

Query No. 37

Subject: *Accounting treatment of R&D expenditure as capital work-in-progress and treatment of grants-in-aid received as liability.*¹

A. Facts of the Case

1. XYZ is a society registered on 16.6.1984 under the provisions of Societies Registration Act 1860, under the administrative control of Department of Defence (R&D), Ministry of Defence (MoD). The Defence Minister and the Finance Minister are President and Vice President, respectively, of the general body and the scientific advisor to Defence Minister is the chairman of the governing body. The society has been entrusted with Research & Development (R&D) of light combat aircraft (LCA) and the Cabinet Committee for Political Affairs (CCPA) has approved the cost and laid down certain time frame to complete the task. It is a non-profit organisation.

2. XYZ is engaged in the design and development of light combat aircraft both for the Indian Air Force (IAF) and Indian Navy (IN). The objectives of the society are to undertake, aid, promote, guide, manage, co-ordinate and execute research in aeronautical science, design & development of various types of aircraft and rotorcraft.

3. The primary mission of the Tejas Programme is to design and develop a world class fighter aircraft for IAF and IN to replace MiG series of aircraft for IAF and sea harrier for the IN and to create a technology base within the country. As a first step, demonstration of technology through R&D has been initiated with the active participation of a public sector undertaking, ABC Ltd. (a wholly owned government company) and other work centres. XYZ is a programme management organisation for the LCA Programme and ABC Ltd. is the principal partner in the programme. Besides, there are about 100 work centers involved in the programme. It includes laboratories under the Department of Defence Research & Development (DRDO), Council of Scientific & Industrial Research (CSIR), Public Sector Undertaking (PSU), Indian Space Research Organization (ISRO), Academic Institutions and Indian Air Force (IAF).

4. The querist has stated that XYZ annually prepares receipts and payments account, income and expenditure account and balance sheet. As no trading is involved, there is no profit and loss account. No depreciation is being provided. Excess of expenditure over income (income which is of minor nature, such as, recoveries of house rent, transport charges etc.) is capitalised and transferred to balance sheet as project expenditure (under the head project management expenditure). In fact, there is no balance which is charged off in the income and expenditure account and receipts and payments accounts, unlike in the conventional profit and loss account. Financial statements are audited by the Comptroller and Auditor General of India (C&AG). The annual report together with annual accounts shall be laid on the table of Lok/Rajya Sabha in the Parliament.

5. XYZ receives grants-in-aid from the Government of India for financing the requirements of the light combat aircraft project. Grants-in-aid are shown on the liability side of the balance sheet. The society has been exempted from paying income-tax as per Rule 5C and 5D of the Income-tax Rules, 1962 with effect from 1.4.2006 as it has been approved as a 'Scientific Research Association' under clause (ii) of sub-section (1) of section 35 of Income-tax Act, 1961.

¹ Opinion finalised by the Committee on 17.10.2018.

6. XYZ is the nodal funding and monitoring agency for the Tejas Programme. LCA/ Tejas Programme is a project of national importance funded by the Ministry of Defence (Department of Defence, R&D). As per Memorandum of Understanding (MoU) with ABC Ltd., prototypes developed by ABC Ltd. are not deliverables to XYZ and are meant for flight testing. The whole development exercise including activities at ABC Ltd. is to demonstrate the technology of design and to develop a light combat aircraft.

7. As of today, the development of Tejas project is not complete. So far, the technology to design and develop LCA has been partially demonstrated. Technology demonstrators and prototype vehicles have been built and/or are under flight test. These technology demonstrators/prototypes will have to undergo mandatory flight tests leading to Initial Operational Clearance (IOC), which has been completed and eventually Final Operational Clearance (FOC) (scheduled to be completed during the year 2018), issued by the Centre for Military Airworthiness and Certification (CEMILAC). Thereafter, the LCA will be inducted by IAF.

