

**REPORT
OF THE
COMMITTEE OF EXPERTS
ON
UNIFORM FORMAT OF ACCOUNTS
FOR
CENTRAL AUTONOMOUS BODIES**

**NOVEMBER
2000**

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INTRODUCTION

Parliamentary Committee on Papers in its Sixtieth Report which was laid on the Table of Rajya Sabha on 27th March, 1998, observe that there has not been any set standards of presentation of accounts of the institutions/organizations receiving grants-in-aid from the Government. The method of presentation of accounts of statutory boards/corporations/ organizations is totally dismal and is not in keeping with the requirement of transparency and exposure of professional skill of these organizations. They do not give a lucid presentation of their accounts and large number of items of accounts of all such organizations generally remain incomplete, unscrutinised and in arrears for several years. In view of the above observations the Committee feels that there is an urgent need of reviewing the methods of presentation of accounts of the Central Autonomous organizations who usually take pretext of not having a set standard of accounts as prescribed by the Companies Act 1956 in respect of the Companies incorporated under the Act. The committee, therefore, impresses upon the Government to set up a committee of experts including the representatives of the Institute of Chartered Accountants, Institute of Cost & Works Accountants and the C&AG to work out a format prescribing standard norms of accounts for all central autonomous organizations/ institutes to bring similarity and transparency in the presentation of their accounts.

The committee of experts, as recommended by the Parliamentary Committee on Papers, was constituted with the approval of the Hon'ble Finance Minister on 12th May, 1999.

COMPOSITION OF THE COMMITTEE

The notification constituting the committee of experts was issued on 26th May, 1999. Composition of the committee was as follows :-

Controller General of Accounts	Chairman
Representative of Comptroller & Auditor General of India	Member
Representative of Institute of Chartered Accountants	Member
Representative of Institute of Cost & Works Accountants	Member
Representative of Indian Banks Association	Member
Joint Controller General of Accounts	Member-Secretary

Subsequently, in view of the specific provisions in the Acts of autonomous bodies which stipulate consultation with C&AG, office of the C&AG felt that it would not be appropriate to associate themselves in the committee. Accordingly, nomination of the representative of C&AG was withdrawn. In its place the Chief Adviser (Cost) of Indian Cost Accounts Department was inducted as Member in the committee with the approval of Secretary (Exp.), in February, 2000. Finally the composition of the committee was :

Controller General of Accounts	Chairman
Chief Advisor (Cost)	Member
Representative of Institute of Chartered Accountants	Member
Representative of Institute of Cost & Works Accountants	Member
Representative of Indian Banks Association	Member
Joint Controller General of Accounts	Member-Secretary

TERMS OF REFERENCE

In accordance with the views and recommendations of the Parliamentary Committee on Papers the terms of reference of committee of experts were as follows :

- i. to prescribe a standard or model format of accounts and accounting reports which could be adopted by Central Autonomous organizations.
- ii. To suggest measures to enable clarity, transparency and simplicity in the presentation of accounts of such organizations.
- iii. To suggest measures to enable evaluation through the accounts to the extent of achievement of socio-economic objectives of the organization, especially with regard to grants released by the Government.
- iv. Any other matters or measures which would enhance analytical and effective presentation of accounts of autonomous organizations.

UNIFORM FORMAT OF ACCOUNTS

It was decided that the Ministry of Surface Transport would take necessary action as far as the Ports are concerned and the Department of Banking will take action for the Nationalised Banks. The committee deliberated on various issues on the subject in seven meetings. Initially, in view of the limited availability of manpower the proposals were invited from the Indian Institutes of Management, Ahmedabad and Bangalore and the Institute of Public Auditors of India, New Delhi. While Indian Institute of Management, Bangalore expressed their inability due to preoccupation, other two proposals were discussed in the meeting of the Committee on 14th January, 2000. Finally Shri M.M. Khanna, Member of the Committee (representative from the Institute of Chartered Accountants) who is also the Chairman of the Accounting Standards Board, offered to prepare the first basic draft format. To assist in understanding of the existing financial reporting systems and enable the preparation of better and uniform financial statements, latest annual reports of the following organizations were perused by the committee :

- a) Karnataka Regional Engineering College,
- b) National Bal Bhawan, New Delhi,
- c) Regional Engineering College, Tiruchirapally,
- d) Institute of Applied Man-Power Research, New Delhi,

- e) The Rubber Board,
- f) The Coir Board,
- g) Tea Board of India,
- h) Khadi & Village Industries Commission,
- i) Indian Council of Social Science Research,
- j) Central Board for Workers Education,
- k) Employees State Insurance Corporation,
- l) V.V.Giri National Labour Institute,
- m) National Productivity Council

The objective being to bring about uniformity in approach towards preparation and presentation of financial statements of the Central autonomous organizations and encourage comparability, it was felt that it would not serve the purpose by bringing out different formats for different class of organizations. The Committee was of the view that a common format be attempted to cover the transactions and events of common nature, as a benchmark, providing some flexibility for exceptions. In the light of this, when reviewed it was observed that in the existing financial statements all the organizations, under the existing guidelines of the

Government, that are receiving assistance from the Government in the form of grants or loan, compile the following three sets of accounts :

- Receipt & Payment Accounts,
- Income & Expenditure Account, and
- Balance Sheet.

Shri M.M.Khanna was of the opinion that objectives of the Committee would be better accomplished if not only are the formats of financial statements drawn up on a uniform basis, providing transparency of financial information was also imperative. It was also pointed out by him that it would help those who prepare the financial statements if the instructions and accounting principles on which these are prepared, be also developed and exposed. If necessary the Notes on Accounts and Illustrative Schedules are also prepared, so that the approach to financial reporting systems is common in all organizations. If this is done, the users, and particularly the analysts, will be in a better position to understand the state of affairs and the operating results of each organization. Shri M.M.Khanna was requested to prepare the basic draft accordingly. After the draft format of the financial reporting system, was made available by Shri M.M. Khanna, the committee decided to form a sub-group consisting of the Joint C.G.A. and representative from the Chief Adviser (Cost). The sub-group incorporated various requirements of the Government particularly with reference to accounting of the

Government assistance received by these organizations. Accordingly, the format of Financial Statements and other accompanying schedules were finalised, which are placed as Annexures :

- A. Balance-Sheet** (Annexure - A)
- B. Income & Expenditure Account** (Annexure - B)
- C. Schedules to the above Financial Statements** (Annexure - C)
- D. Instructions & Accounting Principles** (Annexure - D)
- E. Notes & Instructions for the Schedule** (Annexure - E)
- F. Statement of Receipts & Payments** (Annexure - F)

It would be observed that in the Financial Statements, i.e., Balance Sheet and Income & Expenditure Account the heads/sub-heads of accounts are more or less in line with those in the other non-profit organizations. In the Schedules, against each item, the manner of presentation along with all necessary details has been given. Further, in the Notes and Instructions for the schedules, explanatory notes and necessary instructions have also been prescribed. These notes and instructions can be used by the autonomous bodies as guidelines while preparing their accounts. In addition, the Instructions and Accounting principles are given separately which will also be of immense help for the organization while adopting the format. Reference may be made , in particular, to the illustrative 'Significant

Accounting Policies' and 'Contingent Liabilities and Notes on Accounts' (Schedules 24 and 25 respectively) which deal with the off-balance sheet disclosures.

