

Exposure Draft

Accounting Standard for Local Bodies (ASLB) 24

Presentation of Budget Information in Financial Statements

(Based on corresponding IPSAS 24)

(Last date of comments: May 10, 2015)



Issued by
The Committee on Accounting Standards for Local Bodies
The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
New Delhi

Exposure Draft
ASLB 24—PRESENTATION OF BUDGET INFORMATION IN
FINANCIAL STATEMENTS

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INVITATION TO COMMENTS

The Committee on Accounting Standards for Local Bodies of the Institute of Chartered Accountants of India invites comments on any aspect of this Exposure Draft of the Accounting Standard for Local Bodies (ASLB) 24, 'Presentation of Budget Information in Financial Statements'. Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide a suggestion for alternative wording.

Comments can be submitted using one of the following methods, so as to be received not later than May 10, 2015:

- 1. Electronically: Click on <http://www.icai.org/comments/caslb/> to submit comments online.*
- 2. Email: Comments can be sent to caslb@icai.in*
- 3. Postal: Secretary, Committee on Accounting Standards for Local Bodies, The Institute of Chartered Accountants of India, ICAI Bhawan, Post Box No. 7100, Indraprastha Marg, New Delhi – 110 002.*

Question:

The Accounting Standards for Local Bodies (ASLB) 24, 'Presentation of Budget Information in Financial Statements' in its paragraph 7 defines '**Revised Budget**' as the **original budget adjusted for all reserves**, carry-over amounts, transfers, allocations, supplemental appropriations and other changes authorised by the governing body or similar authority changes applicable to the budget period.

The same definition as provided in the corresponding IPSAS has been retained in this ASLB. Do you agree that retaining '**adjustments for all reserves**' in the above definition is appropriate in the context of local bodies in India? Give reasons for your view.

Exposure Draft

Accounting Standard for Local Bodies (ASLB) 24

Presentation of Budget Information in Financial Statements

*(This Accounting Standard includes paragraphs set in **bold italic** type and plain type, which have equal authority. Paragraphs in bold italic type indicate the main principles. This Accounting Standard should be read in the context of its objective and the Preface to the Accounting Standards for Local Bodies¹)*

The Accounting Standard for Local Bodies (ASLB) 24, 'Presentation of Budget Information in Financial Statements', issued by the Council of the Institute of Chartered Accountants of India, will be recommendatory in nature in the initial years for use by the local bodies. This Standard will be mandatory for Local Bodies in a State from the date specified in this regard by the State Government concerned².

The following is the text of the Accounting Standard for Local Bodies:

Objective

1. This Standard requires a comparison of budget amounts and the actual amounts arising from execution of the budget to be included in the financial statements of entities that are required to, or elect to, make publicly available their approved budget(s), and for which they are, therefore, held publicly accountable. This Standard also requires disclosure of an explanation of the reasons for material differences between the budget and actual amounts. Compliance with the requirements of this Standard will ensure that entities discharge their accountability obligations and enhance the transparency of their financial statements by demonstrating - (a) compliance with the approved budget(s) for which they are held publicly accountable and (b) where the budget(s) and the financial statements are prepared on the same basis, their financial performance in achieving the budgeted results.

Scope

2. **An entity that prepares and presents financial statements under the accrual basis of accounting should apply this Standard.**
3. **This Standard applies to all entities that are described as the Local Bodies in the Preface to Accounting Standards for Local Bodies and are required or elect to make their approved budget(s) publicly available.**

¹ Attention is specifically drawn to paragraph 4.2 of the 'Preface to the Accounting Standards for Local Bodies', according to which Accounting Standards are intended to apply only to items which are material.

² Reference may be made to the paragraph 7.1 of the 'Preface to the Accounting Standards for Local Bodies' providing the discussion on the compliance with the Accounting Standards for Local Bodies.

