

**THE  
BUSINESS  
LINE  
3 APRIL 2004**

## **GASAB issues draft on grants-in-aid, cash flow statements**

**Our Bureau**  
*New Delhi, April 2*

THE Government Accounting Standards Advisory Board (GASAB) has issued exposure drafts on the subjects of "Accounting and Classification of Grants-in-aid" and "Cash Flow Statements".

The main responsibility of GASAB is to formulate and propose standards that improve transparency and the usefulness of financial reports based on the needs of the financial report users.

The Comptroller and Auditor General of India (CAG) had established GASAB.

An official release said that the exposure draft on "Accounting and Classification of Grants-in-aid" deals with the accounting and classification requirements of grants-in-aid released by the Union and State Governments to various bodies and institutions and governments in the case of Union Government.

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 creation of capital assets should be disclosed distinctly.

The exposure draft on "Cash Flow Statements" mandates the 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.