

## SCHEDULE 22: SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis for preparation of Accounts:

The Accounts are prepared under the historical cost convention unless otherwise stated and generally on the accrual method of accounting.

### 2. Revenue Recognition

(A.) The following items are accounted for on accrual basis while recognizing revenue;

- a. Pension and Leave Salary contribution-on raising demand
- b. Interest on investments –on accrued basis.
- c. Interest on loan to staff- on accorded basis each year base on the diminishing balance method.

B) The following items on come are recognized on collection/receipt.

- . Sale of publications/journals/information services.
- . Water & electricity charges.
- . Application fees.
- . Sale proceeds of farm produce fruits & vegetables
- . Sale proceeds of scrap, unserviceable stores/empties.
- . Sale of Tender papers.
- . Sale of application forms.
- . Telephone charges.
- . Guest House charges.
- . Registration fees.

. Interest on Bank Account.

C) Insurance of vehicles against third party risks are accounted for on cash basis.

### 3. Fixed Assets and Depreciation

- 3.1 Fixed assets except progeny of Livestock are stated at cost of acquisition including inward freight, duties and taxes and incidental and direct expenses related to acquisition, installation commissioning.
- 3.2 Progeny of Livestock are set up as assets when they are born by assigning values. Based on expenditure incurred on prenatal and post natal care of the mother and enhanced till their attaining particular ages, by the expenditure on their upkeep and feed. These items of expenditure are capitalised as the value of progeny, by credit to capital reserve.
- 3.3 Fixed assets are valued at cost of acquisition or construction or at manufacturing cost (in case of own manufactured / fabricated assets) in the year of capitalisation less accumulated depreciation (except freehold land and livestock). Depreciation on fixed assets for the year is provided on straight line method as per Companies act, at the following rates:

ITEM	Rate of Depreciation
Buildings, Tanks & Ponds	1.63%
Roads, Bridge, Sewerage & Drainage	1.63%
Electrical installations and equipment	4.75%
Plant & machinery, Tube wells	4.75%
Vehicles & vessels	9.50%

Office equipment	4.75%
Computers/peripherals/accessories	4.75%
Furniture & fixtures	6.33%
Audio visual equipment	4.75%
Laboratory apparatus and scientific equipment	4.75%
Library books	4.75%

- 3.4 All Fixed Assets other than Land and Buildings, the depreciated value of which at the beginning of the year is Rs. 10000 or less; and all Fixed Assets, other than Land & Buildings purchased in the year for a sum of less than Rs. 10000 each, are depreciated at the rate of 100% retaining a residual value for accounting control.
- 3.5 Full depreciation is provided on additions during the year.
- 3.6 No depreciation is provided on Land and Livestock.
- 4 Stocks: Stocks of stores, spare parts, laboratory chemicals, glassware, consumables, and other inventory items are valued at cost.
- 5 Animals used in research are treated as expenditure on cash basis whenever they are purchased. If however, they are held in large numbers and issued for research as and when necessary, they will be classified as Inventory.
- 6 Retirement benefits The pension, gratuity and leave encashment are provided in the books of account based on cash basis.
- 7 Investments ( head quarters only)

All Long-Term Investments are valued at cost except in case of permanent diminution in their value for which necessary provision is made. Current investments are valued at the lower of cost and fair/market value.

8. Earmarked funds -welfare fund:

This represents the allocation of a specific percentage of the intellectual fee levied against and recovered from sponsored research projects, consultancy projects, and technical services. The fund is utilised for grants to families of deceased employees, Ex-gratia payments to employees/scholarships/hostel subsidy/cash awards and subsidy for books.

The balance in the fund is invested and the income from the investment is added to the fund.

9. **Investments of earmarked funds interest income accrued on such investments:**

To the extent not immediately required for expenditure, the amounts available against such funds are invested in approved securities, debentures and bonds or deposited for fixed terms with banks, leaving the balance in current bank accounts.

Interest received, accrued and due and accrued but not due on such investments, are added to the respective funds and not treated as income of the council.

10 Government grants

10.1 Government grants of the nature of contribution towards capital expenditure (to the extent utilised in the year) are treated as of Capital Fund.

10.2 Government grants for meeting the revenue expenditure are treated as income of the year in which

they are realized, except that they will be treated as accrued income where sanctions have been issued before the last day of the year and there is reasonable certainty of collection and realization.

10.3 Unutilized government grants are treated as funds to be carried forward and refunded, as per government directions and exhibited as a Liability.

10.4 Grants from AP Cess fund:

The Ministry of Agriculture has authorized to draw from the AP Cess fund, monies required for utilisation against approved schemes, as and when necessary, the limit in the annual budget. The drawals take place against a Letter of Credit established by the Ministry of Agriculture with the State of India in favour of Department of Agricultural Research and Education (DARE).

To the extent utilised for schemes in Headquarters and the Institutes and for financial assistance to scientific societies, the receipts against this grant are treated as income in the Income and Expenditure Account. To the extent it is utilised for capital expenditure as part of the schemes, it is transferred to the Capital Fund. The unutilised grants from AP Cess fund at the end of the year, pertaining to ongoing schemes are carried forward as a Liability as at the end of the year and for utilization in the subsequent years. Unspent balance of terminated AP Cess schemes and Revolving Fund recoveries from ICAR institutes, SAUs, NGOs are remitted to in the same financial year or in the next financial year.

