

Section F- Consolidation Process

1.0 ACCOUNTING PROCESS

Tea Board of India has a number of schemes running for the growth of Tea Industry. For the proper functioning of the schemes it has both Inland & Overseas branches with the Head Office situated in Kolkata. The accounts of all the Inland & Overseas branches are merged into the respective schemes and thus the Financial Statement of the Tea Board of India is prepared which is a result of consolidation of the accounts of the various schemes. These schemes are primarily bifurcated into Plan & Non-Plan. The Plan Schemes relates to those schemes which are running for a specific purpose under the Five Year Plans of the Government of India, while the Non Plan activities include licensing, sale of tea and promotional activities not falling under the 5 year plans. The accounts of all the schemes are prepared independently. At the end of the financial year the head office is required to show its financial statements along with the financial statements of each scheme. Therefore, there arises the need to bring the accounts of all the schemes at one place which is termed as Consolidation of Accounts.

It is most important that a uniform accounting policies are followed in all the schemes then only the consolidation will give the correct picture. Hence, step should be taken that all sections are following the prescribed accounting policies.

1.2 ACCOUNTING PROCESS CONTROL

	Subject	Periodicity & Timing	Responsibility	Action
	<u>ACCOUNTS</u>			
	Trial Balance	Monthly; By 12 th of the following month	Accounts officer in-charge of the non plan accounts section	
	Bank Reconciliation	By 10 th of every month for transactions of previous	Accounts officer in-charge of the non plan accounts section	

		month		
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1.3 ACCOUNTING POLICIES

Steps for the Final Consolidation of Financial Statements of the Tea Board

1st Step: - It is most important that a uniform accounting policies are followed in all the schemes then only the consolidation will give the correct picture. Hence, step should be taken that all sections are following the prescribed accounting policies.

2nd Step: Prepare the Financial Statement of the Individual Schemes. The controls in the Fund movement are ensured by the accuracy of the Bank Reconciliation Statements. Therefore, a responsible officer of the Tea Board should ensure that the BRS is properly tallied and the reconciliation items are not too old and only current i. e maximum three month old, stale cheques are reversed, omission entries are entered . The controls on cash are established by tallying the cash balance in the books with the physical cash balance. All vouchers in support of the entries passed in the cash books and bank book are authenticated. Supporting documents for each transaction should be maintained for verification of the transaction at a later date. All accrual and provision entries are passed through the journal vouchers which are also duly authenticated and supported by documents and working papers.

3rd Step: - Prepare the consolidated Income and expenditure account. In this consolidated Income and expenditure all the Incomes and expenses of Non Plan, Plan and any other stand alone scheme should be considered. At the time of consolidation, it must be ensured that details from each regional offices and off-shore offices are obtained. As has been explained in details elsewhere in this manual that the expenses are maintained scheme-wise and not on the basis of geographical locations, any regional office that is omitted would mean that the scheme expenditure and income will be stated incorrectly.

The following are the schedules under which the Income & Expenditure of various schemes gets consolidated.

Schedules for Income

Income from Sales/Services	Schedule No. 12
Grant and Subsidy	Schedule No. 13
Fees / subscription	Schedule No. 14
Income from investment	Schedule No.15
Income from Royalty, Publication etc	Schedule No.16

Interest earned	Schedule No.17
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Other Income	Schedule No.18
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Schedules for Expenditure

Establishment expenses	Schedule 20
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Other Administrative expenses	Schedule 21
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Expenditure on Grant, subsidy	Schedule 22
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Interest	Schedule 23
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Depreciation (not a part of any Schedule)

The Differences of Total Income and Total expenditure results in either Excess of Income over Expenditure or Excess of Expenditure over Income

The excess of Income/Expenditure over expenditure /Income which relates to the Plan and Non Plan are transferred to_Corpus Fund Schedule 1 of Balance Sheet (liability side of Consolidated Balances Sheet)

3rd Step: - Prepare the consolidated Balance Sheet. In this consolidated balance Sheet all the Assets and Liabilities of Non Plan, Plan and any other stand alone scheme should be considered. (Presently Tea Board along with its Plan and Non Plan schemes also consolidate Financial Statements of Loan Scheme, New Pension Scheme and general Provident Fund).

The following are the schedules under which the Balance Sheet of various schemes gets consolidated.

Schedules for Liabilities

Corpus /capital Fund	Schedule 1
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Reserve and surplus	Schedule 2
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Earmarked Fund /Endowment fund	Schedule 3
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Secured loan and Borrowings	Schedule 4
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Unsecured loans and borrowing	Schedule 5
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Deferred credit liabilities	Schedule 6
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Current liabilities and provision	Schedule 7
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Schedules for Asset

Fixed Assets	Schedule 8
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Investment from earmarked fund	Schedule 9
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Investment –others	Schedule 10
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Current assets, loans, Advances etc	Schedule 11
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The detailed process of consolidation has been dealt with in the respective chapters.