Uttar Dinajpur Leprocy Society

Raiganj
Uttar Dinajpur

Trial Balance

1-Oct-2000 to 31-Mar-2001

Particulars	Closing Balance Debit	Closing Balance Credit
Capital Account		**7,18,238.34**
General Fund		*7,18,238.34*
Loans (Liability)		**15,000.00**
Loan From C.M.O.H.		*15,000.00*
Current Liabilities		**1,55,372.00**
Outstanding Liabilities		*1,55,372.00*
Fixed Assets	**4,85,269.93**	
Furniture & Fixture	*75,474.51*	
Office Equipments	*47,783.17*	
Vehicles	*3,62,012.25*	
Current Assets	**23,694.91**	
Loans & Advances (Asset)	10,000.00	
Cash-in-hand	3,015.05	
Bank Accounts	10,679.86	
Direct Incomes		**1,09,760.00**
Bank Interest		*9,760.00*
GRANT-IN-AID		*1,00,000.00*
Direct Expenses	**4,89,405.50**	
Accounting Charges	*1,500.00*	
Audit Fees	*1,500.00*	
Depreciation	*46,710.82*	
Diesel & Lubricants	*48,613.93*	
Incentive	*38,084.00*	
Medicine	*1,50,065.00*	
Miscellaneous Expenses	*5,228.00*	
Postage & Courier Charges	*54.00*	
Printing & Stationary	*2,244.75*	
Publicity Expenses	*17,350.00*	
Salary & Wages	*160.00*	
Telephone Charges	*25,547.00*	
Training Expenses	*5,490.00*	
Travelling & Conveyance	*20,957.00*	
Vehicle Hiring Charges	*2,355.00*	
Vehicle Reparing & Maintenance	*1,23,546.00*	
Grand Total	**9,98,370.34**	**9,98,370.34**

Uttar Dinajpur Leprocy Society
Raiganj
Uttar Dinajpur

Cash Book
1-Mar-2001 to 31-Mar-2001

Date	Particulars	Vch Type	Vch No.	Debit	Credit
1-3-2001	To **Opening Balance**			8,012.64	
1-3-2001	By **Postage & Courier Charges** *Courier Charges Paid*	Payment	279		5.00
	By **Printing & Stationary** *Xerox Charges Paid*	Payment	280		65.00
14-3-2001	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60/2316*	Payment	281		2,619.40
	By **Vehicle Hiring Charges** *Vehicle hire-Charges Paid to V. No. WB -77/2030*	Payment	282		300.00
26-3-2001	By **Incentive** *Paid Monthly Incentive to Sri Badal Mitra, Driver(Contract) for Feb 2001*	Payment	283		2,400.00
	By **Incentive** *Paid Monthly Incentive to Sri Badal Mitra, Driver(Contract) for Jan 2001.*	Payment	284		2,400.00
	By **Incentive** *Paid Monthly Incentive to Sri Nirmal Kr. Ghosh, Driver(Contract) for Jan.2001*	Payment	285		2,400.00
	By **Incentive** *Paid Monthly Incentive to Sri Nirmal Kr. Ghosh, Driver(Contract) for Feb.2001*	Payment	286		2,400.00
	By **Vehicle Reparing & Maintenance** *V. No. WB-60/2316 Cleaning Charges Paid*	Payment	287		280.00
	By **Travelling & Conveyance** *T.A Paid to Dr. C.K Rudra, Z.L.O*	Payment	288		2,246.00
	To **SBI Bank (Karnajora)** *Ch. No. :300378.*	Contra	27	20,000.00	
	To **SBI Bank (Karnajora)** *Ch. No. :300379.*	Contra	28	15,000.00	
27-3-2001	By **Miscellaneous Expenses** *Contingency Charges Paid.*	Payment	293		342.00
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60/2318*	Payment	294		3,184.30
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60/2318*	Payment	295		3,190.85
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60/2318*	Payment	296		2,938.70
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60/2318*	Payment	297		3,149.85
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60/2318*	Payment	298		2,932.80
	By **Vehicle Reparing & Maintenance** *Cleaning Charges Paid for V. No. WB-60 /2318*	Payment	299		195.00
	Carried Over			43,012.64	31,048.90