While finalizing the draft format, two main objectives of the committee were to provide all necessary guidelines on one hand and on the other hand to facilitate the autonomous organizations in bringing out all the disclosures and their respective accounting policies. With this, the committee expects that the necessary transparency, uniformity and clarity would emerge both for the autonomous organizations and the Government.

To avoid any rigidity in approach to preparation of the financial statements the committee has taken care in prescribing that the suggested formats shall be adhered to subject to any special features applicable to certain specialized entities, and the statements can be prepared in the formats, or as near thereto as possible.

The formats need not, therefore, be viewed as rigid in that there is some degree of flexibility in their adoption. This format does intend to give an overall structure in which the autonomous organizations are expected to generate necessary information for management, the Government and other users of the financial information.

COMMENTS OF CENTRAL AUTONOMOUS BODIES

From the audit reports of 1996-97 on the Central Autonomous bodies, which were relevant for 60th Report of the Parliamentary Committee, it appeared, 201 organizations are audited by C&AG under Sections 19(2) & 20(1) of the CAG's Act, 1971 and 123 organizations under sections 14(1) & (2). In the report of that year it was mentioned that out of total 324 organizations the accounts/information from as many as 99 were not received by CA&G in time. During 1996-97 for the remaining 225 organizations, total grants given by the Government was for Rs.3,435 crs. and loan for Rs.418 crs. (approx.).

The Committee has gone through the latest C&AG report No. 4 of 2000 for the year ending March 1999, wherein it appears that the C&AG audit 216 organizations under Sections 19(2) & 20(1) of the CAG's Act, 1971 and 221 organizations under sections 14(1) & (2). In the report of this year it is mentioned that out of total 437 organizations the accounts/ information from as many as 209 were not received by CAG in time. During the year 1998-99 in respect of the remaining organizations i.e.228, total grants given by the Government was for Rs.4,478 crs. and loan for Rs.660 crs. (approx.).

To not only involve the autonomous bodies in the exercise by eliciting their views on the financial reporting system envisaged, as also to acclimatize them with the new requirements, the committee deemed it appropriate to circulate the basic draft of the formats and instructions – another objective also being to gauge the level of acceptability by those who prepare the accounts in the autonomous organizations. The draft format (Annexure A to F) were circulated to 362 Central autonomous bodies for their comments. These were also circulated to the Secretaries, Financial Advisers, Chief Controllers/Controllers of Accounts of various Ministries/Departments. Altogether the committee received 120 responses which include around 10 replies from the Ministries / Departments. The committee was encouraged in its endeavours to recommend the adoption of the formats, as there were no major adverse comments thereon.

Out of 120 responses received, 40 organizations are ready to adopt the format and many of them have welcomed effort of the Committee to bring out a common format that is long overdue. 7 organizations have tested their preceding year's accounts with the format. 5 of them have found no problem and recommended these for adoption, while the other two have made certain observations. 8 organizations have mentioned that their comments would be communicated later and 9 have not offered any comments. The committee considered the observations on major issues/aspects which are summarized below, from around 60 organizations, which have been kept in view in finalising the formats :

Major issues

- 1) In most of the cases accounts are maintained on cash basis and not on accrual basis.
- 2) Fixed Assets are not depreciated in case of some entities.
- 3) For income-tax exemption, certain accounting treatments will be required.
(Taxation is considered only incidental and secondary in importance and the accounting principles have been kept in view by the committee.)
- 4) Amendments in the Societies Act, Trust Act, (including Bombay Public Trust Act) and Companies Act etc. may be required.
(This can be considered only at the Government level, and if required, may be done. However this is not within the purview of the committee.)
- 5) University Grants Commission appointed a committee to bring uniformity in accounts of all the universities. The committee submitted its report to UGC in September 1982, which is yet to be finalized by UGC.
- 6) National Council for Hotel Management & Catering Technology, New Delhi has proposed a common format of accounts for all the institutes of Hotel Management.

- 7) While introducing the new accounting system, there should be proper training, and if possible, ready-made computer software may also be made available.

Other Points

- a) At many places additions/deletions have been suggested in the items of Balance Sheet and Income & Expenditure Account.
- b) Some organizations feel that the draft formats could be applicable only for commercial use and not for Government autonomous bodies.
- c) Income/expenditure should be recorded with the break-up of 'Plan' & 'Non-Plan'.
- d) Provisions are to be made for General provident Fund, Gratuity, Pension etc.
- e) Format may be concise and not too long like the proposed draft.
- f) SEBI feels that their formats are more informative.
(The committee feels that there is no bar giving additional information.)
- g) Implementation of the new accounting system may cost additional expenditure for the organization, which may include necessary changes in the computer software also.

h) The Energy Management Centre mentions that as per CAG's instructions the assets are not to be shown on depreciated value. On the other hand, in case of Nagaland University the audit raises objection for not providing depreciation and maintenance of accounts on cash basis.

In general, it is observed that despite very short time (2-3 weeks) made available to these bodies for their comments and testing the format, many of them expressed interest and willingness in the draft accounts format. All these autonomous organizations have enabled the committee to have a closer look at the working of various types of autonomous organizations and to firm up its views and recommendations.

OBSERVATIONS OF THE COMMITTEE

The committee observes that the Central autonomous bodies are not homogeneous and are of different nature and types. Some may be engaged in education & cultural activities, whereas other may be engaged in promoting various social sectors. In particular, there are two types wherein the number of autonomous bodies is large – one is educational institutions including central Universities and other is District Rural Development Agencies. Within the framework of common format, some adjustments/modifications may be made by the administrative Ministries/Departments centrally in order to suit the requirements of these particular bodies. After going through the above issues, the committee would like to summarize its observations in the following paragraphs :

- 1) The committee has observed that the most of these organizations' accounts are prepared on cash basis and not on accrual basis. The major disadvantages under the cash based system are that it does not provide adequate distinction between capital and revenue and its recording of assets and liabilities remain incomplete. In fact these autonomous bodies are neither strictly following a cash based accounting system that is prevalent in Government of India, nor they are following the accrual system of accounting like other non-profit organizations in the country. As a result, uniformity, comparability and transparency are missing in the accounting information system, having effect also on the accountability in their management information system. In place of Cash-based

accounting, the Government is also likely to move towards adoption of Accrual System of accounting in the near future. Thus, while bringing uniformity in the accounts of the Central autonomous organizations, the committee suggests introduction of Accrual Accounting system only. In any case, under the existing Government guidelines, autonomous organizations are supposed to prepare the Balance Sheet and Income & Expenditure Account.

- 2) In accrual accounting, Fixed Assets are to be shown net of depreciation – such depreciation being spread over their useful life; and the annual amount of depreciation is added to the operative cost as a cost for that year. The operating results are net of depreciation. Without the provision for depreciation the ‘True and Fair View’ of financial position of the organization cannot be established. It is not correct to say that only the profit making organizations need to bring the ‘True and Fair View’ and transparency in their financial statements.

