

Supplementary Material

Final Group - IV [Syllabus - 2012]



The Institute of Cost Accountants of India

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Paper - 18
CORPORATE FINANCIAL REPORTING



**Following are the changes and inclusions incorporated in
Paper – 18 Corporate Financial Reporting**

Trade Payable as per Schedule III of the Companies Act, 2013

As per Notification – G.S.R 679(E) (by Ministry of Corporate Affairs dated 4th September, 2015):

In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following further alterations in Schedule III and the details relating to Micro, Small and Medium Enterprises shall be disclosed in the notes.

Sch. III Disclosure Requirement	Points
It shall be classified as – (A) Total outstanding dues of micro enterprises and small enterprises; and (B) Total outstanding dues of creditors other than micro enterprises and small enterprises.”	<ul style="list-style-type: none">• Refer to meaning of 'Trade Payable' given earlier.• Liability for Capital Goods Purchases: Amount due towards purchase disclosed under "Other Current Liabilities" with a suitable description.• Liability under Contractual Obligations: Liability towards Employees, Leases or other Contractual Liabilities should not be included under Trade Payables. Only "Commercial Dues" can be included under Trade Payables.

Note:

The following details relating to Micro, Small and Medium Enterprises shall be disclosed in the notes:

- (a) The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;
- (b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;
- (c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;
- (d) The amount of interest accrued and remaining unpaid at the end of each accounting year; and
- (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.
- (f) Explanation – the terms 'appointed day', 'buyer', 'enterprise', 'micro enterprise', 'small enterprise' and 'supplier' shall have the same meaning assigned to those under (b), (d), (e), (h), (m) and (n) respectively of section 2 of the Micro, Small and Medium Enterprises Development Act, 2006.

Study Note – 9

Government Accounting in India

Constitution of Government Accounting Standards Advisory Board (GASAB)

Government of India have supported the proposal for establishment of a Government Accounting Standards Advisory Board for the Union and the States by the Comptroller and Auditor General of India in order to establish and improve standards of governmental accounting and financial reporting and enhance accountability mechanisms.

Accordingly, the Comptroller and Auditor General of India has constituted a Government Accounting Standards Advisory Board (GASAB) consisting of the following officers:

1. Deputy Comptroller and Auditor General (Accounts) as Chairperson
2. Controller General of Accounts
3. Financial Commissioner, Railways
4. Controller General of Defence Accounts
5. Additional Secretary (Budget), Ministry of Finance, Government of India
6. Deputy Governor, Reserve Bank of India or his nominee
7. Director General, National Council of Applied Economic Research (NCAER), New Delhi
8. President, Institute of Chartered Accountants of India (ICAI), or his Nominee
- 9-12. Principal Secretary (Finance) of four States by annual rotation
13. Principal Director (Accounts)

The Comptroller and Auditor General of India as Member Secretary GASAB will, inter alia, have the following responsibilities:

- (i) To formulate and propose standards that improve the usefulness of financial reports based on the needs of the financial report users.
- (ii) To keep standards current and reflect changes in the governmental environment.
- (iii) To provide guidance on implementation of standards.
- (iv) To consider significant areas of accounting and financial reporting that can be improved through the standard setting process.
- (v) To improve the common understanding of the nature and purpose of information contained in financial reports.

IGAS Notified by Government of India:

IGAS 1	Guarantees given by Governments: Disclosure Requirements
IGAS 2	Accounting and Classification of Grants-in-aid
IGAS 3	Loans and Advances Made by Governments



IGAS 3

Loans and Advances made by Governments

Introduction

1. The Government of India has been empowered under proviso (2) of Article 293 of the Constitution of India to make loans to the States, subject to such conditions as may be laid down by or under any law made by Parliament, any sums required for the purpose of making such loans being chargeable to the Consolidated Fund of India.
2. The Union Government has been providing financial assistance to the State Governments, a substantial portion of which is in the form of loans. These loans are advanced to the States both in the form of plan and non-plan assistance intended for both developmental and non-developmental purposes. Loans are also provided by the Union Government to Foreign Governments, Government companies and Corporations, Non-Government institutions and Local bodies. The Union Government also disburses recoverable advances to Government servants.
3. The State Governments disburse loans to Government Companies, Corporations, Local Bodies, Autonomous Bodies, Cooperative Institutions, Statutory Corporations, quasi-public bodies and other non-Government/private institutions. The State Governments also disburse recoverable advances to Government servants.

Objectives

4. The objective of the Standard is to lay down the norms for Recognition, Measurement, Valuation and Reporting in respect of Loans and Advances made by the Union and the State Governments in their respective Financial Statements to ensure complete, accurate, realistic and uniform accounting practices, and to ensure adequate disclosure on Loans and Advances made by the Governments consistent with best international practices.

Scope

5. This Standard applies to Loans and Advances given by the Government for incorporation and presentation in the Financial Statements of the Government. Financial Statements shall not be described as complying with this Standard unless they comply with all the requirements contained therein. This standard shall apply only to government accounts being maintained on a cash basis.

Only IGAS 1, 2 and 3 are notified by Government of India. The other IGAS are under consideration and has been removed from the Study Material.