8. Intellectual Property Rights (IPR) of design and development of LCA remains with XYZ. However, technology has been transferred to ABC Ltd. so as to enable them to manufacture and supply LCA directly to IAF. Production of LCA contract is directly signed and executed by IAF and ABC Ltd. without any involvement of XYZ, which is a design agency. On achievement of FOC, XYZ's responsibility will be limited to attend to any issues with reference to design deficiency, if any, and improvement as and when requested. Ownership of assets procured by work centre and funded by XYZ shall rest with XYZ. On completion of work packages issued by XYZ to its work centre, assets or facilities funded by XYZ for LCA programme in respect of DRDO labs and academic institutions like Indian Institute of Science, IITs will be transferred to the respective work centre. In respect of assets or facilities funded by XYZ in respect of ABC Ltd. and other CPSUs, ABC Ltd. / CPSU will have the option to take over such property at a value mutually agreed upon. In the event of ABC Ltd./CPSU not exercising this option, disposition of these assets will be decided by XYZ in consultation with ABC Ltd.

9. The querist has clarified that Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) are not applicable to XYZ as XYZ is a non-commercial organisation. The querist has also mentioned that the Preface to the Statements of Accounting Standards, issued by the ICAI provides that the Institute will issue Accounting Standards for use in the presentation of general purpose financial statements issued to the public by commercial, industrial or business enterprises as may be specified by the Institute from time to time and subject to the attest function of its members. Though the accounting standards are not applicable, XYZ has adopted prudent accounting policies as per the Accounting Standards wherever possible.

10. The querist has also stated that XYZ being a programme implementing agency, has accounted for the receipt of grants-in-aid which are released for the development of LCA, as capital receipt as per Accounting Standard (12) 'Accounting for Government Grants'. Also XYZ has not been charging depreciation towards assets as there is no financial provision towards depreciation/ replenishment of assets in Cabinet Committee on Security (CCS) sanctions accorded for development of LCA programme.

11. As per paragraph 7 of the Manual of Budget and Accounts of XYZ, "All preliminary expenditure on surveys and investigations of projects which have fructified is treated as capital expenditure leaving it open to the Governing Council to decide to write back this expenditure to revenue over a period of years".

12. During the course of supplementary audit of the accounts of XYZ under section 20(1) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 by the audit party of Comptroller and Auditor General (C&AG) of India, it was observed that:

“Audit Observation no. 1

Classification as R&D Expenditure

XYZ has capitalized its entire expenditure on the grounds that it is towards research and development. This is an incorrect treatment which is in violation of the accounting standards because of the following reasons.

No Accounting Standard allows the capitalisation of R&D expenditure. It is always treated as revenue or deferred revenue expenditure. The reason stated by XYZ for capitalising its expenditure is that, its entire expenditure is on the LCA project, for the development of the light combat aircraft. Audit finds this argument to be incorrect because LCA is not an asset for XYZ, but an asset for Indian Air Force. According to Accounting Standards (International Public Sector Accounting Standard (IPSAS) 17, International Accounting Standard (IAS) 16, and Accounting Standard (AS) 10), items of property, plant and equipment shall be recognised as assets only when:

- a) It is probable that the future economic benefits or service potential associated with the item will flow to the organisation.
- b) The organization has control over the assets.
- c) The cost or fair value of the item can be measured reliably.

Control over assets arises when an entity can: i) use or otherwise benefit from the asset in pursuit of its objectives; and ii) exclude or otherwise regulate the access of others to that benefit. This standard applies to specialist military equipment like fighter aircraft (LCA).

LCA cannot be an asset for XYZ as future economic benefits will flow to IAF and not to XYZ. XYZ is the executing agency. It has no control over the asset, LCA. All the expenditure incurred by XYZ does not get converted to asset as some of the development activities do not fructify. For instance, the development of multi-mode radar, flight control system actuators etc. for LCA did not fructify and these items had to be imported.

Audit Observation No. 2

Treatment of Grants as Liability

According to Accounting Standard (AS) 12 and IAS 20, the grants received by an autonomous body can either be classified under liability as Shareholders' Funds (Capital Approach) or income for a given period (Income Approach).

