- <b>P1:</b> Ethics, transparency, accountability.</li> <li>- <b>P2:</b> Safe, sustainable goods/services.</li> <li>- <b>P3:</b> Employee well-being (equal rights, safety).</li> <li>- <b>P4:</b> Stakeholder responsiveness.</li> <li>- <b>P5:</b> Respect human rights.</li> <li>- <b>P6:</b> Protect and restore the environment.</li> <li>- <b>P7:</b> Responsible public policy advocacy.</li> <li>- <b>P8:</b> Support equitable development.</li> <li>- <b>P9:</b> Provide value responsibly to consumers.</li> </ul> <b>Learning Tip:</b> Remember " <b>EEESHEPRC</b> " (Ethics, Environment, Employees, Stakeholders, Human rights, Equity, Policy, Responsibility, Consumers).**
<b>BRSR (Business Responsibility &amp; Sustainability Report)</b>	<ul style="list-style-type: none"> <li>- Replaced BRR as per SEBI regulations (mandatory for top 1,000 listed companies from FY 2022-23).</li> <li>- Covers ESG parameters in three sections:  <b>A:</b> General Disclosures (entity, operations, CSR).  <b>B:</b> Management Processes (policies, NGRBC principles).  <b>C:</b> Performance Indicators (essential/leadership).</li> <li>- Voluntary cross-referencing to international frameworks allowed.</li> </ul>

## Integrated Reporting

Aspect	Details
<b>Integrated Reporting (IR)</b>	<ul style="list-style-type: none"> <li>- Holistic reporting mechanism showing how an organization creates value over time.</li> <li>- Considers financial and non-financial resources: human, social, and intellectual capital.</li> <li>- Targets financial capital providers primarily but benefits all stakeholders.</li> </ul> <b>Learning Tip:</b> Remember " <b>Value Creation = Financial + Human + Social + Intellectual Capital.</b> "
<b>Objectives of IR</b>	<ul style="list-style-type: none"> <li>- Improve the quality of information for financial capital providers.</li> <li>- Promote cohesive corporate reporting.</li> <li>- Enhance accountability for multiple capitals.</li> <li>- Support integrated thinking for value creation across short, medium, and long term.</li> </ul>

Aspect	Details
<b>Integrated Reporting Framework</b>	<ul style="list-style-type: none"> <li>- Issued by IIRC in 2013.</li> <li>- Provides guiding principles and content elements.</li> <li>- Requires governance to acknowledge report integrity and compliance with the framework.</li> </ul>
<b>Value Creation Process (Core of IR)</b>	<ul style="list-style-type: none"> <li>- Value creation considers impacts on different capitals (financial, manufactured, intellectual, human, social, natural).</li> <li>- Value is created for the organization and stakeholders over short, medium, and long term.</li> <li>- Requires integration of external environment, purpose, governance, risks, strategy, and performance.</li> </ul> <p><b>Learning Tip:</b> Recall the 6 capitals "FMIHSN": Financial, Manufactured, Intellectual, Human, Social, Natural.**</p>
<b>Components of Value Creation</b>	<ul style="list-style-type: none"> <li>- Inputs: 6 capitals.</li> <li>- Outputs: Products or services.</li> <li>- Business Model: Includes external environment, governance, and strategies.</li> <li>- Dynamic process requiring continuous improvement.</li> </ul>
<b>Global Trends in IR</b>	<ul style="list-style-type: none"> <li>- 2,500+ businesses in 70+ countries have adopted IR.</li> <li>- Key regions: Asia Pacific, Middle East, Africa, Europe.</li> <li>- Used across all sectors.</li> </ul>
<b>Challenges in IR Adoption</b>	<ul style="list-style-type: none"> <li>- Assurance issues.</li> <li>- Lack of global standards and metrics.</li> </ul> <p><b>Learning Tip:</b> Associate challenges with "Standardization and Assurance."</p>
<b>IR in India</b>	<ul style="list-style-type: none"> <li>- Not mandatory but voluntary for top 500 companies with Business Responsibility Reports.</li> <li>- Fast adoption by Indian companies.</li> </ul>

## Corporate Social Responsibility Reporting in India

Aspect	Details
<b>Concept &amp; Legal Framework</b>	<ul style="list-style-type: none"> <li>- CSR is a business's responsibility to contribute to societal and environmental well-being.</li> <li>- Legal framework includes: <ol style="list-style-type: none"> <li>1. Section 135 of the Companies Act, 2013.</li> <li>2. Schedule VII of the Companies Act, 2013.</li> <li>3. Companies (CSR Policy) Rules, 2014.</li> </ol> </li> <li>- Mandatory spending: 2% of average net profits over the last three years.</li> </ul> <p><b>Learning Tip:</b> Remember the "135-7-2014" rule for CSR legislation.</p>