11. Revolving Funds:

11.1 Revolving fund loans are granted to ICAR institutes, State Agricultural Universities and NGOs from the AP Cess funds, to enable them to undertake schemes for generation of income, and are exhibited under Current Assets Loans & Advances, till their repayment in instalments. The advances given to ICAR

institutes which appear under the same head in the ICAR Headquarters account and as a liability under the head 'Current Liabilities and Provisions in the institutes' accounts get set off during consolidation of accounts for ICAR as a whole. The repayment of the advances in instalments by the institutes as well as SAUs & NGOs is watched through the Headquarter's accounts in which the advances appear under the head Current Assets, Loans & Advances -b. Loans & Advances -Revolving Fund advances to Institutes. Recoveries of such advances along with balances in terminated AP Cess schemes are remitted to the Govt. of India.

11.2 The revenue expenditure incurred out of Revolving Fund schemes as well as the income derived from such schemes by the ICAR institutes are accounted for under the respective financial heads.

## 12. Sponsored Projects, Consultancy Projects and Grant-in-aid Projects -Receipts and Disbursements:

In respect of ongoing sponsored projects and consultancy projects, the amounts received from sponsors/clients are credited to the head "Current Liabilities -Other Liabilities -Receipts against ongoing sponsored/consultancy projects." As and when expenditure is incurred/advances are paid against such projects, entries are passed for credit to overhead recoveries, intellectual fees etc. by debit to the concerned project account under the head "Assets

-Current Assets -Loans and Advances -a) Current assets -sundry debtors -Payments' against ongoing sponsored projects1 advances against sponsored projects", through Bank account (payments made), and through Journal entries (crediting Overhead Recovery Account, Intellectual fee etc). Simultaneously, after

determining the shares of the Council, welfare fund and the scientific and other staff, these heads are credited by debit to Overhead Recovery account and Intellectual fee account. The share of Intellectual fee pertaining to the Council is treated as income in the Income and Expenditure Account. Overhead Recoveries and Equipment Usage Recoveries are treated as abatement of revenue expenditure for the year.

At the end of the year where the expenditure on Sponsored scheme booked under 'Sundry Debtors' is less than the Receipts (Opening Balance + Receipts during the year) for the scheme (under the head 'Current liabilities'), the figure under Sundry Debtors will be set off against the figures in Liabilities side in respect of that scheme and the net figure will be shown under Current Liabilities in the Balance Sheet. In respect of schemes, where the expenditure is more than the Receipts (Opening Balance + Receipts during the year) for the scheme, the figure in the liabilities side will be set off against the figures on the Assets side and the net amount shown as recoverable from the Sponsors under Current Assets -Sundry Debtors in the Balance Sheet.

13. Expenditure on interest and finance charges incurred, which is not material when compared to totality, is grouped under miscellaneous expenses.





## **SCHEDULE 23: CONTINGENT LIABILITIES AND NOTES TO ACCOUNTS ( 2009-10)**

- Previous year's figures have been regrouped whenever necessary.
- Schedules 1 to 23 are annexed to and form an integral part of the balance sheet as at 31.3.2010 and the income expenditure account for the year ended on that date.
- ICAR was following a Cash Accounting System and preparing only a Receipts Payments Account till the year 2001-2002. Consequent on the need to adopt the Accrual System of accounting and the standard formats for presentation of the Annual Financial Statement made mandatory the Receipts Payments Account for 2002-2003 have been converted into an Income Expenditure Account and a Balance Sheet, using data about various transactions to the extent available.

- **Fixed Assets**

The amount of Surplus /Deficiency arising on Disposal of Fixed Assets has been worked out by the institutes and taken in to the Account. The depreciation has been incorporated by the institutes.

- **Depreciation**

The Depreciation has been calculated for the current year on the basis of closing Fixed Assets (except on Land Livestock) as per Straight Line Method at rates prescribed under The Companies Act, 1956. The depreciation on the disposed off assets has been suitably incorporated in the Schedule 5 in this year.

- **Details regarding Non-Plan Budget vis-à-vis Expenditure 2009-10**

(A) Grants received under Non-Plan from govt. of India as per R.E. 2009-10	Rs. 1491, 50, 00,000.	Refer Sch. 9A
--	-----------------------	---------------

(B) Expenditure during the year (Cap. Exp. 157069129.55+ Rev. Exp.18808121364.46+ Loan & Advance.55940806 )	Rs. 1902,11,31,299.01.	Refer Sch.9A
(C) Excess Expenditure over and above Non-Plan Govt. grants (B-A).	Rs. 410,61,31,300.00.	
(D) Total Remittance made from ICAR Hqrs. Under Non- Plan.	Rs. 1780,13, 41,338.00.	Refer R&P A/c ( General Accounts )
( E ) Excess Remittance from ICAR Hqrs. over and above Govt. grant. (D- A).	Rs. 288,53,41,338.00.	
(F) Balances amount utilized out of Revenue balances with the units. (C – E).	Rs 121,97,89,962.01.	