- 3) In order to avail income-tax exemption, the NGOs are to keep investible funds in the prescribed mode and they are refrained from lending money to other bodies. The income tax also provides provision for depreciation to be made by following ‘Written Down Value’ (WDV) method. In the recommended format the provision for depreciation has been stated on straight-line method only as an ‘illustrative’ policy and not a suggested one. As mentioned earlier, the common formats give the basic structure and its rigid

application is not envisaged. In order to meet the requirements of the Income Tax Act or any other Act, the autonomous organization should not face any problem with the common format of accounts and can opt to provide depreciation on 'Written Down Value' method.

- 4) The autonomous organizations are registered under various Acts like Societies Act, Trust Act, or they are constituted under some specific Act of Parliament. In these Acts, the accounting procedure to be followed by the organisation is prescribed. In order to bring a uniform format of accounting for the Central autonomous organizations, a separate Act may be required, which will override the accounting provisions in the other existing Acts.
- 5) The committee could not go through the UGC committee report. It is understood that the UGC report contains provisions for cash based accounting. Similarly, the committee also could not look into the proposed format of accounts for the institutes of Hotel Management. The committee observes that after the introduction of the common accounting format, the respective Ministries/Departments may make necessary changes/modifications for any such class of organizations where the number is large or where reporting for specialized items may warrant a change.

- 6) Some organizations have raised the issue for the need for training and availability of common computer software. These suggestions may be considered by the autonomous bodies and/or the Government and appropriate training courses may be arranged by the concerned Ministries/Departments or through the Institute of Chartered Accountants of India. Since the accrual concept of accounting is very common in the non-Government sector and also in the public sector organizations, the training sources will also be available.
- 7) Among the minor issues the organisations have mostly felt the need for various provisions like break-up of Plan and non-Plan, provision for retirement benefits etc. These are in-built in the formats not warranting any special considerations. Even otherwise suitable additions and deletions within the basic structure of the format are permitted.
- 8) The socio-economic activities of the Central autonomous organisations, as translated into financial terms by way of income and expenditure for each activity/project is also in-built in the common formats (particular reference may be made to the Schedule 3 which deals with the 'Earmarked Fund'). The formats through its various schedules also cover the Plan & Non-plan funds released by the Government by way of Grants.

RECOMMENDATIONS

The Committee makes the following recommendations to the Government :

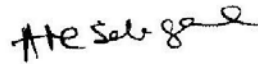
- 1) All the autonomous organizations should follow one common format for its accounting and presentation of accounting information.
- 2) Within the common format of accounts, further additional information may be given/prescribed for the Central Universities & other Educational Institutions and for the District Rural Development Agencies.
- 3) The Financial Statements and its Schedules will provide full disclosure of the organisation and all the accounting information.
- 4) The Accounting will be based on the principle of Accrual System of Accounting and the concept of 'Going Concern' will have to be maintained.

- 5) **Provision for Depreciation on Fixed Assets is to be made applicable in respect of all the Autonomous Organization.**
- 6) **The committee recommends that the Financial Statements for the Central Autonomous Organizations be prepared and presented in the formats and in the manner as given hereunder :**

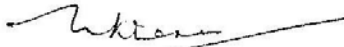
Balance-Sheet	(Annexure - A)
Income & Expenditure Account	(Annexure - B)
Schedules to the above Financial Statements	(Annexure - C)
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Statement of Receipt & Payments	(Annexure - F)

The formats should be made applicable for all accounting years commencing on or after 1.4.2001. Earlier application is encouraged.

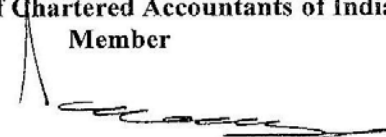
The Committee expresses its gratitude to the Secretaries, Financial Advisors and Chief Controllers/Controllers of Accounts of the concerned Ministries/Departments for their help and cooperation. The Committee would like to put on records the valuable comments as well as observations made by the Autonomous Organizations. Without their contributions the work of the Committee would have remained incomplete. Finally the Committee acknowledges all the assistance received from office of the Controller General of Accounts and is thankful to all concerned.



(A.M. SEHGAL)
Controller General of Accounts
Chairman



(M.M. KHANNA)
Institute of Chartered Accountants of India
Member



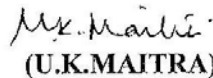
(K.C. CHOWDHARY)
Indian Banks' Association
Member



(J.K. PURI)
Additional Chief Advisor (Cost)
Member



(R.J. GOEL)
Institute of Cost & Works Accountants of India
Member



(U.K. MAITRA)
Joint Controller General of Accounts
Member-Secretary

New Delhi
November 15, 2000

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No.

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No. CDN/MF.CGA/98/99

भारत सरकार
GOVERNMENT OF INDIA
वित्त मंत्रालय, व्यय विभाग
MINISTRY OF FINANCE, DEPT. OF EXPENDITURE
महालेखा-नियंत्रक
CONTROLLER GENERAL OF ACCOUNTS

दूरभाष :
Ph. :
तार : महालेखा
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KHAN MARKET, NEW DELHI-110003.

दिनांक 26th May, 1999
Dated

ORDER

The Parliamentary Committee on Papers Laid on the Table, in its 60th Report had recommended setting up a Committee of Experts including representatives of Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and the C&AG to work out a format prescribing standard norms of accounts for all central autonomous organisations/institutes to bring similarity and transparency in the presentation of their accounts.

2. In this connection, I am directed to convey approval of the competent authority to appoint a Committee of Experts comprising of:

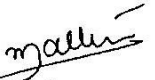
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|---|----------|
| (i) Controller General of Accounts | Chairman |
| (ii) Representative of Comptroller & Auditor General of India | Member |
| (iii) Representative of Institute of Chartered Accountants | Member |

- | | |
|--|------------------|
| (iv) Representative of Institute of Cost and Works Accountants | Member |
| (v) Representative of Indian Banks Association | Member |
| (vi) Joint CGA | Member Secretary |

3. The terms of reference of the Committee of Experts would be as under:

- (i) To prescribe a standard or model format of accounts and accounting reports which could be adopted by Central Autonomous organisations.
- (ii) To suggest measures to enable clarity, transparency and simplicity in the presentation of accounts of such organisations.
- (iii) To suggest measures to enable evaluation through the accounts of the extent of achievement of the socio-economic objectives of the organisation, especially with regard to grants released by the Government.
- (vi) Any other matters or measures which would enhance analytical and effective presentation of accounts of autonomous organisations.

4. The Committee would submit its report within one year.


(S.K. MATHUR)

Dy. Controller General of Accounts

No. CDN/MF.CGA/98/99/376

9th February, 2000
11th

ORDER

In partial modification of order No. CDN/MF.CGA/98/99 dated 25th May, 1999, I am directed to convey the approval of the competent authority for partial modification in the composition of "Committee of Experts" as below:—

Controller General of Accounts	Chairman
Chief Adviser (Cost)	Member
Representative of Institute of Chartered Accountants	Member
Representative of Institute of Cost and Works Accounts	Member
Representative of Indian Banks Association	Member
Joint CGA	Member Secretary

Shri C. Ramaswamy,
Chief Adviser (Cost),
Cost Accounts Branch,
Ministry of Finance,
Lok Nayak Bhavan,
New Delhi.