Uttar Dinajpur Leprocy Society

Cash Book : 1-Mar-2001 to 31-Mar-2001

Date	Particulars	Vch Type	Vch No.	Debit	[illegible]
	Brought Forward			43,012.64	31,04
27-3-2001	By **Vehicle Reparing & Maintenance** *Cleaning Charges Paid for V. No. WB-60 /2318*	Payment	300		40.0
	By **Miscellaneous Expenses** *Contingency Charges Paid.*	Payment	301		58.00
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60/2316*	Payment	302		1,169.54
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No WMF-4838*	Payment	303		1,815 90
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60/2316*	Payment	304		1,153.20
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60 /2319*	Payment	305		172 20
	By **Travelling & Conveyance** *T.A & D.A Paid to Dr. S.K.Jha, Z.L.O+C.M. O.H.*	Payment	306		1,950.00
30-3-2001	By **Incentive** *Paid Monthly Incentive to Sri Balai Kirtania, Driver (Contract) for Mar.2001.*	Payment	308		2,400.00
	By **Incentive** *Paid Monthly Incentive to Sri Nirmal Kr Ghosh, Driver (Contract) for Mar.2001.*	Payment	309		2,400 00
	By **Incentive** *Paid Monthly Incentive to Sri Badal Mitra, Driver (Contract) for Mar.2001.*	Payment	310		2,400.00
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60 /2317*	Payment	311		123.38
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60 /2317*	Payment	312		1,708.65
	By **Diesel & Lubricants** *Fuel Charges Paid for V No. WB-60 /2317*	Payment	313		2,337.4
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60 /2317*	Payment	314		2,066 9
	By **Vehicle Reparing & Maintenance** *Repairing Charges Paid for V. No. WB -60/2317*	Payment	315		2 142.0
	By **Vehicle Reparing & Maintenance** *Repairing Charges Paid for V. No. WB -60/2317*	Payment	316		1,150.0
	By **Printing & Stationary** *Cost of Stationary goods.*	Payment	317		672.
	By **Travelling & Conveyance** *D.A Paid to Nirmal Kr. Ghosh (Driver).*	Payment	318		105.
	Carried Over			43,012.64	54,913

continu

...najpur Leprocy Society
...ook 1-Mar-2001 to 31-Mar-2001

Date	Particulars	Vch Type	Vch No.	Debit	Credit
	Brought Forward			43,012.64	54,913.07
...0-3-2001	By **Miscellaneous Expenses** *Contingency Charges for Observance of Anti-Leprosy Day on 21.01.2001*	Payment	319		1,700.00
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60 /2318*	Payment	320		1,384.80
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60 /2316*	Payment	321		172.20
	By **Vehicle Reparing & Maintenance** *Repairing Charges Paid for V. No. WB-60 /2316*	Payment	322		190.00
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60 /2320*	Payment	323		948.12
	By **Diesel & Lubricants** *Fuel Charges Paid for V. No. WB-60 /2320*	Payment	324		689.40
	To **SBI Bank (Karnajora)** *Ch. No. 303085*	Contra	29	20,000.00	
				63,012.64	59,997.59
	By **Closing Balance**				3,015.05
				63,012.64	**63,012.64**