It is appropriate to treat grants as 'Liability' in the following situations:

- I. When grants are in the nature of promoters' contribution, i.e., they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay and no repayment is ordinarily expected in the case of such grants.
- II. When they are not earned, but represent an incentive provided by government without related costs.

It is appropriate to treat grants as 'Income' in the following situations:

- I. Grants are given to an organization for a specific purpose to compensate the costs incurred by the organisation for an activity undertaken on behalf of the grantor.
- II. As the organization renders service in return, it earns the grants through compliance with their conditions and meeting the envisaged obligations. They should therefore be taken to income and matched with the associated costs which the grant is intended to compensate.

XYZ has adopted the Capital Approach and treated grants-in-aid as liability. But, if the accounting standards are applied correctly, in the case of XYZ, the most appropriate method is to treat grants as Income as XYZ receives grants in return for rendering R&D services/activities in compliance with the conditions set by the Government while sanctioning the grants.”

(Clarifications sought by C&AG and response given by XYZ have been separately supplied by the querist for the perusal of the Committee.)

13. The querist has also separately clarified the following:

(i) XYZ is neither an 'agent' nor 'principal' vis-à-vis Government (MoD). XYZ is a society under the Department of Defence, Research and Development Organisation, Ministry of Defence (MoD), Government of India (GoI). Initial task assigned to XYZ by the GoI was design and development of LCA with full budgetary support, to meet Air Staff Requirements (ASR) specified by IAF. Subsequently, design and development of carrier borne Naval variant of LCA was also assigned to XYZ.

(ii) Grants-in-aid are authorized by Department of Research and Development to XYZ with the condition that XYZ would utilize the funds only for LCA Programme. (Copy of the sanction letter has been supplied by the querist.) XYZ receives grants-in-aid from the GoI for development of LCA. Rules governing grants-in-aid are listed in Chapter No.9 of General Financial Rules 2017, issued by the Ministry of Finance, GoI.

(iii) LCA design and development, programme management, overall control and responsibility remain with XYZ. ABC Ltd. has been designated as principal partner of XYZ during Full Scale Engineering Development (FSED) of LCA Programme to undertake detail design, development, manufacture, flight clearance and testing of LCA Technology Demonstrators / Prototype Aircraft. IPR of LCA programme will remain with XYZ. Technologies that are developed by ABC Ltd. with funding from XYZ, will remain joint property of XYZ and ABC Ltd.

Prototypes of the LCA are manufactured and maintained by ABC Ltd. for undertaking flight tests by pilots from National Flight Test Centre. All these activities are funded by XYZ. Prototype aircrafts are owned by XYZ. These prototypes are to be returned to XYZ or its disposal would be decided by XYZ.

(iv) The querist has also clarified that the opinion in the extant case is sought from the perspective of the Accounting Standards, issued by the Institute of Chartered Accountants of India. Since, its inception, financial statements of XYZ were prepared based on cash basis of accounting as decided during 1985. Recently, C&AG has insisted that XYZ should adopt accrual basis of accounting as per Common Format of Accounts for Central Autonomous Organizations/Institutions, issued by MoF dated 23.07.2006 (copy provided by the querist for the perusal of the Committee). Hence, financial statements of 2016-17 were recast. XYZ has not yet provided depreciation on its assets

and reasons for the same have been elaborated in the enclosures provided with the query.

B. Query

14. The querist has sought the opinion of the Expert Advisory Committee on the following issues:

- (i) Treatment of capitalization of entire expenditure incurred towards design and development of LCA, funded as per Cabinet Committee on Security (CCS) sanction, as capital work-in-progress (WIP) and
- (ii) Treatment of grants-in-aid received as liability considering the fact that XYZ does not have any revenue stream other than grants-in-aid, also considering the fact that XYZ does not have any share capital or initial investment or any kind of borrowings and thereby annual establishment expenditure is also passed through income and expenditure account and capitalised as capital WIP during execution of the LCA programme. On completion of the programme, both grants received (liability) and programme expenditure (capital WIP) will be set off on submission of utilisation certificate to the GoI.