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mathur
(S.K. MATHUR)

Deputy Controller General of Accounts

ANNEXURES

**FORM OF
FINANCIAL STATEMENTS
FOR THE
CENTRAL AUTONOMOUS BODIES
(NON-PROFIT ORGANISATIONS AND SIMILAR INSTITUTIONS)**

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ANNEXURE - A

BALANCE SHEET

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

BALANCE SHEET AS AT _____

(Amount – Rs.)

<u>CORPUS/ CAPITAL FUND AND LIABILITIES</u>	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		.....	.....
<u>ASSETS</u>			
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	24		
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	25		

ANNEXURE - B

INCOME & EXPENDITURE ACCOUNT

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

INCOME AND EXPENDITURE ACCOUNT FOR THE PERIOD/YEAR ENDED _____

(Amount – Rs.)

	Schedule	Current Year	Previous Year
<u>INCOME</u>			
Income from Sales/Services	12	.....	.....
Grants/Subsidies	13	.....	.....
Fees/Subscriptions	14	.....	.....
Income from Investments (Income on Invest. from earmarked/endow. 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)		.....	.....
<u>EXPENDITURE</u>			
Establishment Expenses	20	.....	.....
Other Administrative Expenses etc.	21	.....	.....
Expenditure on Grants, Subsidies etc.	22	.....	.....
Interest	23	.....	.....
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	24		
CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS	25		

ANNEXURE - C

SCHEDULES

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____
SCHEDULES FORMING PART OF BALANCE SHEET AS AT _____

(Amount – Rs.)

	Current Year		Previous Year	
<u>SCHEDULE 1 – CORPUS/CAPITAL FUND :</u>				
Balance as at the beginning of the year	
Add : Contributions towards Corpus/Capital Fund	
Add/ (Deduct) : Balance of net income/(expenditure) transferred from the Income and Expenditure Account	
<u>BALANCE AS AT THE YEAR – END</u>	

	Current Year		Previous Year	
<u>SCHEDULE 2 – RESERVES AND SURPLUS :</u>				
1. <u>Capital Reserve :</u>				
As per last Account	
Addition during the year	
Less : Deductions during the year	(.....)		(.....)	
2. <u>Revaluation Reserve :</u>				
As per last Account	
Addition during the year	
Less : Deductions during the year	(.....)		(.....)	
3. <u>Special Reserves :</u>				
As per last Account	
Addition during the year	
Less : Deductions during the year	(.....)		(.....)	
4. <u>General Reserve :</u>				
As per last Account	
Addition during the year	
Less : Deductions during the year	(.....)		(.....)	
<u>TOTAL</u>	

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

SCHEDULES FORMING PART OF BALANCE SHEET AS AT

(Amount – Rs.)

SCHEDULE 3 – EARMARKED/ENDOWMENT FUNDS	FUND-WISE BREAK UP				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 from Investments made on account of funds
iii. Other additions (specify nature)
TOTAL (a+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 any other Funds.

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____
SCHEDULES FORMING PART OF BALANCE SHEET AS AT _____

(Amount – Rs.)

	Current Year		Previous Year	
<u>SCHEDULE 4 – SECURED LOANS AND BORROWINGS:</u>				
1. Central Government	
2. State Government (Specify)	
3. Financial Institutions				
a) Term 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)	
<u>TOTAL</u>	
Note : Amounts due within one year				

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____
SCHEDULES FORMING PART OF BALANCE SHEET AS AT _____

(Amount – Rs.)

	Current Year	Previous Year
<u>SCHEDULE 5 – UNSECURED LOANS AND BORROWINGS</u>		
1. Central Government
2. State Government (Specify)
3. Financial Institutions
4. Banks:		
a) Term Loans
b) Other Loans (specify)
5. Other Institutions and Agencies
6. Debentures and Bonds
7. Fixed Deposits
8. Others (Specify)
<u>TOTAL</u>
Note : Amounts due within one year		

	Current Year	Previous Year
<u>SCHEDULE 6 – DEFERRED CREDIT LIABILITIES:</u>		
a) Acceptances secured by hypothecation of capital equipment and other assets
b) Others
<u>TOTAL</u>
Note : Amounts due within one year.		

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____
SCHEDULES FORMING PART OF BALANCE SHEET AS AT _____

(Amount – Rs.)

	Current Year		Previous Year	
<u>SCHEDULE 7 – CURRENT LIABILITIES AND PROVISIONS</u>				
<u>A. CURRENT LIABILITIES</u>				
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	
<u>TOTAL (A)</u>	
<u>B. PROVISIONS</u>				
1. For Taxation	
2. Gratuity	
3. Superannuation/Pension	
4. Accumulated Leave Encashment	
5. Trade Warranties/Claims	
6. Others (Specify)	
<u>TOTAL (B)</u>	
<u>TOTAL (A+B)</u>	

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

SCHEDULES FORMING PART OF BALANCE SHEET AS AT _____

(Amount – Rs.)

SCHEDULE 8 – FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	Cost/valuation As at beginning of the year	Additions during the year	Deductions during the year	Cost/valua- tion at the year-end	As at the beginning of the year	On Additions during The year	On Deductions during the year	Total up to the Year-end	As at the Current year-end	As at the Previous year-end
A. FIXED ASSETS:										
1. LAND:										
a) Freehold	(.....)
b) Leasehold	(.....)
2. BUILDINGS:										
a) On Freehold 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/ PERIPHERALS	(.....)
8. ELECTRIC INSTALLATIONS	(.....)
9. LIBRARY BOOKS	(.....)
10. TUBEWELLS & W.SUPPLY	(.....)
11. OTHER FIXED ASSETS	(.....)
TOTAL OF CURRENT YEAR	(.....)
PREVIOUS YEAR	(.....)
B. CAPITAL WORK-IN-PROGRESS								
TOTAL								

(Note to be given as to cost of assets on hire purchase basis included above)

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____
SCHEDULES FORMING PART OF BALANCE SHEET AS AT _____

(Amount – Rs.)

<u>SCHEDULE 9 – INVESTMENTS FROM EARMARKED/ENDOWMENT FUNDS</u>	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)
<u>TOTAL</u>

<u>SCHEDULE 10 – INVESTMENTS – OTHERS</u>	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)
<u>TOTAL</u>

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

SCHEDULES FORMING PART OF BALANCE SHEET AS AT _____

(Amount – Rs.)

SCHEDULE 11 – CURRENT ASSETS, LOANS, ADVANCES ETC.		Current Year		Previous Year	
A. CURRENT ASSETS:					
1. <u>Inventories:</u>					
a) Stores and Spares
b) Loose Tools
c) Stock-in-trade					
Finished Goods
Work-in-progress
Raw Materials
	-----		-----		-----
2. <u>Sundry Debtors:</u>					
a) Debts Outstanding for a period exceeding six months
b) Others
	-----		-----		-----
3. <u>Cash balances in hand</u> (including cheques/drafts and imprest)					
		
4. <u>Bank Balances:</u>					
a) <u>With Scheduled Banks:</u>					
-On Current Accounts
-On Deposit Accounts(includes margin money)
-On Savings Accounts
	-----		-----		-----
b) <u>With non-Scheduled Banks:</u>					
-On Current Accounts
-On Deposit Accounts
-On Savings Accounts
	-----		-----		-----
5. <u>Post Office-Savings Accounts</u>					
		
		
TOTAL (A)		

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____
 SCHEDULES FORMING PART OF BALANCE SHEET AS AT _____

(Amount – Rs.)