4. [Refer to Appendix 1]
5. This Standard does not require approved budgets to be made publicly available, nor does it require that the financial statements disclose information about, or make comparisons with, approved budgets that are not made publicly available.
6. In some cases, approved budgets will be compiled to encompass all the activities controlled by a local body. In other cases, separate approved budgets may be required to be made publicly available for certain activities, groups of activities, or entities included in the financial statements of a local body. This may occur where, for example, financial statements of a local body encompass local body's agencies or programmes that have operational autonomy and prepare their own budgets. This Standard applies to all entities that present financial statements when approved budgets for the entity, or components thereof, are made publicly available.

Definitions

7. The following terms are used in this Standard with the meanings specified:

Annual budget means an approved budget for one year. It does not include published forward estimates or projections for periods beyond the budget period.

Appropriation is an authorisation granted by a governing body to allocate funds for purposes specified by the governing body or similar authority.

Approved budget means the anticipated revenue or receipts and expenditure approved by the governing body or similar authority relating to the budgeted period.

Budgetary basis means the accrual, cash, or other basis of accounting adopted in the budget that has been approved by the governing body.

Budget period is the period covered by the budget as prescribed in the relevant legislation.

Comparable basis means the actual amounts presented on the same accounting basis, same classification basis, for the same entities and for the same period as the approved budget.

Revised budget is the original budget adjusted for all reserves, carry-over amounts, transfers, allocations, supplemental appropriations and other changes authorised by the governing body or similar authority changes applicable to the budget period.

Governing body is a body that is authorised by relevant legislative law to formulate policies concerning the activities of a local body such as a Committee, Board or a Council.

Multi-year budget is an approved budget for more than one year. It does not include published forward estimates or projections for periods beyond the budget period.³

Original budget is the initial approved budget for the budget period.

Terms defined in other ASLBs are used in this Standard with the same meaning as in those other Standards.

Approved Budgets

8. An approved budget as defined by this Standard reflects the anticipated revenues or receipts expected to arise in the annual or multi-year budget period, based on current plans and the anticipated economic conditions during that budget period, and expenses or expenditures approved by the governing body or other relevant authority. An approved budget is not a forward estimate or a projection based on assumptions about future events and possible management actions that are not necessarily expected to take place. Similarly, an approved budget differs from prospective financial information, which may be in the form of a forecast, a projection, or a combination of both; for example, a one-year forecast plus a five-year projection.
9. The critical feature of approved budgets is that the authority to withdraw funds for agreed and identified purposes is provided by the governing body. The approved budget establishes the expenditure authority for the specified items. The expenditure authority is generally considered the legal limit within which an entity must operate. In some cases, the approved budget for which the entity will be held accountable may be the original budget, and in others cases it may be the revised budget.
10. If a budget is not approved prior to the beginning of the budget period, the original budget is the budget that was first approved for application in the budget year.

Original and Revised Budget

11. The original budget may include residual appropriated amounts automatically carried over from prior years by law. In some cases, there may be a legal

³ At present the concept of multi-year budget is not prevalent in India.

provision that requires the automatic rolling forward of appropriations to cover prior year commitments. Commitments encompass possible future liabilities based on a current contractual agreement. In some cases, they may be referred to as obligations or encumbrances, and include outstanding purchase orders, work orders and contracts where goods or services have not yet been received.

12. Supplemental appropriations may be necessary where the original budget did not adequately envisage expenditure requirements arising from, for example, natural disasters. In addition, there may be a shortfall in budgeted revenues during the period, and internal transfers between budget heads or line items may be necessary to accommodate changes in funding priorities during the fiscal period. Consequently, the funds allotted to an entity or activity may need to be cut back from the amount originally appropriated for the period in order to maintain fiscal discipline. The revised budget includes all such authorised changes or amendments.

Actual Amounts

13. This Standard uses the term actual or actual amount to describe the amounts that result from execution of the budget. In some cases, budget out-turn, budget execution, or similar terms may be used with the same meaning as actual or actual amount.