Aspect	Details
<b>Applicability of CSR</b>	<ul style="list-style-type: none"> <li>- Applies to companies meeting any of these thresholds:                             <ol style="list-style-type: none"> <li>1. Net worth <math>\geq</math> Rs. 500 crore.</li> <li>2. Turnover <math>\geq</math> Rs. 1,000 crore.</li> <li>3. Net profit <math>\geq</math> Rs. 5 crore (preceding 3 years).</li> </ol> </li> <li>- Requires a CSR committee with <math>\geq 3</math> directors (including 1 independent director).</li> </ul> <p><b>Learning Tip:</b> Memorize "500-1000-5" thresholds for quick recall.</p>
<b>Role of CSR Committee</b>	<ul style="list-style-type: none"> <li>- Formulates and recommends CSR policy.</li> <li>- Monitors CSR activities and expenditure.</li> <li>- Identifies activities from Schedule VII areas.</li> </ul> <p><b>Learning Tip:</b> Connect "Policy, Monitor, Activities" as key roles.</p>
<b>Role of the Board</b>	<ul style="list-style-type: none"> <li>- Discloses CSR Committee composition in Board's report.</li> <li>- Approves CSR policy and ensures its implementation.</li> <li>- Discloses policy on website and in reports.</li> <li>- Ensures CSR spending meets the 2% rule.</li> </ul> <p><b>Learning Tip:</b> Associate "Composition, Approval, Implementation" as Board's duties.</p>
<b>Permissible CSR Activities</b>	<ul style="list-style-type: none"> <li>- Areas under Schedule VII:                             <ol style="list-style-type: none"> <li>1. Hunger, poverty, and healthcare.</li> <li>2. Education and gender equality.</li> <li>3. Environmental sustainability.</li> <li>4. Vocational skills and social business projects.</li> <li>5. Support to government funds for socio-economic development.</li> </ol> </li> </ul> <p><b>Learning Tip:</b> Visualize CSR areas as "HELP": Health, Education, Livelihood, and Planet.</p>
<b>CSR Spending Rules</b>	<ul style="list-style-type: none"> <li>- Minimum 2% of average net profits (last 3 years).</li> <li>- Excess spending can be carried forward for 3 years.</li> <li>- Unspent funds:                             <ol style="list-style-type: none"> <li>1. Transferred to a special account within 30 days.</li> <li>2. Used within 3 years or transferred to Schedule VII funds.</li> </ol> </li> <li>- Admin overheads <math>\leq 5\%</math>.</li> <li>- CSR surplus: Reinvest or transfer to Schedule VII funds.</li> </ul> <p><b>Learning Tip:</b> Remember the "2%-30-3" timeline rule.</p>
<b>CSR Accounting</b>	<ul style="list-style-type: none"> <li>- CSR expenses can be in cash or kind.</li> <li>- Unspent expenditure <math>\rightarrow</math> Unspent CSR Account.</li> <li>- Excess expenditure <math>\rightarrow</math> Carry forward (3 years).</li> <li>- Liability for unspent expenditure must be recognized in financial statements.</li> </ul> <p><b>Learning Tip:</b> Recall "Unspent <math>\rightarrow</math> Account, Excess <math>\rightarrow</math> Carry forward."</p>
<b>CSR Reporting</b>	<ul style="list-style-type: none"> <li>- Mandated by Rule 8 of CSR Rules.</li> <li>- Annual CSR report includes:                             <ol style="list-style-type: none"> <li>1. CSR policy overview.</li> <li>2. Proposed and undertaken projects.</li> </ol> </li> </ul>

Aspect	Details
	3. Composition of CSR Committee. 4. CSR expenditure (3-year profit average). 5. Reasons for unspent funds. - Attach Annexures I and II with the Board's report. <b>Learning Tip:</b> Think " <b>Policy-Projects-Composition-Expenditure</b> " as key reporting areas.

## Concept and Importance of Environmental, Social and Governance Reporting

Aspect	Details
<b>Concept of ESG Reporting</b>	<ul style="list-style-type: none"> <li>- ESG reporting involves disclosure of a company's performance in <b>Environmental, Social, and Governance</b> areas.</li> <li>- Reflects sustainability practices and responsible investments.</li> <li>- Provides insights into environmental impact, social responsibilities, and governance practices.</li> </ul>
<b>Importance of ESG Reporting</b>	<ul style="list-style-type: none"> <li>- Helps identify ESG-related risks and opportunities.</li> <li>- Enhances <b>transparency</b> and <b>accountability</b>.</li> <li>- Attracts investors seeking sustainable investments.</li> <li>- May fulfill regulatory requirements.</li> </ul> <b>Learning Tip:</b> Think of ESG as " <b>Risk-Transparency-Investment</b> ".
<b>ESG Criteria</b>	<ul style="list-style-type: none"> <li>- <b>Environmental:</b> Biodiversity, energy efficiency, waste management.</li> <li>- <b>Social:</b> Human rights, labour standards, customer satisfaction.</li> <li>- <b>Governance:</b> Board composition, anti-corruption policies, executive compensation.</li> </ul> <b>Learning Tip:</b> Group criteria under <b>Biodiversity-Human-Governance</b> .
<b>Evolution of ESG Reporting in India</b>	<ul style="list-style-type: none"> <li>- 2009: National Voluntary Guidelines (NVG) on CSR Reporting.</li> <li>- 2012: SEBI mandates top 100 companies to file <b>Business Responsibility Report (BRR)</b>.</li> <li>- 2014: CSR reporting becomes mandatory.</li> <li>- 2015: BRR requirement extends to top 500 listed companies.</li> <li>- 2019: BRR extends to top 1000 listed companies.</li> <li>- 2021: SEBI introduces <b>Business Responsibility and Sustainability Reporting (BRSR)</b> for standardized ESG disclosures.</li> </ul> <b>Learning Tip:</b> Memorize with " <b>9-12-14-15-19-21</b> ."
<b>Extinction Accounting</b>	<ul style="list-style-type: none"> <li>- Tracks the impact of corporate activities on biodiversity and extinction risks.</li> <li>- Aims to increase awareness of managing biodiversity loss.</li> <li>- Helps companies incorporate biodiversity-related risks in their ESG and Integrated Reporting.</li> </ul>

## ESG Reporting through Business Responsibility and Sustainability Reporting

In India, no separate format has so far been promulgated for ESG reporting; rather the government is expecting to achieve the benefits of ESG reporting through BRSR.