SCHEDULE 11 - CURRENT ASSETS, LOANS, ADVANCES ETC. (Contd.)		Current Year		Previous Year	
B. LOANS, ADVANCES AND OTHER ASSETS					
1. <u>Loans:</u>					
a) Staff		
b) Other Entities engaged in activities/objectives similar to that of the Entity		
c) Other(specify)		
		-----		-----	
2. <u>Advances and other amounts recoverable in cash or in kind or for value to be received:</u>					
a) On Capital Account		
b) Prepayments		
c) Others		
		-----		-----	
3. <u>Income Accrued:</u>					
a) On Investments from Earmarked/Endowment Funds		
b) On Investments – Others		
c) On Loans and Advances		
d) Others (includes income due unrealised-Rs.....)		
		-----		-----	
4. <u>Claims Receivable</u>					
<u>TOTAL (B)</u>		
<u>TOTAL (A + B)</u>		

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

SCHEDULES FORMING PART OF INCOME & EXPENDITURE FOR THE PERIOD/YEAR ENDED _____

(Amount-Rs.)

	Current Year	Previous Year
<u>SCHEDULE 12 – INCOME FROM SALES/SERVICES</u>		
1) <u>Income from Sales</u>		
a) Sale of Finished Goods
b) Sale of Raw Material
c) Sale of Scraps
2) <u>Income from Services</u>		
a) Labour and Processing Charges
b) Professional/Consultancy Services
c) Agency Commission and Brokerage
d) Maintenance Services (Equipment/Property)
e) Others (Specify)
<u>TOTAL</u>

	Current Year	Previous Year
<u>SCHEDULE 13 – GRANTS/SUBSIDIES</u> (Irrevocable Grants & Subsidies Received)		
1) Central Government
2) State Government(s)
3) Government Agencies
4) Institutions/Welfare Bodies
5) International Organisations
6) Others (Specify)
<u>TOTAL</u>

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

SCHEDULES FORMING PART OF INCOME & EXPENDITURE FOR THE PERIOD/YEAR ENDED _____

(Amount-Rs.)

	Current Year	Previous Year
<u>SCHEDULE 14 – FEES/SUBSCRIPTIONS</u>		
1) Entrance Fees
2) Annual Fees/Subscriptions
3) Seminar/Program Fees
4) Consultancy Fees
5) Others (Specify)
<u>TOTAL</u>
Note – Accounting Policies towards each item are to be disclosed		

	Investment from Earmarked Fund		Investment - Others	
	Current Year	Previous Year	Current Year	Previous Year
<u>SCHEDULE 15 – INCOME FROM INVESTMENTS</u> (Income on Invest. from Earmarked/Endowment Funds 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)
<u>TOTAL</u>
TRANSFERRED TO EARMARKED/ENDOWMENT FUNDS		

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

SCHEDULES FORMING PART OF INCOME & EXPENDITURE FOR THE PERIOD/YEAR ENDED _____

(Amount-Rs.)

	Current Year	Previous Year
<u>SCHEDULE 16 – INCOME FROM ROYALTY, PUBLICATION ETC.</u>		
1) Income from Royalty
2) Income from Publications
3) Others (specify)
<u>TOTAL</u>

	Current Year	Previous Year
<u>SCHEDULE 17 -- INTEREST EARNED</u>		
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 Office Savings Accounts
d) Others
3) On Loans:		
a) Employees/Staff
b) Others
4) Interest on Debtors and Other Receivables
<u>TOTAL</u>

Note – Tax deducted at source to be indicated

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

SCHEDULES FORMING PART OF INCOME & EXPENDITURE FOR THE PERIOD/YEAR ENDED _____

(Amount-Rs.)

	Current Year	Previous Year
<u>SCHEDULE 18 – OTHER INCOME</u>		
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
<u>TOTAL</u>

	Current Year	Previous Year
<u>SCHEDULE 19 – INCREASE/(DECREASE) IN STOCK OF FINISHED GOODS & WORK IN PROGRESS</u>		
a) Closing stock		
- Finished Goods
- Work-in-progress
b) Less: Opening Stock		
- Finished Goods	(.....)	(.....)
- Work-in-progress	(.....)	(.....)
<u>NET INCREASE/(DECREASE) [a-b]</u>

	Current Year	Previous Year
<u>SCHEDULE 20 – ESTABLISHMENT EXPENSES</u>		
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)
<u>TOTAL</u>

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

SCHEDULES FORMING PART OF INCOME & EXPENDITURE FOR THE PERIOD/YEAR ENDED _____

(Amount-Rs.)

	Current Year	Previous Year
<u>SCHEDULE 21 - OTHER ADMINISTRATIVE EXPENSES ETC.</u>		
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) Vehicles Running and Maintenance
k) Postage, Telephone and Communication Charges
l) Printing and Stationary
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) Packing Charges
w) Freight and Forwarding Expenses
x) Distribution Expenses
y) Advertisement and Publicity
z) Others (specify)
<u>TOTAL</u>

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

SCHEDULES FORMING PART OF INCOME & EXPENDITURE FOR THE PERIOD/YEAR ENDED _____

(Amount-Rs.)

	Current Year	Previous Year
<u>SCHEDULE 22 – EXPENDITURE ON GRANTS, SUBSIDIES ETC.</u>		
a) Grants given to Institutions/Organisations
b) Subsidies given to Institutions/Organisations
<u>TOTAL</u>
Note – Name of the Entities, their Activities along with the amount of Grants/Subsidies are to be disclosed.		

	Current Year	Previous Year
<u>SCHEDULE 23 – INTEREST</u>		
a) On Fixed Loans
b) On Other Loans (including Bank Charges)
c) Others (specify)
<u>TOTAL</u>

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)
Name of Entity _____
SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED _____

SCHEDULE 24 - 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 realizable value. The costs are based on weighted average 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 term investments" are carried at cost. Provision for decline, other than temporary, is made in carrying cost of such investments.

3.2. Investments 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 values 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 for acquisition of fixed assets, which is amortized over the residual life of the respective assets.

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)
Name of Entity _____
SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED _____

SCHEDULE 24 - SIGNIFICANT ACCOUNTING POLICIES (Illustrative) – Contd.

6.2. In respect of additions to/deductions from fixed assets during the year, depreciation is considered on pro-rata 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/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 transaction.

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 to 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 employees are entitled to receive the benefit as at each year end.

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)
Name of Entity _____
SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED _____

SCHEDULE 25 -CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS (Illustrative)

1. CONTINGENT LIABILITIES

- 1.1 Claims against the Entity not acknowledged as debts - Rs. _____ (Previous year Rs. _____).
- 1.2 In respect of:
- Bank guarantees 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. _____).
- Municipal Taxes _____ (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 contracts 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, loans 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.

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)
Name of Entity _____
SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED _____

SCHEDULE 25 -CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS (Illustrative) – Contd.