Uttar Dinajpur Leprocy Society

Raiganj
Uttar Dinajpur

Journal Register

1-Oct-2000 to 31-Mar-2001

Date	Particulars	Vch Type	Vch No.	Debit Amount	Credit Amount
31-3-2001	Audit Fees	Journal	7	1,500.00	
	Outstanding Liabilities				1,500.00
31-3-2001	Vehicle Reparing & Maintenance	Journal	8	90,590.00	
	Vehicle Hiring Charges			300.00	
	Telephone Charges			25,547.00	
	Travelling & Conveyance			8,701.00	
	Publicity Expenses			15,350.00	
	Diesel & Lubricants			3,384.00	
	Outstanding Liabilities				1,43,872.00
31-3-2001	Accounting Charges	Journal	9	1,500.00	
	Outstanding Liabilities				1,500.00
31-3-2001	Depreciation	Journal	10	46,710.82	
	Vehicles				40,223.58
	Furniture & Fixture				3,972.34
	Office Equipments				2,514.90

SBI Bank (Karnajora) Book

1-Oct-2000 to 31-Mar-2001

Date	Particulars	Vch Type	Vch No	Debit	Credit
1-10-2000	To **Opening Balance**			1,56,705.86	
21-11-2000	By **Medicine** *Ch. No. : 300376 issued against purchases of medicine*	Payment	250		1,50,000.00
				1,56,705.86	1,50,000.00
					6,705.86
	By **Closing Balance**			1,56,705.86	1,56,705.86
				6,705.86	
1-2-2001	To **Opening Balance**				
21-2-2001	By **Cash** *Ch. No. 300377*	Contra	26		2,000.00
				6,705.86	2,000.00
					4,705.86
	By **Closing Balance**			6,705.93	6,705.86
				4,705.86	
1-3-2001	To **Opening Balance**				
2-3-2001	To **GRANT-IN-AID** *Ch. No. : 792781 received from S.L.O, West Bengal*	Receipt	4	1,00,000.00	
26-3-2001	By **Cash** *Ch. No. :300378*	Contra	27		20,000.00
	By **Cash** *Ch. No. :300379*	Contra	28		15,000.00
	By **Outstanding Liabilities** *Ch. No. : 303084 issued as Audit & Accounting Charges for 01.04.2000 to 30.09.2000*	Payment	289		3,000.00
	By **Outstanding Liabilities** *Ch. No. : 303081 issued against reparing charges of V. No. WB-60/2316*	Payment	290		15,982.00
	By **Vehicle Reparing & Maintenance** *Ch. No. : 303082 issued against reparing charges of V. No. WB-60/2318, 2316 & 2320*	Payment	291		6,345.00
	By **Vehicle Reparing & Maintenance** *Ch. No. : 303083 issued against reparing charges of V. No. WB-60/2320 & 2319*	Payment	292		7,392.00
27-3-2001	By **Printing & Stationary** *Writing Pad purchases Vide Ch. No.: 300380*	Payment	307		860.00
	To **Bank Interest** *interest received on bank deposit*	Receipt	5	9,760.00	
30-3-2001	By **Cash** *Ch. No. :303085*	Contra	29		20,000.00
	By **Vehicle Reparing & Maintenance** *Ch. No. :Repairing Charges paid for V. No. WB-60/2316 & 2319*	Payment	325		15,207.00
				1,14,465.86	1,03,786.00
					10,679.86
	By **Closing Balance**			1,14,465.86	1,14,465.86

Uttar Dinajpur Leprocy Society
Raiganj
Uttar Dinajpur

Printing & Stationary
Ledger Account
1-Oct-2000 to 31-Mar-2001

Date	Particulars	Vch Type	Vch No.	Debit	Credit
17-10-2000	To **Cash** *Xerox Charges Paid for Z.L.O. Office.*	Payment	224	195.00	
23-10-2000	To **Cash** *Cost of Pen and Pads for Office use.*	Payment	232	360.00	
31-10-2000	To **Cash** *Xerox Charges Paid.*	Payment	236	3.75	
3-11-2000	To **Cash** *Xerox Charges Paid.*	Payment	238	45.00	
21-11-2000	To **Cash** *Xerox Charges Paid*	Payment	249	9.00	
20-12-2000	To **Cash** *Xerox Charges Paid.*	Payment	260	21.00	
14-2-2001	To **Cash** *Xerox Charges Paid.*	Payment	277	14.00	
1-3-2001	To **Cash** *Xerox Charges Paid*	Payment	280	65.00	
27-3-2001	To **SBI Bank (Karnajora)** *Writing Pad purchases Vide Ch. No.: 300380.*	Payment	307	860.00	
30-3-2001	To **Cash** *Cost of Stationary goods.*	Payment	317	672.00	
				2,244.75	
	By **Closing Balance**				2,244.[illegible]
				2,244.75	2,244.[illegible]