### **Alignment of BRSR's KPIs with ESG Pillars**

<b>Environmental</b>	<b>Social</b>	<b>Governance</b>
Energy and GHG Emissions	Employee Well-Being	Anti-corruption and Anti-bribery policies
Solid Waste Management	Health and Safety of Workers	Conflict Management Process
Water Consumption and Withdrawal	Trainings	Retention Policies
3R Practices	Human Rights	Remuneration Policies
Sustainable Sourcing	Social Impact Assessment	Stakeholder Engagement
Extended Producer Responsibility (EPR)	Gender Equality	
Life Cycle Assessment (LCA)	CSR Activities and details of beneficiaries	

## Human Resource Reporting and Types of HR Reports

<b>Aspect</b>	<b>Details</b>
<b>Concept of Human Resource Reporting</b>	<ul style="list-style-type: none"> <li>- HR reporting analyses and improves <b>HR operations</b>.</li> <li>- Tracks key data on employees and organizational processes.</li> </ul>
<b>Types of HR Reports</b>	<ul style="list-style-type: none"> <li>- <b>Employee Information Reports</b>: Contain data like demographics, roles, and tenure.</li> <li>- <b>Recruitment Reports</b>: Track hiring metrics such as time-to-hire and cost-per-hire.</li> <li>- <b>Performance Management Reports</b>: Evaluate employee performance against set objectives.</li> <li>- <b>Compensation Reports</b>: Analyse salary structures, bonuses, and benefits.</li> <li>- <b>Terminations Analysis</b>: Records reasons and metrics for employee exits.</li> <li>- <b>Equal Employment Opportunity Reports</b>: Ensure compliance with EEO standards.</li> <li>- <b>Workplace Safety Reports</b>: Highlight incidents, safety training, and compliance metrics.</li> </ul> <p><b>Learning Tip</b>: Memorize key reports with "<b>Employee-Performance-Compliance-Safety</b>".</p>



## XBRL

Aspect	Details
<b>Concept of XBRL</b>	<ul style="list-style-type: none"> <li>- XBRL (eXtensible Business Reporting Language) is an <b>open standard</b> for digital business reporting.</li> <li>- It uses <b>electronically readable tags</b> to attach context and meaning to financial data, enhancing preparation, analysis, and communication of business reports.</li> <li>- Commonly used in accounting, internal, and external reporting.</li> </ul>
<b>Definition</b>	- As per the <b>Companies (XBRL) Rules, 2015</b> , XBRL is a <b>standardized electronic language</b> for reporting financial information under the Companies Act, 2013.
<b>Important XMRL Related Concepts</b>	<p><b>XML-</b> XML is a markup language for structured information that is both human-readable and machine-readable. It is used to encode documents and has around 200 types of programming languages, including XBRL. It was created by the XML group of the W3C in 1996 and the version 1.0 recommendation was released in 1998.</p> <p><b>Taxonomy-</b> Taxonomies are electronic dictionaries used in XBRL to define specific tags for reporting business data. They are recognized by XBRL International and can be tailored to meet the specific reporting needs of different organizations or jurisdictions.</p>
<b>Myths regarding XBRL</b>	<ul style="list-style-type: none"> <li>• XBRL is not a set of accounting standards.</li> <li>• XBRL is not a detailed universal chart of accounts.</li> <li>• XBRL is not a mechanism for facilitating a drilldown of existing GAAP information into lower levels of information.</li> <li>• XBRL is not a proprietary technology.</li> <li>• XBRL is not a transaction protocol.</li> <li>• XBRL is not a replacement for financial statements.</li> </ul>
<b>Key Features of XBRL</b>	<ul style="list-style-type: none"> <li>- <b>Clear definitions</b> through taxonomies.</li> <li>- <b>Business rules</b> to ensure data accuracy.</li> <li>- Multi-lingual support.</li> <li>- Supported by a wide range of software vendors.</li> </ul>
<b>Benefits of XBRL</b>	<ul style="list-style-type: none"> <li>- Automated processing and increased accuracy.</li> <li>- Improved reporting transparency and quality.</li> <li>- Cost and time efficiency.</li> <li>- Facilitates <b>easy comparison</b> of data across periods.</li> </ul>
<b>Users of XBRL</b>	- Companies, accountants, analysts, regulatory authorities, investors, tax agencies, and data providers.
<b>Adoption in India</b>	<p><b>Ministry of Corporate Affairs (MCA):</b> Mandated XBRL filing for specific companies from <b>2010-11</b> onward. Rules were revised in <b>2015</b> under the Companies Act, 2013.</p> <p><b>Reserve Bank of India (RBI):</b> Uses XBRL for <b>banks' reporting</b> to improve regulatory data quality.</p> <p><b>SEBI:</b> Piloting <b>SUPER-D</b> platform for filings by listed entities.</p>

Aspect	Details
<b>Companies Required to File</b>	<ul style="list-style-type: none"> <li>- Companies listed on Indian stock exchanges or their subsidiaries.</li> <li>- Companies with paid-up capital <math>\geq</math> ₹5 crore or turnover <math>\geq</math> ₹100 crore.</li> </ul>
<b>Exemptions</b>	- Banking, Insurance, Power Sector, and Non-Banking Financial Companies (NBFCs).
<b>XBRL for Cost Audit</b>	- Companies under <b>Section 148(6)</b> of the Companies Act, 2013 must file cost audit reports in <b>CRA-4 e-Form</b> using XBRL taxonomy.
<b>Learning Tip</b>	- Remember XBRL as " <b>eXtensible, Transparent, Reporting Language</b> " for businesses.

## Quarterly Earnings Call Management:

Aspect	Details
<b>Concept of Earnings Call</b>	<ul style="list-style-type: none"> <li>- A conference call or webcast where a company's management discusses <b>financial results</b> for a given quarter or year.</li> <li>- Typical participants include investors, equity analysts, and business journalists.</li> <li>- Recordings and transcripts are often available on the company's official website.</li> </ul>
<b>Frequency and Timing</b>	<ul style="list-style-type: none"> <li>- Not legally mandated; frequency and timing vary by company.</li> <li>- Schedule usually posted in the <b>Investor Relations</b> section of the company's website.</li> <li>- In the USA, <b>92%</b> of companies represented by the National Investor Relations Institute conduct earnings calls.</li> </ul>
<b>Structure of Earnings Call</b>	<ul style="list-style-type: none"> <li>- <b>Safe Harbor Statement:</b> Disclaimer regarding forward-looking statements.</li> <li>- <b>Presentation of Financial Results:</b> Discussion by the CEO, CFO, or other C-level executives on financial outcomes, goals, and milestones.</li> <li>- <b>Q&amp;A Session:</b> Participants ask questions, and management provides data-backed answers.</li> </ul>
<b>Importance of Earnings Call</b>	<ul style="list-style-type: none"> <li>- Helps investors and equity analysts in <b>fundamental analysis</b> of the company.</li> <li>- Provides updated information for equity analysts to revise <b>earnings estimates</b>.</li> <li>- Used by investors to plan trades around call dates.</li> <li>- Recognized as a critical tool for corporate reporting.</li> </ul>
<b>Learning Tip</b>	- Use the acronym " <b>FAQ</b> ": <b>F</b> requency, <b>A</b> nalysis, <b>Q</b> uestions, to remember the structure and importance of earnings calls.