Presentation of a Comparison of Budget and Actual Amounts

14. **Subject to the requirements of paragraph 21, an entity should present a comparison of the budget amounts for which it is held publicly accountable and actual amounts, either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with ASLBs. The comparison of budget and actual amounts should present separately for each level of governing body's oversight:**
 - (a) **The original and revised budget amounts;**
 - (b) **The actual amounts on a comparable basis; and**
 - (c) **By way of note disclosure, an explanation of material differences between the budget for which the entity is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.**
15. Presentation in the financial statements of the original and revised budget amounts and actual amounts on a comparable basis with the budget that is made publicly available will complete the accountability cycle by

enabling users of the financial statements to identify whether resources were obtained and used in accordance with the approved budget. Differences between the actual amounts and the budget amounts, whether original or revised budget (often referred to as the variance in accounting), may also be presented in the financial statements for completeness.

16. An explanation of the material differences between actual amounts and the budget amounts will assist users in understanding the reasons for material departures from the approved budget for which the entity is held publicly accountable.
17. An entity may be required, or may elect, to make publicly available its original budget, its revised budget, or both its original and revised budget. In circumstances where both the original and revised budget are required to be made publicly available, the regulation, governing body or other similar authority will often provide guidance on whether explanation of material differences between the actual and the original budget amounts, or actual and the revised budget amounts, is required in accordance with paragraph 14(c). In the absence of any such guidance, material differences may be determined by reference to, for example, (a) differences between actual and original budget to focus on performance against original budget, or (b) differences between actual and revised budget to focus on compliance with the revised budget.
18. In some cases, the revised budget and the actual amount may be the same. This is because budget execution is monitored over the reporting period, and the original budget progressively revised to reflect changing conditions, changing circumstances, and experiences during the reporting period. Paragraph 29 of this Standard requires the disclosure of an explanation of the reasons for changes between the original and revised budget. Those disclosures, together with the disclosures required by paragraph 14 above, will ensure that entities that make publicly available their approved budget(s) are held publicly accountable for their performance against, and compliance with, the relevant approved budget.
19. Management discussion and analysis, operations review, or other public reports that provide commentary on the performance and achievements of the entity during the reporting period, including explanations of any material differences from budget amounts, are often issued in conjunction with the financial statements. In accordance with paragraph 14(c) of this Standard, explanation of material differences between actual and budget amounts will be included in notes to the financial statements, unless (a) included in other public reports or documents issued in conjunction with the financial statements, and (b) the notes to the financial statements identify the reports or documents in which the explanation can be found.

20. [Refer to Appendix 1]

Presentation and Disclosure

21. **An entity should present a comparison of budget and actual amounts as additional budget columns in the primary financial statements only where the financial statements and the budget are prepared on a comparable basis.**
22. Comparisons of budget and actual amounts may be presented in a **separate** financial statement, (Statement of Comparison of Budget and Actual Amounts or a similarly titled statement) included in the complete set of financial statements as specified in ASLB 1. Alternatively, where the financial statements and the budget are prepared on a comparable basis – that is, on the same basis of accounting for the same entity and same reporting period, and adopt the same classification structure – additional columns may be added to the existing primary financial statements presented in accordance with ASLBs. These additional columns will identify original and revised budget amounts and, if the entity so chooses, differences between the budget and actual amounts.
23. When the budget and financial statements are not prepared on a comparable basis, a separate Statement of Comparison of Budget and Actual Amounts is presented. In these cases, to ensure that readers do not misinterpret financial information that is prepared on different bases, the financial statements could usefully clarify that the budget and the accounting bases differ, and that the Statement of Comparison of Budget and Actual Amounts is prepared on the budget basis.
24. In some cases where budgets are prepared on the accrual basis and encompass the full set of financial statements, additional budget columns can be added to all the primary financial statements required by ASLBs. However, in some cases, budgets prepared on the accrual basis may be presented in the form of only certain of the primary financial statements that comprise the full set of financial statements as specified by ASLBs – for example, the budget may be presented as an income and expenditure statement or a cash flow statement, with additional information provided in supporting schedules. In these cases, the additional budget columns can be included in the primary financial statements that are also adopted for presentation of the budget.