Uttar Dinajpur Leprocy Society
Raiganj
Uttar Dinajpur

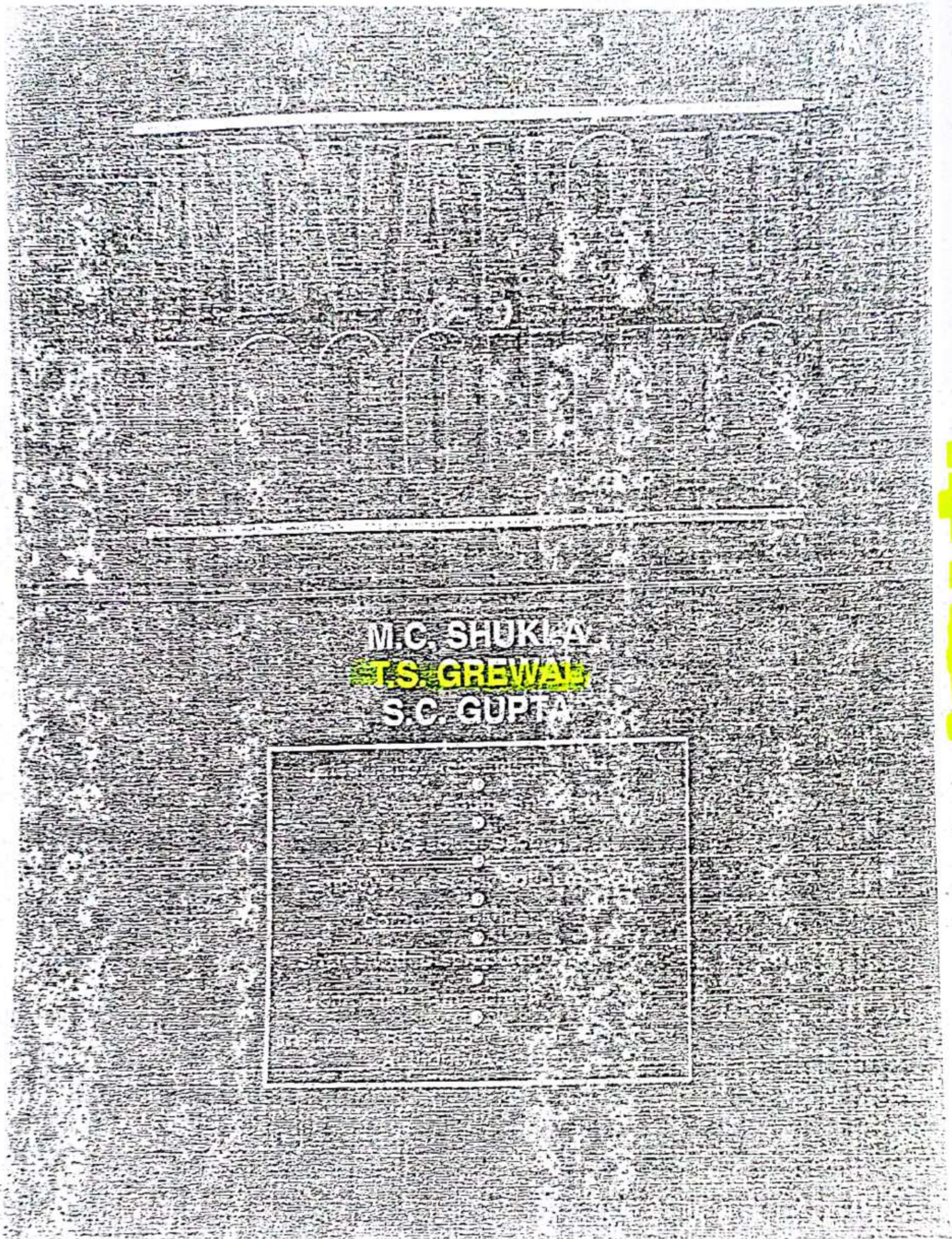
Vehicle Reparing & Maintenance
Ledger Account
1-Oct-2000 to 31-Mar-2001