## Government Accounting in India

Aspect	Details
<b>Definition</b>	Government accounting is the process of recording, presenting, analysing, and communicating <b>financial transactions</b> of government offices, focusing on revenues and expenditures rather than profits.
<b>Features of Government Accounting</b>	<ul style="list-style-type: none"> <li>- Specific to government institutions.</li> <li>- Governed by financial policies and budgetary regulations.</li> <li>- Uses <b>double-entry system</b>.</li> <li>- Employs fund-based accounting with classifications by budget heads.</li> <li>- Audited for governance.</li> </ul>
<b>Objectives</b>	<ul style="list-style-type: none"> <li>- Record revenues and expenditures accurately.</li> <li>- Prevent excess spending and ensure compliance with legal provisions.</li> <li>- Facilitate auditing and decision-making.</li> <li>- Enhance transparency and accountability.</li> </ul>
<b>General Principles</b>	<ul style="list-style-type: none"> <li>- Expenditures are classified by <b>sectors, major/minor heads, sub-heads, and detailed heads</b>.</li> <li>- Based on annual budget (April 1–March 31).</li> <li>- Accounts divided into <b>Consolidated Fund, Contingency Fund, and Public Account</b>.</li> </ul>
<b>Role of C&amp;AG</b>	<p>The CAG, appointed by the President of India for a 6-year tenure, audits receipts and expenditures of central/state governments and government-owned corporations. It ensures efficient, economical, and effective use of public funds.</p> <p><b>Learning Technique:</b> Relate "CAG = Financial Guardian."</p>
<b>Functions and Duties of CAG</b>	<ul style="list-style-type: none"> <li>- <b>Compilation and Maintenance of Accounts:</b> Compiles and maintains Union and State accounts based on initial and subsidiary accounts rendered by audit and accounts offices.</li> <li>- <b>Preparation of Accounts:</b> Prepares and submits accounts showing annual receipts and disbursements of the Union, States, and Union Territories (with Legislative Assemblies).</li> <li>- <b>Support to Governments:</b> Provides information and assistance to Union and State governments for preparing their annual financial statements.</li> <li>- <b>Audit of Government Expenditure:</b> Audits all expenditures made from: Consolidated Fund of India, Consolidated Funds of States, Union Territories with Legislative Assemblies</li> <li>- <b>Audit of Specific Transactions:</b> Audits transactions related to: Contingency Funds, Public Accounts</li> <li>- <b>Audit of Departmental Accounts:</b> Conducts audits of trading, manufacturing, profit and loss accounts, balance sheets, and other subsidiary accounts kept by Union or State government departments.</li> <li>- <b>Audit of Receipts and Expenditures:</b> Audits receipts and expenditures of bodies or authorities financed through grants or loans from Consolidated Funds.</li> <li>- <b>Audit of Financial Assistance:</b> Audits entities receiving financial grants or</li> </ul>

Aspect	Details
	<p>loans from the government.</p> <ul style="list-style-type: none"> <li>- <b>Conducting Special Audits:</b> Performs special audits related to grants, loans, or on specific requests.</li> <li>- <b>Supplementary and Compliance Audits:</b> Conducts supplementary audits for certain government entities and ensures compliance with statutory and procedural requirements.</li> <li>- <b>Issuance of Reports:</b> Prepares and submits reports on financial audits, compliance audits, and performance audits to the President, Governors, or Administrators for presentation to the legislature.</li> <li>- <b>Role in Public Accountability:</b> Ensures public funds are utilized efficiently, economically, and effectively to uphold public accountability.</li> <li>- <b>Use of Technology:</b> Adopts advanced auditing techniques and tools to improve efficiency and accuracy.</li> <li>- <b>Oversight of Autonomous Bodies:</b> Audits statutory corporations and autonomous bodies financed by the government to ensure proper utilization of funds.</li> <li>- <b>Support to Public Accounts Committee (PAC):</b> Provides insights and observations to the PAC to strengthen parliamentary control over government finances.</li> </ul> <p><b>Learning Technique:</b> Remember "CAG = Comprehensive Audit Guardian" to recall the breadth of its functions, including accounts, audits, assistance, and accountability.</p>
<b>Public Accounts Committee (PAC)</b>	<p>The PAC examines government accounts to ensure expenditures are economical and aligned with intended purposes. Established in 1921, it comprises 15 members from Lok Sabha and 7 from Rajya Sabha, with a Chairman selected from the opposition.</p> <p><b>Learning Technique:</b> Link "PAC = Parliamentary Watchdog."</p>
<b>Constitution of PAC</b>	<ul style="list-style-type: none"> <li>- Joint committee with 22 members: 15 from Lok Sabha and 7 from Rajya Sabha</li> <li>- Chairman appointed by Speaker of Lok Sabha (from opposition since 1967).</li> <li>- Ministers cannot be members.</li> </ul> <p><b>Learning Technique:</b> Recall "PAC = 15+7, Opp Leader Leads."</p>
<b>Roles of PAC</b>	<ul style="list-style-type: none"> <li>- Examines CAG's audit reports post-presentation in Parliament.</li> <li>- Verifies expenditures adhere to parliamentary sanctions.</li> <li>- Highlights financial irregularities.</li> <li>- Reviews public corporations' processes and audit reports.</li> <li>- Points out administrative and financial weaknesses.</li> </ul> <p><b>Learning Technique:</b> Associate "PAC = Examine + Enforce Compliance."</p>
<b>Review of Accounts</b>	<ul style="list-style-type: none"> <li>- CAG audits Government Companies under the Companies Act, 2013.</li> <li>- Appoints statutory auditors and conducts supplementary audits.</li> <li>- Comments on statutory audit reports and issues directions for auditing methods.</li> </ul>

Aspect	Details
	<b>Learning Technique:</b> Remember "CAG = Oversee Gov. Companies' Audits."