	(Amount-Rs.)	
6. FOREIGN CURRENCY TRANSACTIONS	Current Year	Previous Year
6.1. <u>Value of Imports Calculated on C.I.F Basis:</u>		
- Purchase of finished Goods		
- Raw Materials & Components(Including in transit)		
- Capital Goods		
- Stores, Spares and Consumables		
6.2. <u>Expenditure in foreign currency:</u>		
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 Expenses		
6.3. <u>Earnings:</u>		
Value of Exports on FOB basis		
6.4. <u>Remuneration to auditors:</u>		
As Auditors		
- Taxation matters		
- For Management services		
- For certification		
Others		
7. Corresponding figures for the previous year have been regrouped/rearranged, wherever necessary.		
8. Schedules 1 to 25 are annexed to and form an integral part of the Balance Sheet as at _____ and the Income and Expenditure Account for the year ended on that date.		

ANNEXURE - D

INSTRUCTIONS AND ACCOUNTING PRINCIPLES

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INSTRUCTIONS AND ACCOUNTING PRINCIPLES

- 1) The financial statements of non-profit and other similar organizations (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 items or sub-items 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 item 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 a change in accounting policies which has a material effect in the current period, the amount by which any item in the financial statements is affected 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.

Provision 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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INSTRUCTIONS AND ACCOUNTING PRINCIPLES – (Contd.)

- 7) Where any amount written off or retained by way of providing for 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 recognised unless:
- the related performance has been achieved;
 - no significant uncertainty exists regarding the amount of the consideration; and
 - 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:
- "Prior period" items, which comprise material items 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.
 - "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.
 - Any item under the head "Miscellaneous Income" 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.
 - 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 accounting 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 figures 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 one thousand crore	Crore

- 13) Reference may also be made to the enclosed Notes and Instructions for compilation in relation to in the formats suggested.

ANNEXURE - E

NOTES AND INSTRUCTIONS FOR THE SCHEDULES

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

CORPUS/CAPITAL FUND AND LIABILITIES

SCHEDULE 1 – CORPUS/CAPITAL FUND

- (a) Corpus/Capital Fund is akin to Capital, Share Capital or Owners' Funds. It comprises amounts received by way of contributions specifically to the Corpus, as increased/decreased by the net operating results 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 the 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 statute or as per applicable regulations.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

CORPUS/CAPITAL FUND AND LIABILITIES

SCHEDULE 2 - RESERVES AND SURPLUS

1. **CAPITAL RESERVES:**
 - *Opening balance*
 - *Additions during the year*
 - *Deductions during the Year*

The expression 'capital reserves' shall not include any amount regarded as free for distribution through the Income and Expenditure Account. Surplus on revaluation should be treated as Capital Reserves and shown separately. Surplus on translation of financial statements of foreign branches, if any, is not a revaluation reserve.

2. **REVALUATION RESERVE:**
 - *Opening balance*
 - *Additions during the year*
 - *Deductions during the year*

To reflect effects of changing prices, fixed assets otherwise stated at historical costs, are revalued and the historical cost substituted by a revaluation, normally done by competent valuers. Such substitution resulting in an upward revaluation is required to be shown as a "Revaluation Reserve". This reserve is an unrealised gain and should not be credited as income in the Income and Expenditure Account.

3. **SPECIAL RESERVES(S):**
 - *Opening balance*
 - *Additions during the year*
 - *Deductions during the year*

These would comprise Special reserves requires 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 balance*
 - *Additions during the year*
 - *Deductions 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.

Notes-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 COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

CORPUS /CAPITAL FUND AND LIABILITIES

SCHEDULE 3 - EARMARKED/ENDOWMENT FUNDS

Amounts received as grants or assistance, or retained by the entity to be utilised for specific or earmarked purposes and remaining to be expended/utilised 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, of certain stipulated terms and conditions. For this reason, the balances available and their utilisation 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/accretion to the 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 utilisation of earmarked funds is in accordance with the terms and conditions attaching to the same.
- b) Earmarked Funds, considering 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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

CORPUS/CAPITAL FUND AND LIABILITIES

SCHEDULE 4 - SECURED LOANS AND BORROWINGS

- | | |
|----------------------------------|---|
| 1. Central Govt | Indicate the nature of security and terms of repayment. Indicate the name of State Govt. and nature of security and terms of repayment. |
| 2. State Government | |
| 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 Term Loans. |
| 4. Banks | Includes borrowings/refinance obtained from commercial banks (including co-operative banks).
Term Loans need to be segregated from other facilities. |
| a) Term Loans | |
| b) Other Loans | |
| 5. Other institutions & 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) Amounts 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) Amounts due within a period of less than 12 months as at the Balance Sheet date need to be disclosed.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

CORPUS/CAPITAL FUND AND LIABILITIES

SCHEDULE 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 Bank of India, Export-Import Bank of India., National Bank for Agriculture and Rural Development.

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).

Indicate the nature of facilities.

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 Bonds 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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

CORPUS/CAPITAL FUND AND LIABILITIES

SCHEDULE 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) Amounts due within one year of the date of the Balance Sheet need to be separately disclosed.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

CORPUS/ CAPITAL FUND AND LIABILITIES:

SCHEDULE 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 |
| 2. Sundry Creditors
a) For Goods
b) Others | The amounts to be shown against this sub-head shall comprise amounts owed 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 |
| 3. Advances Received | 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. |
| 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 on secured/unsecured loans and borrowings. |
| 5. Statutory Liabilities
a) Overdue
b) Others | 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, excise, customs 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. |
| 6. Other Current Liabilities | 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.

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 book balances". |

Notes - General

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

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

CORPUS/ CAPITAL FUND AND LIABILITIES:

SCHEDULE 7 - CURRENT LIABILITIES AND PROVISIONS:

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 upto the year-end. |
| 3. Superannuation/Pension | Provision for liability payable towards superannuation of employees needs to be accrued on actuarial basis, and provided upto the year-end. |
| 4. Accumulated Leave | Provision for liability towards accumulated leave encashment of employees needs to be accrued on actuarial basis, and provided upto 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 provision for doubtful debts/advances, which shall be reduced from the relevant asset heads. |

Notes- General

Provision is an amount written off or 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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
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ASSETS

SCHEDULE 8 - FIXED ASSETS:

1. LAND
- a) Freehold 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
- 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 amortisation 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 Included under this Sub-head would be items like :
- Earth moving Machinery
 - Boilers
 - Furnaces
 - Generators
 - Dies/Mould
 - Machinery used for specific industry/services like Building contractors, in hospitals/clinics, processing units, hydraulic works (including pipelines), Tool rooms
 - Other items used for manufacture/processing etc.
- 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.
4. VEHICLES Included under this sub-head would be items like:
- Tractors/Trailers
 - Trucks, Jeeps and Vans
 - Motor Cars
 - Motor Cycles, Scooters, Three Wheelers and Mopeds
 - Rickshaws
- 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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
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ASSETS

SCHEDULE 8 - FIXED ASSETS:

5. FURNITURE, FIXTURES

Included under the above 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 the above sub-head would be items like:

- a) Typewriters
- b) Photocopies/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 amounts

8. ELECTRIC INSTALLATIONS

Included under the above sub-head would be items like:

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

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

9. LIBRARY BOOKS

In some cases the number of Library Books could be very large or 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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

ASSETS

SCHEDULE 8 - FIXED ASSETS:

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 also 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 upto the previous year-end, that on additions/ deductions during the year and the total accumulated depreciation upto the year-end.
 - f) the net block of 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/amortisation.
4. Where sums have been written up for 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 relating to depreciable fixed assets may be treated as deferred income and recognised 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 relating to non-depreciable assets should be credited to "Capital Reserve", unless there are pre-conditions requiring fulfillment.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

ASSETS

SCHEDULE 8 - FIXED ASSETS:

Notes - General

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 amortisation 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 purposes; 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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
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ASSETS

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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

ASSETS

SCHEDULE 9 – INVESTMENTS – FROM EARMARKED/ENDOWMENT FUNDS:

Notes - General

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 realisable 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. Investments 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.
7. Matured investments, not realised may be separately disclosed.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
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ASSETS

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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
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ASSETS

SCHEDULE 10 – INVESTMENT – OTHERS:

Notes - General

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 realisable 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 & 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 realised may be separately disclosed.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
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ASSETS

SCHEDULE 11 - CURRENT ASSETS, LOANS, ADVANCES ETC:

A. CURRENT ASSETS:

1. Inventories:

Inventories comprise tangible property held for sale in the ordinary course of business, or in the process of production for such sales, or for consumption in the production of goods or services for sale, including maintenance supplies and consumables other than machinery parts.