Date	Particulars	Vch Type	Vch No.	Debit	Credit
22-10-2000	To **Cash** *V. No W.M.F-4838 repairing Charges Paid.*	Payment	226	15.00	
26-3-2001	To **Cash** *V. No. WB-60/2316 Cleaning Charges Paid*	Payment	287	280.00	
	To **SBI Bank (Karnajora)** *Ch. No. : 303082 issued against reparing charges of V. No. WB-60/2318, 2316 & 2320.*	Payment	291	6,345.00	
	To **SBI Bank (Karnajora)** *Ch. No. : 303083 issued against reparing charges of V. No. WB-60/2320 & 2319.*	Payment	292	7,392.00	
27-3-2001	To **Cash** *Cleaning Charges Paid for V. No. WB-60 /2318*	Payment	299	195.00	
	To **Cash** *Cleaning Charges Paid for V No. WB-60 /2318*	Payment	300	40.00	
30-3-2001	To **Cash** *Repairing Charges Paid for V. No. WB -60/2317*	Payment	315	2,142.00	
	To **Cash** *Repairing Charges Paid for V. No. WB -60/2317*	Payment	316	1,150.00	
	To **Cash** *Repairing Charges Paid for V No. WB-60 /2316.*	Payment	322	190.00	
	To **SBI Bank (Karnajora)** *Ch. No. :Repairing Charges paid for V. No. WB-60/2316 & 2319*	Payment	325	15,207.00	
31-3-2001	To **Outstanding Liabilities** *Oustanding liability for the year 2000 -2001.*	Journal	8	90,590.00	
				1,23,546.00	1,23,5
	By **Closing Balance**			1,23,546.00	1,23,5

Uttar Dinajpur Leprocy Society
Raiganj
Uttar Dinajpur

Vehicle Hiring Charges
Ledger Account
1-Oct-2000 to 31-Mar-2001

Date	Particulars	Vch Type	Vch No.	Debit	Cred
23-10-2000	To **Cash** *Vehicle hire Charges Paid*	Payment	233	500.00	
11-11-2000	To **Cash** *Vehicle hire Charges Paid*	Payment	247	280.00	
20-12-2000	To **Cash** *Vehicle hire Charges Paid*	Payment	261	675.00	
	To **Cash** *Vehicle hire Charges Paid*	Payment	264	300.00	
14-3-2001	To **Cash** *Vehicle hire Charges Paid to V. No. WB -77/2030*	Payment	282	300.00	
31-3-2001	To **Outstanding Liabilities** *Oustanding liability for the year 2000 -2001*	Journal	8	300.00	
				2,355.00	2,355.0
	By **Closing Balance**				
				2,355.00	2,355.0



[illegible] Principal of School of Correspondence Courses and Continuing Education of the University of Delhi. He wrote many books such as Mercantile Law, Business Organisation and Management, Advanced Accounts, Industrial Law, Company Law, Cost Accounts, Statistics – Theory and Practice and Secretarial Practice.

Shri T. S. Grewal, a renowned educationist and author of many outstanding books, also worked as Associate Director of Studies in the Directorate of Correspondence Courses of the University Delhi and Deputy Director of Studies in the Institute of Chartered Accountants of India. Finally he retired as Director of Studies of the Institute of Chartered Accountants of India.