## Comparison Between Government Accounting and Commercial Accounting

Aspect	Government Accounting	Commercial Accounting
Meaning	Accounting system used by government departments, offices, and institutions	Accounting system used by non-government organizations, whether profit or non-profit oriented
Objective	Record and report the utilization and position of public funds	Track profit or loss for an accounting period and disclose the financial position of the entity
Scope	More elaborate	Narrower
Budget	Directly influenced by government budgeting system	Does not follow government budgeting system
Basis	Prepared on cash basis	May use cash, accrual, or hybrid basis
Level of accounting	Has central level and operating level accounting	Has no provision for central level and operating level accounting
Rules and provisions	Strictly maintained according to government rules and provisions	Maintained according to applicable rules and GAAP
Information	Provides information to government about receipts, deposits, transfers, and utilization of public funds	Provides information to stakeholders about operating results and financial position of the business
Auditing	Books of accounts are audited by the Auditor General Office	Books of accounts are audited by professional auditors

## Government Accounting Standards Advisory Board (GASAB)

Aspect	Details
<b>Government Accounting Standards Advisory Board (GASAB)</b>	GASAB is an advisory body in India aimed at enhancing government accounting and financial reporting standards to strengthen

Aspect	Details
	accountability, governance, fiscal prudence, efficiency, and transparency.
<b>Structure of GASAB</b>	<ul style="list-style-type: none"> <li>- <b>Chairperson:</b> Deputy Comptroller and Auditor General (Government Accounts).</li> <li>- <b>Members:</b> Representatives from the Ministry of Finance, Department of Post, Railways, and RBI, Four Principal Secretaries (Finance) of States (on rotation), Experts from organizations like NCAER and ICAI</li> <li>- <b>Member Secretary:</b> Principal Director in GASAB.</li> </ul>
<b>Responsibilities of GASAB</b>	<ul style="list-style-type: none"> <li>- <b>Formulation and Improvement of Standards:</b> Proposes and updates government accounting and financial reporting standards based on user needs.</li> <li>- <b>Guidance on Implementation:</b> Provides support for practical application of standards.</li> <li>- <b>Identification of Key Areas:</b> Identifies areas in accounting and reporting for potential enhancements.</li> <li>- <b>Clarity of Purpose:</b> Promotes a common understanding of the information and objectives of financial reports.</li> </ul>
<b>Learning Technique</b>	Use "GASAB = Good Governance and Accountability Standards Advisory Body" to remember its focus on improving standards for transparency, efficiency, and fiscal responsibility in government accounting.

## Government Accounting Standards

Aspect	Details
<b>Issuing Body</b>	Government Accounting Standards Advisory Board (GASAB)
<b>Purpose</b>	Formulates Indian Government Accounting Standards (IGAS) for cash accounting and IGFRS for accrual accounting.
<b>Objective of Standards</b>	Address issues with the cash system of accounting and facilitate migration to accrual accounting in the future.
<b>Transparency</b>	IGAS aims to enhance the transparency of the cash accounting system.
<b>Notified Standards</b>	IGAS 1, 2, and 3 have been formulated and notified by the Ministry of Finance.

Aspect	Details
Pending Standards	IGAS 7, 9, and 10 are approved by GASAB and under consideration by the Government of India.

## IGAS-1: Guarantees Given by Governments: Disclosure Requirements

Aspect	Details
Purpose	IGAS-1 aims to establish disclosure requirements for guarantees given by the Union, State, and Union Territory Governments to ensure consistent and comprehensive reporting in their financial statements.
Scope	Applicable to the preparation of the Statement of Guarantees in the financial statements of the governments, requiring compliance with its standards.
Definitions	<ul style="list-style-type: none"> <li>- <b>Accounting Authority:</b> Prepares the Financial Statements of the Government.</li> <li>- <b>Authority in the Government:</b> Unit or Department monitoring Guarantees.</li> <li>- <b>Automatic Debit Mechanism:</b> Affects government cash balance based on specific events.</li> <li>- <b>Financial Statements:</b> Annual Finance Accounts of Governments.</li> <li>- <b>Guarantee:</b> Contract ensuring government accountability for debts or obligations.</li> <li>- <b>Structured Payment Arrangement:</b> Government steps in to service debts in case of beneficiary failure.</li> </ul>
Disclosure in Financial Statements	<ul style="list-style-type: none"> <li>- Maximum guarantees, additions, deletions, and outstanding guarantees (beginning and end of the year).</li> <li>- Amount of guarantees invoked, discharged, or not discharged.</li> <li>- Realization details of guarantee commission or fees.</li> <li>- Other material details.</li> </ul>
Disclosure in Notes	<ul style="list-style-type: none"> <li>- Limits for guarantees, if fixed.</li> <li>- Guarantee Redemption or Reserve Fund, including balance details.</li> <li>- External foreign currency guarantees.</li> <li>- Automatic Debit Mechanism or Structured Payment Arrangement details.</li> <li>- Tracking unit or designated authority for guarantees.</li> <li>- Budget document details regarding guarantees.</li> <li>- Other material information.</li> </ul>
Effective Date	Applicable to Financial Statements from <b>April 1, 2010</b> .