Basis of valuation of inventories should be disclosed

Finished goods would include goods purchased/produced and lying in hand at all locations of the entity.

Raw materials would also include parts or components used or consumed in the process of production of goods for sale.

 - a) Stores and Spares
 - b) Loose Tools
 - c) Stock-in-trade
 - Finished Goods
 - Work-in-progress
 - Raw Materials

2. Sundry Debtors:

Debtors comprise persons from whom amounts are due for goods sold or services rendered or in respect of contractual obligations.

Debts considered good for recovery and those considered doubtful shall be shown separately. Provision for doubtful debts, if made, should be shown as a reduction from the amount of debts considered doubtful

 - a) Debts Outstanding for a period exceeding six months
 - b) Others

3. Cash balances in hand:

(including cheques/drafts and imprest)

4. Bank Balances:

Amounts held as bank balances against earmarked/endowment funds should be separately disclosed.

Where any deposit accounts are pledged or charged as security or are encumbered, the fact should be disclosed.

Overdue/Matured Deposits should be separately disclosed.

 - a) With Scheduled Banks
 - On Current Accounts
 - On Deposit Accounts (includes margin money)
 - On Savings Accounts

 - b) With Non-Scheduled Banks
 - On Current Accounts
 - On Deposit Accounts
 - On Savings Accounts

5. Post Office – Savings Accounts:

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
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ASSETS

SCHEDULE 11 - CURRENT ASSETS, LOANS, ADVANCES ETC:

B. LOANS, ADVANCES AND OTHER ASSETS:

1. Loans: Loans and Advances as are considered good & recoverable should be disclosed. Doubtful amounts, if any, should be stated under each sub-head, and provision, if made, should be shown as a reduction therefrom.
- a) Staff Interest accrued on interest bearing staff loans should be accounted notwithstanding that actual recoveries of interest might commence after repayment of principal.
- b) Other Entities engaged in activities/
objectives similar to that of the Entity Irrevocable grants/subsidies/donation to such entities shall not be included here. If interest-bearing, the amount of interest earned up to the year-end should be adjusted.
- c) Other(specify)
2. Advances and other amounts recoverable in cash or in kind or for value to be received: Advances to suppliers/contractors for capital works should be shown against this sub-head.
- a) On Capital Account This includes prepaid expenses.
- b) Prepayments This would comprise receivables other than the debtors.
- c) Others
3. Income Accrued: Both 'Income accrued and due' and 'Income accrued but not due' up to the year-end should be included under this head.
- a) On Investments from Earmarked/Endowment Funds Income on Investment from Earmarked/Endowment Funds and that on Other Investment should be shown separately.
- b) On Investments – Others
- c) On Loans and Advances If uncertainty attaches to realisation or ultimate collection, income should not be recognised, and if recognised, should be provided for.
- d) Others (includes income due unrealised-Rs..) Dividends should be recognised based on the date(s) of their declaration.
Separate disclosure should be made in respect of income accrued, due but not realized.
4. Claims Receivable: Only claims, which are considered good and realisable, should be included.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
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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 Material
- c) Sale of Scraps

Sales comprise the aggregate amount for which sales are effected. These would be shown net of trade discounts, rebate and returns.

Sales are complete when significant risks and rewards of ownership get transferred from the seller to the buyer, irrespective of the time of payment or delivery of the goods

Disclosure of export sales should be made separately.

2) Income from Services

- a) Labour and Processing Charges
- b) Professional/Consultancy Services
- c) Agency Commission and Brokerage
- d) Maintenance Services (Equipment/Property)
- e) Others (Specify)

Income must be shown at gross figures and Tax Deducted at Source should be indicated separately.

Labour and processing charges realisable for processing/fabrication of goods/materials of other entities should be disclosed against this sub-head.

Consultancy charges and fee for rendition of professional services by the entity should be included under this sub head.

Where the Entity acts as a broker or agent for arranging supply of goods/services of others, i.e. without acting on a principal to principal basis, the commission and brokerage income earned would be shown against this sub-head

Where the Entity undertakes maintenance contracts for equipment or property etc. the income earned up to the year-end from this source should be included under this sub-head.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
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INCOME AND EXPENDITURE ACCOUNT - INCOME

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) | |
| 3) Government Agencies | These grants etc. are without any conditions attached as to their utilisation and are of the nature of non-refundable amounts which are to be appropriated to income. |
| 4) Institutions/Welfare Bodies | |
| 5) International Organisations | The gross receipts 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) | |

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INCOME AND EXPENDITURE ACCOUNT - INCOME

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 receipts, such amount should go to the Corpus/Capital Fund. Otherwise such fees will be incorporated in this schedule. |
| 3) Seminar/Program Fees | |
| 4) Consultancy Fees | In case the major activities of the Entity are to organise seminar/workshop and/or provide consultancy services, such income should form part of the Schedule 12. |
| 5) Others (Specify) | |
- 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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INCOME AND EXPENDITURE ACCOUNT - INCOME

SCHEDULE 15 - INCOME FROM INVESTMENTS:

- | | |
|------------------------------|---|
| 1. Interest | 1. Income from Investments shall be disclosed at gross figures and tax deducted at source is to be stated separately. |
| a) on Govt. Securities | 2. 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. |
| b) other Bonds/Debentures | 3. 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. |
| 2. Dividends | 4. Dividends shall be accrued, based on the dates of declaration thereof i.e. when the entity has a right to receive the same. |
| a) on Shares | |
| b) on Mutual Fund Securities | |
| 3. Rents | 5. Rents shall be shown as income on Investment on properties, if any. |
| 4. Others (Specify) | 6. Interest claimed on overdue/matured investments shall not be recognised unless pre-conditions for such recognition are satisfied. |
| | 7. Distinction should be made in respect of income on Investments: |
| | a) Owned by the Entity; and |
| | b) those held against earmarked/endowment funds |
| | 8. At the year-end total of the income on investment from earmarked/endowment funds should be transferred to the Funds through schedule 3. |

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INCOME AND EXPENDITURE ACCOUNT - INCOME

SCHEDULE 16 – INCOME FROM ROYALTY, PUBLICATION ETC.:

- | | |
|-----------------------------|--|
| 1) Income from Royalty | Accounting policies on each item will have to be disclosed. |
| 2) Income from Publications | In case the major activities of the Entity are to publish books, journals, documents etc., such income should form part of the Schedule 12. |
| 3) Others (Specify) | The gross receipts should be shown here. Expenditure incurred on publication etc. should be shown as 'other administrative expenses' in the schedule 21. |

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INCOME AND EXPENDITURE ACCOUNT - INCOME

SCHEDULE 17 - INTEREST EARNED:

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 Bank
 - b) With Non-Scheduled Bank
 - c) Post Office Savings Accounts
 - d) Others
 3. On Loans:
 - a) Employees/Staff
 - b) Others
 4. Interest on Debtors & Other Receivables
1. Interest income earned should be shown at gross figures and tax deducted at source is to be stated separately.
 2. Distinction should be made in respect of income;
 - a) on assets owned by the Entity; and
 - b) those held against earmarked/endowment funds;

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INCOME AND EXPENDITURE ACCOUNT - INCOME

SCHEDULE 18 - OTHER INCOME:

- | | |
|--|---|
| 1. Profit on Sale/disposal of Assets | Sales proceeds/realisation, net of the book value of the assets shall, if a surplus, be included under this sub-head. |
| a) Owned assets | |
| b) Assets acquired out of grants
or received free of cost | |
| 2. Export Incentives realised | Export incentives claimed and not realised upto the year-end shall not be included in Income. |
| 3. Fees for Miscellaneous Services | Items of material amounts included in Miscellaneous Income should be separately disclosed. |
| 4. Miscellaneous Income | |

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INCOME AND EXPENDITURE ACCOUNT - INCOME

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

- a) Closing stock
 - Finished Goods
 - Work-in-progress

- b) Less: Opening Stock
 - Finished Goods
 - Work-in-progress

Accounting policies regarding valuation of stock should be declared.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INCOME AND EXPENDITURE ACCOUNT - EXPENDITURE:

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 | |
| d) Contribution to Other Fund (specify) | Statutory obligations of the Entity towards provident fund, Employees' state insurance, retirement benefits etc. should be disclosed clearly and item-wise. |
| e) Staff Welfare Expenses | |
| f) Expenses on Employees' Retirement and Terminal Benefits | |
| g) Others (specify) | In case of recoveries like fines, penalties etc. the same should not be deducted from the expense heads but included under 'Other Income' in the Schedule 18. |

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.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INCOME AND EXPENDITURE ACCOUNT - EXPENDITURE

SCHEDULE 21 ~ OTHER ADMINISTRATIVE EXPENSES ETC.:

- | | |
|--|--|
| a) Purchases * | 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 expense heads but included under "Schedule 16- "Other Income". |
| d) Electricity and power | |
| e) Water charges | |
| f) Insurance | |
| g) Repairs and maintenance | Prior period and Extraordinary Items shall be separately disclosed so that the effect thereof on the net Expenditure for the year is known. |
| h) Excise Duty | |
| i) Rent, Rates and Taxes | |
| j) Vehicles Running and Maintenance | The list of heads is not exhaustive but illustrative. As far as possible only these heads of accounts should be used unless there is compelling reasons to add or delete any of these heads. |
| k) Postage, Telephone and Communication Charges | |
| l) Printing and Stationary | |
| m) Travelling and Conveyance Expenses | * 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'. |
| 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) Packing Charges | |
| w) Freight and Forwarding Expenses | |
| x) Distribution Expenses | |
| y) Advertisement and Publicity | |
| z) Others (specify) | |

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

INCOME AND EXPENDITURE ACCOUNT - EXPENDITURE:

SCHEDULE 22 – EXPENDITURE ON GRANTS, SUBSIDIES ETC.:

a) Grants given to
Institutions/Organisations

Grants, Subsidies or other similar assistance given to the Institutions/Organisations for general purposes and objectives of the Entity, on an irrevocable basis, shall be included in this Schedule.

b) Subsidies given to
Institutions/Organisations

Name of the Institutions/Organisations, their activities along with the amounts in each case should be disclosed.

These grants etc. are with or without any conditions attached as to their utilisation and are of the nature of non-refundable amounts which are to be appropriated as expenditure.

The gross receipts shown against each sub-head in the schedule 13, could be the sources of these grants/subsidies that are given, in turn, to other institutions/organisations on irrevocable basis.

The gross expenditure against each head should be disclosed.

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

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 based on the sources of loans and borrowings as per the heads in Schedules 4 and 5. |

**NOTES AND INSTRUCTIONS FOR COMPILATION OF FINANCIAL STATEMENTS
OF NON PROFIT ORGANISATIONS AND OTHER SIMILAR INSTITUTIONS**

SCHEDULE 25 - CONTINGENT LIABILITIES AND NOTES ON ACCOUNTS:

A. CONTINGENT LIABILITIES

- | | |
|---|--|
| 1. Claims against the Entity not acknowledged as debts | _____ |
| 2. Liability for 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 Credits 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 under-writing contracts and other items for which the entity is contingently liable. |

B. NOTES ON ACCOUNTS

- | | |
|--|--|
| 1. Commitments on capital Account not provided for | This would arise 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 | _____ |

ANNEXURE - F

STATEMENT OF RECEIPTS AND PAYMENTS

FORM OF FINANCIAL STATEMENTS (NON-PROFIT ORGANISATIONS)

Name of Entity _____

RECEIPTS AND PAYMENTS FOR THE PERIOD/YEAR ENDED _____

(Amount – Rs.)

RECEIPTS	Current Year	Previous Year	PAYMENTS	(Amount – Rs.)	
				Current Year	Previous Year
I. Opening Balances			I. Expenses		
a) Cash in hand	a) Establishment Expenses (corresponding to Schedule 20)	.....	.....
b) Bank Balances			b) Administrative Expenses (corresponding to Schedule 21)	.....	.....
i) In current accounts			
ii) In deposit accounts			
iii) Savings accounts			
II. Grants Received			II. Payments made against funds for various projects		
a) From Government of India	(Name of the fund or project should be shown along with	.....	.....
b) From State Government	the particulars of payments made for each project)		
c) From other sources (details)			
(Grants for capital & revenue					
exp. To be shown separately)					
III. Income on Investments from			III. Investments and deposits made		
a) Earmarked/Endow. Funds	a) Out of Earmarked/Endowment funds	.....	.....
b) Own Funds (Oth. Investment)	b) Out of Own Funds (Investments-Others)	.....	.....
IV. Interest Received			IV. Expenditure on Fixed Assets & Capital Work-in-Progress		
a) On Bank deposits	a) Purchase of Fixed Assets	.....	.....
b) Loans, Advances etc.	b) Expenditure on Capital Work-in-progress	.....	.....
V. Other Income (Specify)	V. Refund of surplus money/Loans		
			a) To the Government of India	.....	.....
			b) To the State Government	.....	.....
			c) To other providers of funds	.....	.....
VI. Amount Borrowed	VI. Finance Charges (Interest)	.....	.....
VII. Any other receipts (give details)	VII. Other Payments (Specify)	.....	.....
			VIII. Closing Balances		
			a) Cash in hand	.....	.....
			b) Bank Balances		
			i) In current accounts
			ii) In deposit accounts
			iii) Savings accounts
TOTAL	TOTAL

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