Level of Aggregation

25. Budget documents may provide great detail about particular activities, programmes, or entities. These details are often aggregated into broad classes under common budget heads, budget classifications, or budget headings for presentation to, and approval by, the governing body or other similar authority. The disclosure of budget and actual information consistent

with those broad classes and budget heads or headings will ensure that comparisons are made at the level of governing body's or other similar authority's oversight identified in the budget documents.

26. ASLB 3, "Accounting Policies, Changes in Accounting Estimates and Errors," requires financial statements to provide information that meets a number of qualitative characteristics, including that the information is:

- (a) Relevant to the decision-making needs of users; and
- (b) Reliable in that the financial statements:
 - (i) Represent faithfully the financial position, financial performance, and cash flows of the entity;
 - (ii) Reflect the economic substance of transactions, other events, and conditions, and not merely the legal form;
 - (iii) Are neutral, that is, free from bias;
 - (iv) Are prudent; and
 - (v) Are complete in all material respects.

27. In some cases, the detailed financial information included in approved budgets may need to be aggregated for presentation in financial statements in accordance with the requirements of this Standard. Such aggregation may be necessary to avoid information overload and to reflect relevant levels of governing body's or other similar authority's oversight. Determining the level of aggregation will involve professional judgment. That judgment will be applied in the context of the objective of this Standard and the qualitative characteristics of financial reporting as outlined in Paragraph 26 above and in 'The Conceptual Framework for General Purpose Financial Reporting in Local Bodies'⁴.

28. Additional budget information, including information about service level benchmarks, may be presented in documents other than financial statements. A cross reference from financial statements to such documents is encouraged, particularly to link budget and actual data to non-financial budget data and service level benchmarks.

Changes from Original to Revised Budget

29. An entity should present an explanation of whether changes between the original and revised budget are a consequence of reallocations within the budget, or of other factors:

- (a) **By way of note disclosure in the financial statements; or**
- (b) **In a report issued before, at the same time as, or in conjunction with, the financial statements, and shall include a**

⁴ Formulation of 'The Conceptual Framework for General Purpose Financial Reporting in Local Bodies' is yet to be taken up.

cross reference to the report in the notes to the financial statements.

30. The revised budget includes all changes approved by the governing body or other designated authority to revise the original budget. Consistent with the requirements of this Standard, an entity will include in the notes to the financial statements or in a separate report issued before, in conjunction with, or at the same time as the financial statements, an explanation of changes between the original and revised budget. That explanation will include whether, for example, changes arise as a consequence of reallocations within the original budget parameters or as a consequence of other factors, such as changes in the overall budget parameters, including changes in government policy. Such disclosures are often made in a management discussion and analysis or similar report on operations issued in conjunction with, but not as part of, the financial statements. Such disclosures may also be included in budget out-turn reports issued by local bodies to report on budget execution. Where disclosures are made in separate reports rather than in the financial statements, the notes to the financial statements will include a cross reference to the report.

Comparable Basis

31. All comparisons of budget and actual amounts should be presented on a comparable basis to the budget.

32. The comparison of budget and actual amounts will be presented on the same accounting basis (accrual, cash, or other basis), same classification basis, and for the same entities and period as for the approved budget. This will ensure that the disclosure of information about compliance with the budget in the financial statements is on the same basis as the budget itself. In some cases, this may mean presenting a budget and actual comparison on a different basis of accounting, for a different group of activities, and with a different presentation or classification format than that adopted for the financial statements

33. Financial statements consolidate entities and activities controlled by the entity. As noted in paragraph 5, separate budgets may be approved and made publicly available for individual entities or particular activities that make up the consolidated financial statements. Where this occurs, the separate budgets may be recompiled for presentation in the financial statements in accordance with the requirements of this Standard. Where such recompilation occurs, it will not involve changes or revisions to approved budgets. This is because this Standard requires a comparison of actual amounts with the approved budget amounts.