## IGAS-2: Accounting and Classification of Grants-In-Aid

Aspect	Details
<b>Purpose</b>	IGAS-2 establishes principles for accounting and classifying grants-in-aid in financial statements of the government, both as a grantor and a grantee, ensuring transparency and practicality through disclosures.
<b>Scope</b>	Applicable to the accounting and classification of grants-in-aid received or given by the Union and State Governments, including Pass-Through Grants, with full compliance required in financial statements.
<b>Definitions</b>	<ul style="list-style-type: none"> <li>- <b>Accounting Authority:</b> Prepares Financial Statements of the Government.</li> <li>- <b>Financial Statements:</b> Annual Finance Accounts of the Government.</li> <li>- <b>Grants-in-Aid:</b> Transfers of funds, in cash or kind, by one government to another or to a body, institution, or individual.</li> <li>- <b>Government:</b> Includes all departments and ministries of Union, State, or Union Territory Governments.</li> <li>- <b>Local Bodies:</b> Includes Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs).</li> <li>- <b>Pass-Through Grants:</b> Grants-in-aid given by the Union Government to State Governments for onward transfer to the ultimate grantee.</li> </ul>
<b>Recognition</b>	<ul style="list-style-type: none"> <li>- <b>Cash Grants:</b> Recognized in the grantor's books at cash disbursement and in the grantee's books at cash receipt.</li> <li>- <b>Grants in Kind:</b> Recognized in both grantor's and grantee's books at the time of receipt by the grantee.</li> </ul>
<b>Disclosure Requirements</b>	<ul style="list-style-type: none"> <li>- Grantor must disclose grants-in-aid disbursed for creating capital assets in an appendix to financial statements.</li> <li>- Disclosures improve transparency and provide insight into future capital formation activities supported by government funds.</li> </ul>
<b>Objective</b>	To enhance the accountability and transparency of grants-in-aid by providing clear guidelines for their accounting and classification and addressing practical difficulties through disclosures.
<b>Effective Date</b>	Effective for Financial Statements starting from <b>April 1, 2011</b> .



## IGAS-3: Loans and Advances Made by Government

Aspect	Details
<b>Purpose</b>	IGAS-3 establishes norms for recognition, measurement, valuation, and reporting of loans and advances made by the Union and State Governments, ensuring uniform accounting practices and adequate disclosure.
<b>Scope</b>	Applicable to loans and advances given by the government, presented in financial statements. Relevant for government accounts maintained on a cash basis.
<b>Objective</b>	<ul style="list-style-type: none"> <li>- To standardize recognition, measurement, and reporting of loans and advances.</li> <li>- To ensure accurate and uniform accounting practices with adequate disclosures in line with international best practices.</li> </ul>
<b>Definitions</b>	<ul style="list-style-type: none"> <li>- <b>Accounting Authority:</b> Prepares financial statements of the Government.</li> <li>- <b>Loans:</b> Assistance provided with an agreement for repayment along with interest.</li> <li>- <b>Advances:</b> Loans made to Government servants.</li> <li>- <b>Write-Off:</b> Transfer of irrecoverable loans from debt to expenditure head as loss.</li> <li>- <b>Carrying Amount:</b> Net amount owed by the debtor after adjustments.</li> <li>- <b>Plan Loans:</b> Loans sanctioned for plan purposes.</li> </ul>
<b>Recognition</b>	<ul style="list-style-type: none"> <li>- Loans are recognized as assets when disbursed, not from the date of sanction.</li> <li>- Installments disbursed are treated as separate loans.</li> <li>- Loans converted to equity reduce outstanding loan amounts.</li> <li>- Debt assumed due to guarantees invoked is treated as a loan disbursement unless specified otherwise.</li> </ul>
<b>Measurement &amp; Valuation</b>	<ul style="list-style-type: none"> <li>- Loans and advances are measured at <b>Historical Cost</b>.</li> <li>- Carrying amount is adjusted at the end of the accounting period for disbursements, repayments, or write-offs.</li> </ul>
<b>Disclosure</b>	<ul style="list-style-type: none"> <li>- <b>Union Government:</b> Disclose loanee group-wise, sector-wise, and repayments in arrears from state/UT governments and other entities.</li> <li>- <b>State Governments:</b> Disclose loanee group-wise, sector-wise, and repayments in arrears from loanee entities.</li> <li>- Financial statements must report: <ol style="list-style-type: none"> <li>1. Carrying amount at beginning and end of period.</li> <li>2. Additional disbursements and repayments/write-offs.</li> <li>3. Interest in arrears separately without adding it to closing balances.</li> <li>4. Details of fresh loans under "Additional Disclosures."</li> </ol> </li> </ul>
<b>Effective Date</b>	Effective for Financial Statements starting from <b>April 1, 2011</b> .

## IGAS-7: Foreign Currency Transactions and Loans or Gain by Exchange Rate Variation

Aspect	Details
<b>Objective</b>	<ul style="list-style-type: none"> <li>- To provide guidelines for accounting and disclosure of foreign currency transactions.</li> <li>- To recognize financial effects of exchange rate variations as revenue loss or gain.</li> <li>- To disclose external foreign currency debts and applicable exchange rates.</li> </ul>
<b>Scope</b>	<p>Applicable to accounting and disclosure of:</p> <ul style="list-style-type: none"> <li>- Foreign currency transactions by the Union and State Governments.</li> <li>- Exchange rate variations and their financial effects.</li> <li>- External foreign currency debts and exchange rates used.</li> </ul>
<b>Key Definitions</b>	<ul style="list-style-type: none"> <li>- <b>Exchange Rate Variation:</b> Change in the ratio of exchange between two currencies.</li> <li>- <b>Foreign Currency:</b> Any currency other than Indian Rupees.</li> <li>- <b>Official Rate of Exchange:</b> Accounting rate issued by the Ministry of External Affairs periodically.</li> <li>- <b>Salary Rate of Exchange:</b> Exchange rate fixed for disbursing salaries to officials posted abroad.</li> <li>- <b>Cross Currency Swap:</b> Financial agreement to exchange principal and interest payments in different currencies.</li> </ul>
<b>Foreign Currency Transactions</b>	<p>Transactions denominated or settled in a foreign currency, including:</p> <ul style="list-style-type: none"> <li>- Embassy operations.</li> <li>- Borrowing/lending.</li> <li>- Purchase/sale of goods/services.</li> <li>- Special Drawing Rights.</li> </ul> <p>These must be reported in Indian Rupees using the exchange rate at the date of receipts/payments.</p>
<b>Treatment of Exchange Rate Variations</b>	Losses or gains due to exchange rate variations are recognized as <b>revenue loss or gain</b> in the financial statements.
<b>Disclosure Requirements</b>	<ul style="list-style-type: none"> <li>- <b>Accounting Policies:</b> Disclosure of internally adopted exchange rates for transactions and forward contract rates, if any.</li> <li>- <b>Foreign Loans:</b> Report loans outstanding on historical cost and closing rate basis, additions/discharges, exchange rate gain/loss, and interest paid on external debt.</li> <li>- <b>Category-Wise Data:</b> Gross loss/gain for capital and revenue transactions, details of fully repaid loans, and amounts related to cross-currency swaps.</li> </ul>
<b>Effective Date</b>	Effective from <b>April 1</b> of the year following government notification, applicable to financial statements for the corresponding period.