Shri S.C. Gupta has a teaching experience of more than 40 years in the Department of Commerce, Hansraj College of the University of Delhi. For a long period of time, he has been associated in different capacities with the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. Today he is one of the most experienced [illegible] teachers [illegible]

Rs. [illegible]

Advanced Accountancy
Author- M.C. Sukla
T.S. Grewal
S.C. Gupta

8

Single Entry or Accounts from Imcomplete Records

SYNOPSIS

1. DEFINITION AND DEFECTS

Single Entry System of Book-keeping is really no system at all, although it sounds economical. There are no hard and fast rules of the Single Entry System; but most people maintain personal accounts and cash and bank accounts. Some are content with maintaining personal accounts only. These seem to be essential as, without personal accounts, it would be difficult to know to whom money is owing and who owes money. Generally, no impersonal accounts relating to assets, expenses, gains, etc. are kept. It is not possible to know what the total purchases or sales are. Completeness of records, as is possible under the Double Entry System, is absent. Hence, the Single Entry System is subject to the following defects :-

(1) No trial balance can be prepared and hence, arithmetic accuracy of books of account cannot be proved.

(2) The above engenders a spirit of laxity and this invites frauds and misappropriations. Since accounts of the assets are not maintained, it may be difficult to keep full control over the assets in order to avoid misappropriations.

(3) In the absence of real and nominal accounts, the Trading and Profit and Loss Account and the Balance Sheet cannot be prepared.

(4) Any information obtained under the system will not be free from doubt.

(5) Should the proprietor want to sell the business, it will be a difficult task to fix proper value of various assets, specially of goodwill.

Only the Double Entry System is a proper system of keeping accounts. It alone ensures accuracy and affords enough information for the preparation of the Trading and Profit and Loss accounts and the Balance Sheet. Only the information taken out of books kept on Double Entry System, would carry conviction. Single entry records are unreliable.

Double Entry System *vs.* Single Entry System : The following are the points of distinction between double entry system and single entry system:-

(*i*) Under double entry system, both debit and credit aspects of all the transactions are recorded. Under single entry system, some transactions are not recorded at all while some transactions are recorded in only one of their aspects - either debit aspect or credit aspect and there are some transactions which are recorded in the same manner as they are recorded under double entry system.

(*ii*) Under double entry system, various subsidiary books are maintained whereas under single entry system, no subsidiary book except cash book is maintained.

(*iii*) Under double entry system, the ledger contains personal, real as well as nominal accounts but under single entry system the ledger contains some personal accounts only.

ACCOUNTING PROCEDURE FOR DISTRICT RURAL DEVELOPMENT AGENCIES/SOCIETIES

(as amended in 2001)

सत्यमेव जयते

Government of India
Ministry of Rural Development
New Delhi

RD/2002—1A

INTRODUCTION

The Ministry of Rural Development sponsors many schemes under the Poverty Alleviation and Rural Employment Schemes such as Swaranjayanti Gram Swarozgar Yojana (SGSY), Indira Awaas Yojana (IAY), Jawahar Gram Smiridhi Yojana (JGSY), Employment Assurance Scheme (EAS) now part of the Sampoorna Grameen Rozgar Yojana(SGRY). In the Social Sector, the Ministry has been sponsoring National Old Age Pension Scheme, National Family Benefit Scheme and until 2000-01. National Maternity Benefit Scheme. The schemes namely Accelerated Rural Water Supply Programme and Central Rural Sanitation Programme are part of the Department of Drinking Water Supply. The Department of Land Resources is handling the Integrated Wastelands Development Programme, Desert Development Programme, Drought Prone Areas Programme for the development of Land Resources in the country.