34. Entities may adopt different bases of accounting for the preparation of their financial statements and for their approved budgets. For example, a local

body may adopt the accrual basis for its financial statements and the cash basis for its budget. In addition, budgets may focus on, or include information about, commitments to expend funds in the future and changes in those commitments, while the financial statements will report assets, liabilities, net assets/equity, revenues, expenses, other changes in net assets/equity, and cash flows. However, the budget entity and financial reporting entity will often be the same. Similarly, the period for which the budget is prepared and the classification basis adopted for the budget will often be reflected in financial statements. This will ensure that the accounting system records and reports financial information in a manner that facilitates the comparison of budget and actual data for management and for accountability purposes. For example, for monitoring progress of execution of the budget during the budget period and for reporting to the government, the public, and other users on a relevant and timely basis.

35. [Refer to Appendix 1]

36. [Refer to Appendix 1]

Multi-year Budgets

37. Some local bodies approve and make publicly available multi-year budgets, rather than separate annual budgets. Conventionally, multi-year budgets comprise a series of annual budgets or annual budget targets. The approved budget for each component annual period reflects the application of the budgetary policies associated with the multi-year budget for that component period. In some cases, the multi-year budget provides for a roll forward of unused appropriations in any single year.

38. Entities with multi-year budgets may take different approaches to determining their original and revised budget, depending on how their budget is passed. For example, a local body may pass a biennial budget that contains two approved annual budgets, in which case an original and revised approved budget for each annual period will be identifiable. If unused appropriations from the first year of the biennial budget are legally authorised to be spent in the second year, the original budget for the second-year period will be increased for these carry over amounts. In the rare cases in which a local body passes a biennial or other multi-period budget that does not specifically separate budget amounts into each annual period, judgment may be necessary in identifying which amounts are attributable to each annual period in determining annual budgets for the purposes of this Standard. For example, the original and revised approved budget for the first year of a biennial period will encompass any approved capital acquisitions for the biennial period that occurred during the first year, together with the amount of the recurring revenue and expenditure items attributable to that year. The unexpended amounts from the first annual period would then be included in the original budget for the second annual period, and that budget together

with any amendments thereto would form the revised budget for the second year. Where multi-period budgets are adopted, entities are encouraged to provide additional note disclosure about the relationship between budget and actual amounts during the budget period.

Note Disclosures of Budgetary Basis, Period and Scope

39. An entity should explain in notes to the financial statements the budgetary basis and classification basis adopted in the approved budget.

40. There may be differences between the accounting basis (cash, accrual, or some modification thereof) used in preparation and presentation of the budget and the accounting basis used in the financial statements. These differences may occur when the accounting system and the budget system compile information from different perspectives – the budget may focus on cash flows, or cash flows plus certain commitments, while the financial statements report cash flows and accrual information.

41. Formats and classification schemes adopted for presentation of the approved budget may also differ from the formats adopted for the financial statements. An approved budget may classify items on the same basis as is adopted in the financial statements, for example, by economic nature (compensation of employees, use of goods or services, etc.), or function (health, education, etc.). Alternatively, the budget may classify items by specific programmes (for example, poverty reduction or control of contagious diseases) or programme components linked to performance outcome objectives (for example, students completing training under nursing programme or surgical operations performed by hospital emergency services), which differ from classifications adopted in the financial statements. Further, a recurrent budget for ongoing operations (for example, education or health) may be approved separately from a capital budget for capital outlays (for example, infrastructure or buildings).

42. ASLB 1, 'Presentation of Financial Statements', requires entities to present, in notes to the financial statements, information about the basis of preparation of the financial statements and the significant accounting policies adopted. Disclosure of the budgetary basis and classification basis adopted for the preparation and presentation of approved budgets will assist users to better understand the relationship between the budget and accounting information disclosed in the financial statements.

43. An entity should disclose in notes to the financial statements the period of the approved budget.

44. Financial statements are presented at least annually. Entities may approve

budgets for an annual period or for multi-year periods. Disclosure of the period covered by the approved budget, where that period differs from the reporting period adopted for the financial statements, will assist the users of those financial statements to better understand the relationship of the budget data and budget comparison to the financial statements.