## IGAS-9: Government Investments in Equity:

Aspect	Details
<b>Objective</b>	To provide guidelines for recognizing, measuring, and reporting government investments in equity to ensure a true and fair presentation, consistent with international best practices.
<b>Scope</b>	<ul style="list-style-type: none"> <li>- Applies to investments in equity shares by the government for incorporation and presentation in financial statements.</li> <li>- Covers only cash-basis government accounts.</li> <li>- Excludes debt instruments like bonds and debentures.</li> </ul>
<b>Key Definitions</b>	<ul style="list-style-type: none"> <li>- <b>Government Investment in Equity:</b> Includes equity acquired through payment, conversion of loans, issuance of bonus shares, reinvestment of dividends, or other rights.</li> <li>- <b>Historical Cost:</b> Original cost of acquiring equity shares.</li> <li>- <b>Bonus Shares:</b> Free shares issued by investee entities by capitalizing reserves/security premiums.</li> <li>- <b>Preference Shares:</b> Shares with fixed dividend and preferential capital repayment rights.</li> <li>- <b>Right Shares:</b> Shares allotted to existing shareholders in proportion to their holdings.</li> <li>- <b>Investee Entity/Group:</b> Entities where investments are made, grouped by similar nature (e.g., corporations, cooperatives).</li> </ul>
<b>Recognition</b>	<ul style="list-style-type: none"> <li>- Investments are recognized as assets when recorded in the investee entity's books.</li> <li>- Loans converted into equity and undeclared dividends converted into equity are treated as equity investments from the date of conversion.</li> </ul>
<b>Measurement</b>	<ul style="list-style-type: none"> <li>- Initially recorded at <b>historical cost</b>, which includes: <ul style="list-style-type: none"> <li>- Cash disbursed.</li> <li>- Face value of shares issued for other assets.</li> <li>- Dividends converted into shares.</li> </ul> </li> <li>- Equity acquired through loan conversion is valued at the outstanding loan amount (principal + interest).</li> <li>- Market value of listed investments is based on closing stock prices on the last day of the financial year.</li> <li>- Investments remain at historical cost in subsequent periods, adjusted for additions and disinvestments.</li> </ul>
<b>Disclosure Requirements</b>	<ul style="list-style-type: none"> <li>- Opening and closing balances of investments, with additions and disinvestments, must be disclosed.</li> <li>- List investments by <b>investee entity</b> and summarize by <b>investee group</b>.</li> <li>- Provide details of disinvestments, bonus share allotments, total paid-up capital, and dividend received (entity-wise).</li> <li>- Market value of traded investments may be disclosed.</li> <li>- Include additional disclosures for:</li> </ul>

Aspect	Details
	<ul style="list-style-type: none"> <li>- Investments in entities with net losses in the previous period.</li> <li>- Entities with arrears of accounts for more than three years.</li> </ul>
Effective Date	Effective from <b>April 1</b> of the year following the notification of the standard by the government, applicable to financial statements for that period.

## IGAS-10: Public Debt and Other Liabilities of Governments:

Aspect	Details
Objective	To provide guidelines for identifying, measuring, and disclosing public debt and other obligations of the Union and State Governments in financial statements. Aims to enhance transparency, consistency, and stakeholder information.
Scope	<ul style="list-style-type: none"> <li>- Applies to financial statements of Union, State Governments, and Union Territories with legislatures.</li> <li>- Covers "other obligations" as defined but excludes guarantees, contingent liabilities, and non-binding assurances.</li> </ul>
Key Definitions	<ul style="list-style-type: none"> <li>- <b>Public Debt:</b> Internal and external debt of Union, State, and UT governments.</li> <li>- <b>Other Obligations:</b> Net outcome of receipt and payment transactions in the public account, excluding remittances, suspense, miscellaneous, and cash balance.</li> <li>- <b>Face Value:</b> Contract value of public debt/obligations.</li> <li>- <b>Financial Statements:</b> Annual Finance Accounts including schedules, statements, and notes.</li> <li>- <b>Public Account:</b> Fund for transactions other than those directly included in Consolidated Funds.</li> </ul>
Measurement & Valuation	<ul style="list-style-type: none"> <li>- <b>Face Value</b> is used for valuation of public debt and obligations.</li> <li>- For <b>external debt</b>, variations due to exchange rate changes must also be disclosed.</li> </ul>
Disclosure Requirements	<ul style="list-style-type: none"> <li>- Details of <b>Public Debt</b> and <b>Other Obligations</b> must include: <ul style="list-style-type: none"> <li>- Opening balance.</li> <li>- Additions and discharges during the year.</li> <li>- Closing balance and net changes.</li> </ul> </li> <li>- External debt should be classified by source and reported using the prevailing exchange rate at the end of the accounting period.</li> <li>- Disclosure of debt servicing details and related parameters.</li> <li>- Internal and external debt breakdowns and servicing obligations must be included.</li> </ul>

Aspect	Details
<b>Funds Defined</b>	<ul style="list-style-type: none"> <li>- <b>Consolidated Fund</b> (Union, States, UTs): Covers all revenues and borrowings.</li> <li>- <b>Public Account</b> (Union, States, UTs): Covers transactions like provident funds, savings, and other deposits.</li> </ul>
<b>Effective Date</b>	Effective from <b>April 1</b> of the year following notification by the Government of India, applicable to financial statements from that period onwards.