2. There are 571 districts in India and the central share as well as the state share are released directly to the **District Rural Development Agencies (DRDA's), Zila Panchayats(ZP's) and District Level Committee on NSAP(DLC on NSAP).** The percentage of funds provided by the Central Government varies from 50% to 100% from scheme to scheme. In the case of Union Territories, 100% of the expenditure is borne by the Government of India. The schemes are implemented through the DRDA's/ZP's/DLC on NSAP . The DRDA's are autonomous bodies set up under the Societies Registration Act, 1860. The Accounting Procedure which was earlier approved by the Comptroller and Auditor General (C & AG) for the Small Farmer's Development Agency Programme (SFDA) was extended to the erstwhile scheme of Integrated Rural Development Programme(IRDP) now known as SGSY *mutatis mutandis* pending the formulation of detailed accounting procedure for the IRDP.

3. Based on the recommendations of an inter-ministerial working group a revised accounting procedure was drawn up in 1984 and was approved by the C & AG of India. The main modifications brought about in the revised procedure for SFDA and approved for the DRDA in 1984 provided that:

   (i) The accounts should be maintained on commercial principle on Double Entry System.

(ii) The Agencies should maintain annually among others the following:

(a) Receipt and Payment Account
(b) Income and Expenditure Account
(c) Balance Sheet

(iii) There should be an audit by a Chartered Accountant or any other recognised body of the Accountants every year and

(iv) There should be test audit by the C&AG of India.

(v) Provision was made for the maintenance of Block wise accounts through the Cash Book.

(vi) A uniform format was prescribed for Subsidy Register as well as the Cash Book.

(vii) Specific time limits were incorporated for compilation and submission of annual accounts. The annual accounts are to be compiled by the DRDA by 30th June. After approval by the Governing body the accounts shall be got audited by the Chartered Accountants or any other Auditor as envisaged under the Rules by 31st August. A copy of such Audit Report along with annual statement of Accounts certified by the Auditor and the Chairman of the Agency shall be furnished simultaneously to the Government of India and the State Government not later than 30th September.

(viii) A standard format for furnishing Utilisation Certificate was prescribed.

(ix) Powers of Project Officer/Project Director for signing cheques were fixed at 10,000/- and were subsequently raised to Rs.50,000/-.

(x) A charter of duties and responsibilities of the accounting wing of the DRDA was suggested.

4. The Study Teams of CCA's Wing carried out the study of accounting practices followed by the DRDA's of 100 districts during the years 1998-99, 1999-2000 and 2000-2001. The study group of National Institute of Financial Management had also submitted their project report on the delivery of funds by the Ministry Rural Development to the Implementing Agencies. Based on the feedback received from these study teams, the need for modifying the Accounting Procedure was felt and the following important amendments have been incorporated in the Accounting Procedure 1984:

(i) The accounts of the DRDA's/ZP's/DLC on NSAP and Block shall be maintained on Accrual basis/Double entry basis. **(CHAPTER-I)**

(ii) Multiplicity of Bank Accounts for one scheme is not permissible. Scheme wise accounts shall be opened in the Nationalised/Cooperative/ Regional Rural Banks and funds received in common Bank Account from the Govt. of India and State Governments shall be transferred to the scheme wise bank account only. **(CHAPTER-I)**

(iii) DRDA's/ZP's/DLC on NSAP and Blocks are required to maintain Scheme wise Cash Book. Name of the bank and Account number should be written on the first page of the Cash Book. **(CHAPTER-II)**

(iv) Funds are not allowed to be diverted from one scheme to another or from the Central Scheme to State Scheme by DRDA/ZP/DLC on NSAP. **(CHAPTER-VI)**

(v) Funds transferred to BDO's, to Panchayats and/or to other implementing agencies shall be reflected as advance to them and may be adjusted against the receipt of UC's/Adjustment Bills from them. **(CHAPTER-VII)**

(vi) Interest earned on funds of each scheme should be added in the scheme funds. **(CHAPTER-VIII)**

(vii) The Comptroller and Auditor General shall have the right of superimposed audit of the accounts of the society, and for this purpose, shall have the right of access to the books and other relevant records of the society. Copy of the annual accounts along with the audit report and comments of the agency thereon shall be sent to the audit office. **(CHAPTER-XII & XIII)**