45. An entity should identify in notes to the financial statements the entities included in the approved budget.

46. [Refer to Appendix 1]

Reconciliation of Actual Amounts on a Comparable Basis and Actual Amounts in the Financial Statements

47. The actual amounts presented on a comparable basis to the budget in accordance with paragraph 31 should, where the financial statements and the budget are not prepared on a comparable basis, be reconciled to the following actual amounts presented in the financial statements, identifying separately any basis, timing, and entity differences:

- (a) **If the accrual basis is adopted for the budget, total revenues, total expenses, and net cash flows from operating activities, investing activities, and financing activities; or**
- (b) **If a basis other than the accrual basis is adopted for the budget, net cash flows from operating activities, investing activities, and financing activities.**

The reconciliation should be disclosed on the face of the statement of comparison of budget and actual amounts, or in the notes to the financial statements.

48. Differences between the actual amounts identified consistent with the comparable basis, and the actual amounts recognised in the financial statements, can usefully be classified into the following:

- (a) Basis differences, which occur when the approved budget is prepared on a basis other than the accounting basis. For example, where the budget is prepared on the cash basis or modified cash basis and the financial statements are prepared on the accrual basis;
- (b) Timing differences, which occur when the budget period differs from the reporting period reflected in the financial statements; and
- (c) Entity differences, which occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared.

There may also be differences in formats and classification schemes

adopted for presentation of financial statements and the budget.

49. The reconciliation required by Paragraph 47 of this Standard will enable the entity to better discharge its accountability obligations, by identifying major sources of difference between the actual amounts on a budget basis and the amounts recognised in the financial statements. This Standard does not preclude reconciliation of each major total and subtotal, or each class of items, presented in a comparison of budget and actual amounts with the equivalent amounts in the financial statements.
50. For some entities adopting the same basis of accounting for preparation of both the budget documents and the financial statements, only the identification of differences between actual amounts in the budget and the equivalent amounts in the financial statements will be required. This will occur where the budget (a) is prepared for the same period, (b) encompasses the same entities, and (c) adopts the same presentation format as the financial statements. In these cases, a reconciliation is not required. For other entities adopting the same basis of accounting for the budget and the financial statements, there may be a difference in presentation format, reporting entity, or reporting period; for example, the approved budget may adopt a different classification or presentation format to the financial statements, may include only non-commercial activities of the entity, or maybe a multi-year budget. A reconciliation would be necessary where there are presentation, timing, or entity differences between the budget and the financial statements prepared on the same accounting basis.
51. For those entities using the cash basis (or a modified cash or modified accrual basis) of accounting for the presentation of the approved budget and the accrual basis for their financial statements, the major totals presented in the statement of budget and actual comparison will be reconciled to net cash flows from operating activities, net cash flows from investing activities, and net cash flows from financing activities as presented in the cash flow statement prepared in accordance with ASLB 2, "Cash Flow Statements".
52. **The disclosure of comparative information in respect of the previous period in accordance with the requirements of this Standard is not required.**
53. This Standard requires a comparison of budget and actual amounts to be included in the financial statements of entities that make publicly available their approved budget(s). It does not require the disclosure of a comparison of actuals of the previous period with the budget of that previous period, nor does it require that the related explanations of differences between the actuals and budget of that previous period be disclosed in the financial statements of the current period.

Effective Date

54. **[Refer to Appendix 1]**

55. [Refer to Appendix 1]

Illustrative Examples

These examples accompany, but are not part of, ASLB 24, "Presentation of Budget Information in Financial Statements".

Statement of Comparison of Budget and Actual Amounts

For Local Body XX for the Year Ended March 31, 20XX Budget on Cash Basis (Classification of Payments by Functions)

Note: The budget and the accounting basis is different. This Statement of Comparison of Budget and Actual Amounts is prepared on the budget basis.