## Government Accounting and Reporting:

Topic	Details
<b>Controller General of Accounts (CGA)</b>	<ul style="list-style-type: none"> <li>- The <b>CGA</b> is the primary authority responsible for managing and consolidating the accounting system of the Government of India.</li> <li>- <b>Responsibilities:</b> <ul style="list-style-type: none"> <li>- Consolidates monthly accounts and provides critical analysis of expenditure, revenues, borrowings, and fiscal deficits for the Finance Minister.</li> <li>- Prepares <b>Annual Appropriation Accounts</b> and <b>Union Finance Accounts</b> for submission to Parliament.</li> <li>- <b>Use of Technology:</b> Employs IT systems and software packages for consolidation and publication of accounts. Monthly accounts are published online to ensure transparency and accessibility.</li> <li>- The <b>Systems Group</b> under CGA advises on IT policies and their implementation in government accounting.</li> </ul> </li> </ul>
<b>Features of Government Accounting in India</b>	<ul style="list-style-type: none"> <li>- <b>Detailed Recording:</b> Government transactions are classified based on a <b>six-tier functional system</b> applicable to both receipts and payments.</li> <li>- <b>Categorization of Expenditure:</b> <ul style="list-style-type: none"> <li>- <b>Plan Expenditure:</b> Related to developmental and infrastructure projects.</li> <li>- <b>Non-Plan Expenditure:</b> Operational expenses like salaries, subsidies, and interest payments.</li> </ul> </li> <li>- <b>Voted and Charged Expenditure:</b> <ul style="list-style-type: none"> <li>- <b>Voted:</b> Requires approval from the legislature.</li> <li>- <b>Charged:</b> Automatically debited from the Consolidated Fund without needing approval.</li> </ul> </li> <li>- <b>Accounting Basis:</b> Maintained on a <b>cash basis</b>, aligned with the annual budget.</li> <li>- <b>Constitutional Funds:</b> <ul style="list-style-type: none"> <li>- <b>Consolidated Fund of India:</b> Includes revenues from taxes, loans, and non-tax sources. Expenditures require parliamentary approval.</li> <li>- <b>Public Account:</b> Records debt, deposits, advances, and transactions not requiring parliamentary approval.</li> </ul> </li> </ul>

Topic	Details
	<ul style="list-style-type: none"> <li>- <b>Contingency Fund:</b> A fund used for unforeseen emergencies, replenished by parliamentary approval. Acts as an imprest account.</li> </ul>
Accounts of the Government	<ul style="list-style-type: none"> <li>- The <b>Constitution of India</b> mandates government accounts to be maintained under three distinct heads:                             <ol style="list-style-type: none"> <li><b>1. Consolidated Fund:</b> <ul style="list-style-type: none"> <li>- Receives all government revenues (tax and non-tax) and loans.</li> <li>- All government expenditures are made from this fund after parliamentary authorization.</li> </ul> </li> <li><b>2. Public Account:</b> <ul style="list-style-type: none"> <li>- Records transactions related to debt, deposits, and advances.</li> <li>- Payments do not require parliamentary approval.</li> </ul> </li> <li><b>3. Contingency Fund:</b> <ul style="list-style-type: none"> <li>- Maintained for emergencies and unforeseen expenditures.</li> <li>- Advances are made from this fund and later replenished after parliamentary approval.</li> <li>- Acts as a reserve fund for immediate disbursement.</li> </ul> </li> </ol> </li> </ul>
Indian Government Financial Reporting Standards (IGFRS)	<ul style="list-style-type: none"> <li>- <b>Accrual-based Accounting Standards:</b> Developed by the <b>Government Accounting Standards Advisory Board (GASAB)</b> to improve financial reporting and align with international practices.</li> <li>- Aim to enhance <b>transparency, consistency, and reliability</b> of financial information.</li> <li>- Currently, IGFRS includes <b>five standards</b> addressing critical aspects of government financial reporting.</li> </ul>
IGFRS Standards	<ol style="list-style-type: none"> <li><b>1. Presentation of Financial Statements:</b> <ul style="list-style-type: none"> <li>- Provides structure and minimum content for financial statements under the accrual basis.</li> <li>- Guides on reporting formats and disclosures.</li> </ul> </li> <li><b>2. Property, Plant &amp; Equipment (PPE):</b> <ul style="list-style-type: none"> <li>- Covers accounting treatment of government-owned PPE.</li> <li>- Aims to ensure accurate categorization, depreciation, and reporting of physical assets.</li> <li>- Adapted from <b>IPSAS 17</b> and subject to revision based on pilot studies.</li> </ul> </li> <li><b>3. Revenue from Government Exchange Transactions:</b> <ul style="list-style-type: none"> <li>- Outlines the recognition, measurement, and disclosure of revenue from exchange transactions.</li> <li>- Includes grants, sale of goods/services, and usage charges.</li> <li>- Focuses on improving transparency and accountability.</li> </ul> </li> <li><b>4. Inventories:</b> <ul style="list-style-type: none"> <li>- Prescribes methods for cost determination, recognition as expense, and valuation.</li> <li>- Draws inputs from <b>IPSAS 12</b> and <b>IAS 2</b> for standardized inventory</li> </ul> </li> </ol>

Topic	Details
	<p>management.</p> <ul style="list-style-type: none"> <li>- Forms the basis for a <b>common reporting framework</b> under accrual accounting.</li> </ul> <p><b>5. Contingent Liabilities and Contingent Assets:</b></p> <ul style="list-style-type: none"> <li>- Sets principles for disclosing contingent liabilities (excluding guarantees) and contingent assets.</li> <li>- Promotes uniformity and transparency in financial reporting.</li> <li>- Aims to portray risks effectively in government financial statements for stakeholders.</li> </ul>
<b>Objective of IGFRS</b>	<ul style="list-style-type: none"> <li>- Provide consistent and transparent reporting standards for Union and State Governments.</li> <li>- Enhance comparability with <b>international financial reporting standards</b>.</li> <li>- Aid stakeholders in understanding government finances through standardized disclosures.</li> <li>- Lay the groundwork for transitioning to <b>accrual-based accounting</b>.</li> </ul>