(viii) Funds received both for Central as well as State Share for Rural Development Schemes and National Social Assistance Programme Schemes i.e. NOAPS and NFBS should be kept in a Savings Bank **Account in a Nationalised /Cooperative/ Regional Rural Banks. Funds in no case be kept in the Fixed Deposits/Term Deposits. (CHAPTER-IX)**

CHAPTER XIII

Guidelines regarding Selection of Chartered Accountant Firms

1. Preference should be given to select an experienced Chartered Accountant listed in the panel of A.G.'s of the State or C & A.G. of India. However, in areas where empanelled CA's are not available or which are remote or inaccessible, the Local Fund Audit Party or any other Chartered Accountant with Professional Qualifications prescribed by the respective State Governments from time to time.

2. The C & AG of India shall have right to lay down some specific qualifications and experience of Chartered Accountant for certain areas or in special cases.

3. The C & AG shall have right to issue directives to Chartered Accountants (CA's) about each audit.

4. Any professional misconduct on the part of the CA shall be reported to the Institute of Chartered Accountant of India. CA shall be responsible for such action taken by the Institute under the code of conduct as defined under provision contained in the Chartered Accountant Act 1949.

5. The Chartered Accountant shall also be responsible for inviting attention of any material departure from generally accepted procedure of Audit. Its failure shall be considered as professional misconduct as defined under the Charted Accountant Act of 1949.

6. If the Ministry of RD, Government of India or State Government notices that Account audited by any Charted Accountant is not up to the standard. incorrect, deviates from factual ground realities, misrepresent the facts, etc. then the Ministry of Rural Development, Govt. of India / State Government may debar such CA from audit and shall report against such Chartered Accountant to the Institute of Chartered Accountants of India, New Delhi for initiating action under their conduct rules.

TAXMANN'S

ACCOUNTING STANDARDS AND CORPORATE ACCOUNTING PRACTICES

WITH
INTERNATIONAL ACCOUNTING STANDARDS AND US GAAP

T.P. GHOSH M. COM, PHD., FCA, FICWA

Professor of Finance, Institute of Management Technology, Ghaziabad Formerly, Deputy Director, Board of Studies, Institute of Chartered Accountants of India, New Delhi
Formerly, Professor of Commerce, University of Burdwan, W.B.

2001

FOURTH EDITION

- Statement of employee shareholders employed throughout the financial year or part thereof who along with spouse and dependant children hold not less than two per cent of the equity shares, enjoying remuneration more than managing director, whole-time director or manager;
- Directors' Responsibility Statement - *see para 1.1-3*;
- Reasons for failure to complete buy back of securities within specified time as per section 77A;
- Explanation to information falling under section 222;
- Clarifications on every reservations, qualifications and adverse comments contained in the auditors' report;

Although Directors' Report is not a part of financial statements, it provides extremely important information about the present position and future prospect of the business of the company.

1.1-3 *Directors' Responsibility Statement* - Corporate management is responsible for the preparation of financial statements. Section 210 of the Companies Act, 1956 requires the board of directors to lay before the annual general meeting the balance sheet and the profit and loss account. Often a wrong notion is carried that it is responsibility of the auditors to finalise the accounts. The International Standards on Auditing (ISA) "Objective and Basic Principles Governing Audit" issued by the International Auditing Practices Committee (IAPC) categorically states that—

> "While the auditor is responsible for forming his opinion on the financial statements, the responsibilities for the preparation of financial statements are that of management of the entity. Management's responsibilities include the maintenance of accounting records and internal controls, the selection and application of accounting policies and safeguarding the assets of entity. The audit of financial statements does not relieve management of its responsibilities."

In this context an illustrative audit report of Alcoa, a US company is given in Annex **1.2** which explains that an audit report clearly indicates the directors' responsibility as regards the preparation and presentation of financial statements.

Para 6 of IAS 1 "Presentation of Financial Statements" requires that the board of directors and/or other governing body of an enterprise is responsible for the preparation and presentation of its financial statements.