(In rupees)

Particulars (1)	Original Budget (2)	Revised Budget (3)	Actual Amounts on Comparable Basis (4)	* Difference: Revised Budget and Actual (5) = (3) – (4)
RECEIPTS				
Taxation	X	X	X	X
Aid Agreements				
International agencies	X	X	X	X
Other Grants and Aid	X	X	X	X
Proceeds: Borrowing	X	X	X	X
Proceeds: Disposal of plant & Equipment	X	X	X	X
Trading Activities	X	X	X	X
Other receipts	X	X	X	X
Total Receipts	X	X	X	X
PAYMENTS	(X)	(X)	(X)	(X)
Health	(X)	(X)	(X)	(X)
Education	(X)	(X)	(X)	(X)
Public order/safety	(X)	(X)	(X)	(X)
Social protection	(X)	(X)	(X)	(X)
Housing and community amenities	(X)	(X)	(X)	(X)
Recreational, cultural and religion	(X)	(X)	(X)	(X)
Economic affairs				
Others	(X)	(X)	(X)	(X)
Total Payments	(X)	(X)	(X)	(X)
NET RECEIPTS/(PAYMENTS)	X	X	X	X

*The "Difference..." column is not required. However, a comparison between actual and the original or the revised budget, clearly identified as appropriate, may be included.

Additional Column Approach

For Local Body YY for the Year Ended March 31, 20XX
Both Annual Budget and Financial Statements Adopt Accrual Basis
(Illustrated only for Income and Expenditure Statement. Similar presentation would be adopted for other financial statements.)

(In rupees)

Actual 20XX- XX	Particulars (2)	Actual 20XX (3)	Revised Budget 20XX (4)	Original Budget 20XX (5)	<i>*Difference: Original Budget and Actual (6) = (5) - (3)</i>
	Revenue				
X	Taxes	X	X	X	X
X	Fees, fines, penalties, and licenses	X	X	X	X
X	Revenue from exchange transactions	X	X	X	X
X	Transfers from other governments	X	X	X	X
X	Other revenue	X	X	X	X
X	Total revenue	X	X	X	X
	Expenses				
(X)	Wages, salaries, employee benefits	(X)	(X)	(X)	(X)
(X)	Grants and other transfer payments	(X)	(X)	(X)	(X)
(X)	Supplies and consumables used	(X)	(X)	(X)	(X)
(X)	Depreciation/amortisation expense	(X)	(X)	(X)	(X)
(X)	Other expenses	(X)	(X)	(X)	(X)
(X)	Finance costs	(X)	(X)	(X)	(X)
(X)	Total expenses	(X)	(X)	(X)	(X)
X	Share of surplus of associates	X	X	X	X
X	Surplus/(deficit) for the period	X	X	X	X
	Attributable to:				
X	Owners of the controlling entity	X	X	X	X
X	Minority interest	X	X	X	X
X		X	X	X	X

*The "Difference..." column is not required. However, a comparison between actual and the original or the revised budget, clearly identified as appropriate, may be included.

Extract of Note Disclosures—for Local Body X

(Local Body X presents its approved budget on a cash basis and the financial statements on the accrual basis.)

1. The budget is approved on a cash basis by functional classification. The approved budget covers the fiscal period from April 1, 20XX to March 31, 20XX, and includes all entities within the local body. (Prepared in accordance with ASLB XX, “*Consolidated and Separate Financial Statements*”.)
2. The original budget was approved by governing body on (date), and a supplemental appropriation of XXX for disaster relief support was approved by governing body on (date) due to the earthquake in the Northern Region on (date). The original budget objectives and policies and subsequent revisions are explained more fully in the Operational Review and Budget Outcomes reports issued in conjunction with the financial statements.
3. The excess of actual expenditure over the final budget of XX% (XX% over original budget) for the Health function was due to expenditures above the level approved by governing body in response to the earthquake. There were no other material differences between the final approved budget and the actual amounts.
4. The budget and the accounting bases differ. The financial statements are prepared on the accrual basis, using a classification based on the nature of expenses in the income and expenditure statement. The financial statements are consolidated statements that include all controlled entities for the fiscal period from April 1, 20XX to March 31, 20XX. The financial statements differ from the budget which is approved on the cash basis.
5. The amounts in the financial statements were re-cast from the accrual basis to the cash basis, and reclassified by functional classification to be on the same basis as the final approved budget. In addition, adjustments to amounts in the financial statements for timing differences associated with the continuing appropriation were made to express the actual amounts on a comparable basis to the final approved budget. The amount of these adjustments are identified in the following table.
6. A reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the Year Ended March 31, 20XX is presented below. The financial statements and budget documents are prepared for the same period. There is an entity difference: the budget is prepared for the local body and the financial statements consolidate all controlled entities.

