Profit and Loss Account / Financial Statements did not disclose the income or expenditure of the NHAI.

(xi) NHAI carried out corrections in the accounts to the extent of ₹ 451.12 crore on the basis of audit observations, as detailed below:

(₹ in crore)

Sr. No.	Particulars	Inter Head		Intra Head	
		Debit	Credit	Debit	Credit
1	Assets	449.69	9.18	1.10	1.10
2	Liabilities	0.28	440.84	-	-
3.	P&L A/c	0.05	-		
	Total	**450.02**	**450.02**	**1.10**	**1.10**

(2) Inland Waterways Authority of India

(i) Advance to contractors and suppliers was overstated by ₹ 6.25 crore due to non-adjustment of the advances given to Government Departments. Consequently, 'Claims Recoverable' was also understated to the same extent.

(ii) The Corporation had carried out correction to the draft accounts to the extent of ₹ 28.94 crore on the basis of the observations of CAG Audit.

2.6 Departures from Accounting Standards

In exercise of the powers conferred by clause (a) of sub-section (1) of section 642 of the Companies Act, 1956, read with sub-section (3C) of Section 211 and sub-section (1) of Section 210A of the said Act, the Central Government, in consultation with National Advisory Committee on Accounting Standards prescribed Accounting Standards 1 to 7 and 9 to 29 as recommended by the Institute of Chartered Accountants of India.

The statutory auditor reported that 33 companies as detailed in ***Appendix - VI*** departed from mandatory Accounting Standards.

However, during course of supplementary audit, it was observed that the following companies had not complied with the mandatory Accounting Standards which were not reported by their statutory auditors:

Accounting Standard		Name of the Company	Deviation
AS-3	Cash Flow Statements	IFCI Limited	The Company had neither disclosed nor prescribed policy for composition of cash and cash equivalents.
AS - 5	Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting	Antrix Corporation Limited	Prior period items amounting to ₹ 18.20 crore was shown under 'other income'.
		Chandigarh Scheduled Caste Financial and Development Corporation Limited	Amount of Reserve for Bad and Doubtful Debts and Reserve for Relief and

	Policies	(2012-13)	Common Good Fund had been shown as Exceptional Items.
		National Film Development Corporation Limited	Impact due to change in Accounting Policies regarding treatment of cost of production of films and production of television serials/acquired programmes had not been disclosed.
AS - 9	Revenue Recognition	Konkan Railway Corporation Limited	The Company had recognized interest at seven *per cent* per annum on the loan of ₹ 19.03 crore given to Konkan Railway Welfare Organisation for construction of accommodation for railway personnel. The loan agreement containing terms and conditions of repayment of loan were still to be executed.
AS - 12	Accounting of Government Grants	Chandigarh Scheduled Caste Financial and Development Corporation Limited (2012-13)	Income and expenditure incurred out of Government Grants were not routed through Statement of Profit and Loss.
		India Renewable Energy Development Agency Limited	Disbursed grant of ₹ 100 crore received from GOI for Rooftop PV and Small Solar Power Generation Programme to various parties for the purpose of generation based incentive without routing through the books of accounts. Also, invoked bank guarantee of ₹ 27.02 crore and kept the amount out of books of accounts.
AS-13	Accounting for Investment	IFCI Limited	Despite continuous cash losses; negative Earning Per Share; heavy debt on balance sheet; erosion of net worth; accumulated losses; non declaration of dividend; passing/filing of winding up petition in courts and having no buy back commitments/ defaults in buy back commitments by investee

			Companies, no assessment had been made for adequacy of the provision for diminution in value of investment in respect of four companies.
AS-15	Employee Benefit	National Projects Construction Corporation Limited	The Company did not make provision for leave travel concession on actuarial basis.
		Railtel Corporation of India Limited	The valuation of employee benefit was not got done from qualified actuary.
		Rajasthan Electronics and Instruments Limited	The Accounting Policy of the Company on leave encashment was not in line with Accounting Standard.
AS-18	Related Party Disclosures	Cement Corporation of India Limited	The names of related party had not been disclosed.
		HARDICON Limited	Disclosure regarding related party relationship as well as details of Key Management personnel had not been given.
		India SME Technology Services Limited	The names of related party had not been disclosed.
		Rajasthan Consultancy Organisation Limited	Disclosure regarding related party relationship as well as details of Key Management personnel had not been given.
AS-20	Earnings Per Share	HARDICON Limited	The Company had not disclosed diluted EPS.
		Rajasthan Consultancy Organisation Limited	The Company had not disclosed its accounting policy relating to calculation of EPS.

2.7 Management Letters

One of the objectives of financial audit is to establish communication on audit matters arising from the audit of financial statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of PSEs were reported as comments under Section 619(4) of the Companies Act, 1956. Besides these comments, irregularities or deficiencies in the financial reports or in the reporting process were also communicated to the management through a 'Management Letter' for taking corrective action. These deficiencies generally related to

- application and interpretation of accounting policies and practices,
- adjustments arising out of audit that could have a significant effect on the financial statements, and