

# Exposure drafts on accounting out

Our Delhi Bureau

2 APRIL

**T**HE Government Accounting Standards Advisory Board (GASAB) has issued exposure drafts on 'accounting and classification of grants-in-aid' and 'cash flow statements', the fi-

nance ministry said today.

The exposure draft on 'accounting and classification of grants-in-

aid' deals with the accounting and classification requirements of grants-in-aid released by Union and state governments to various bodies and institutions and governments in the case of Union government, the ministry said in a statement issued here. It also proposes disclosure requirements of such grants-in-aid in the financial statements of the Union and state governments. It specifically suggests that grants-in-aid released for the purposes of cre-

ation of capital assets should be disclosed distinctly.

The exposure draft on 'cash flow statements' mandates the requirement for presentation of cash flow statements as an integral part of financial statements of the Union and the state governments by classifying government cash flows under operating, investing and financing activities. Information about cash flows of a government will enable users to make and evaluate decisions about the allocation of resources and certainty of its cash flows. Historical cash flow information may also be used as an indicator of the amount, timing and certainty of future cash flows.

The release of these exposure drafts signals continuation of the endeavour of GASAB to establish standards of governmental accounting and financial reporting for the Union and the state governments. The Indian Government Accounting Standards are aimed at fostering improvement in the accounting framework and institutionalise effective internal control systems. The ultimate aim is to provide useful information to the users of financial reports.



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