There is also a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

(in Rs.)

	Operating	Financing	Investing	Total
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	X	X	X	X
Basis Differences	X	X	X	X
Timing Differences	-	-	-	-
Entity Differences	X	X	X	X
Actual Amount in the Statement of Cash Flows	X	X	X	X

(This reconciliation could be included on the face of the Statement of Comparison of Budget and Actual Amounts or as a note disclosure.)

Encouraged Note Disclosure: Biennial Budget on Cash Basis— For Local Body A for the Year Ended March 31, 20XX

Particulars	Original Biennial Budget Year	Target Budget for 1st Year	Revised Budget in 1st Year	1st Year Actual on Comparable Basis	Balance Available for 2nd Year	Target Budget for 2nd Year	Revised Budget in 2nd Year	2nd Year Actual on Comparable Basis	<i>Difference: Budget and Actual over Budget Period</i>
1	2	3	4	5	6=2-4	7=2-3	8	9	10
RECEIPTS									
Taxation	X	X	X	X	X	X	X	X	X
Aid Agreements	X	X	X	X	X	X	X	X	X
Proceeds: Borrowing	X	X	X	X	X	X	X	X	X
Proceeds: Disposal of plant and equipment	X	X	X	X	X	X	X	X	X
Trading Activities	X	X	X	X	X	X	X	X	X
Other receipts	X	X	X	X	X	X	X	X	X
Total Receipts	X	X	X	X	X	X	X	X	X
PAYMENTS									
Health	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Education	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Public order and safety	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Social protection	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Housing, community amenities	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Recreational, cultural, religion	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Economic affairs	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Other	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
Total Payments	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)	(X)
NET RECEIPTS/ (PAYMENTS)	X	X	X	X	X	X	X	X	X

*This column is not required. However, a comparison between actual and the original or the revised budget, clearly identified as appropriate, may be included.

Appendix 1

Note: This Appendix is not a part of the Accounting Standard for Local Bodies. The purpose of this Appendix is only to bring out the major differences, if any, between Accounting Standard for Local Bodies (ASLB) 24 and the corresponding International Public Sector Accounting Standard (IPSAS) 24, 'Presentation of Budget Information in Financial Statements'.

Comparison with IPSAS 24, 'Presentation of Budget Information in Financial Statements'

1. Different terminologies have been used in the exposure draft of ASLB 24 as compared to corresponding IPSAS 24, e.g., terms 'balance sheet', 'income and expenditure statement', 'governing body', 'revised budget' and 'service level benchmarks' have been used in place of 'statement of financial position', 'statement of financial performance', 'legislative body', 'final budget' and 'service achievements'.
2. Some definitions additional to that in IPSAS 24 have been provided in the exposure draft of ASLB 24 and definition of "accounting basis" given in IPSAS 24 has been deleted in the exposure draft of ASLB 24.
3. Paragraph 4 of IPSAS 24 which provides that Government Business Enterprises (GBE) should use IFRSs, has been deleted, as it is not relevant for Local Bodies in India.
4. Paragraphs 35 - 36 of IPSAS 24 relating to preparation of the budgets in accordance with or in consistent with statistical reporting system have been deleted as the same does not seem relevant for local bodies in India.
5. Some examples provided in IPSAS 24 have been modified in the exposure draft of ASLB 24 to better address the circumstances of the local bodies.
6. Paragraphs pertaining to effective date have been deleted as the exposure draft of ASLB 24 would become mandatory for the Local Bodies in a State from the date specified by the State Government concerned.
7. Other consequential changes in exposure draft of ASLB 24 have also been made due to all above changes. However, paragraph numbers have been retained to maintain consistency with the corresponding IPSAS.