C. Points considered by the Committee

15. The Committee notes that the basic issues raised by the querist relate to accounting treatment of expenditure incurred towards design and development of LCA and treatment of grant-in-aid received for LCA programme. The Committee has, therefore, considered only these issues and has not examined any other issue that may arise from the Facts of the Case, such as, accounting treatment of LCA and other assets which are acquired or generated during LCA programme, determination of expenses directly attributable to LCA programme, appropriateness of netting off of income against expenditure, appropriateness of not providing for depreciation, appropriateness of non-preparation of profit and loss account, etc. Further, the Committee has examined the query only from accounting perspective and not from any other perspective, such as, interpretation of Income-tax Act, General Financial Rules, Common Format of Accounts for Central Autonomous Organisations/ Institutions issued by MoF, or any other Act or Guidelines applicable on societies, etc. Further, since AS 12 as issued by the Institute of Chartered Accountants of India (ICAI) has been referred to in the Facts of the Case and the querist has also separately informed that Accounting Standards as issued by ICAI are being followed by XYZ, the Committee has expressed its views, hereinafter in the context of Accounting Standards, issued by the ICAI only.

16. At the outset, the Committee notes that XYZ in the extant case is a separate legal entity registered as society under the administrative control of Department of Defence, Ministry of Defence (Government of India) wherein various ministers of the Government are on its governing and general body. Further at various places in the Facts of the query, the society (XYZ) has been referred to as 'the programme management organisation', 'design agency', 'programme implementing agency', 'executing agency', etc. Accordingly, considering the governing structure of the society and the functions/activities being undertaken by XYZ in the extant case, the Committee is of the view that there is a possibility that XYZ is merely an executing/implementing agency of the MoD/GoI in relation to the LCA programme. However, the same being a matter of fact and in the absence of any clarity on this in the Facts of the Case, the Committee has, hereinafter examined both the situations, viz., XYZ acting as agent of the MoD/GoI (working on behalf of the MoD/GoI) in the context of LCA programme and XYZ acting in its independent capacity (on principal basis).

In the situation where XYZ is not acting as an agent of the MoD/GoI, i.e. it is acting on principal basis

17. With regard to accounting treatment of expenditure incurred towards design and development of LCA, the Committee notes paragraphs 6.1, 20, 41, 44 and 46 of AS 26, Intangible Assets, issued by the ICAI which state as follows:

“6.1 An intangible asset is an identifiable non-monetary asset, without physical substance, held for use in the production or supply of goods or services, for rental to others, or for administrative purposes.”

“20. An intangible asset should be recognised if, and only if:

- (a) it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise; and***
- (b) the cost of the asset can be measured reliably.”***

“41. No intangible asset arising from research (or from the research phase of an internal project) should be recognised. Expenditure on research (or on the research phase of an internal project) should be recognised as an expense when it is incurred.”

“44. An intangible asset arising from development (or from the development phase of an internal project) should be recognised if, and only if, an enterprise can demonstrate all of the following:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;***
- (b) its intention to complete the intangible asset and use or sell it;***
- (c) its ability to use or sell the intangible asset;***
- (d) how the intangible asset will generate probable future economic benefits. Among other things, the enterprise should demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;***
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and***
- (f) its ability to measure the expenditure attributable to the intangible asset during its development reliably.”***

“46. Examples of development activities are:

- (a) the design, construction and testing of pre-production or pre-use prototypes and models;***
- (b) the design of tools, jigs, moulds and dies involving new technology;***
- (c) the design, construction and operation of a pilot plant that is not of a scale economically feasible for commercial production; and***
- (d) the design, construction and testing of a chosen alternative for new or improved materials, devices, products, processes, systems or services.”***

From the above, the Committee is of the view that the expenses incurred on research activities (or on the research phase of an internal project) should be recognized as an expense when it is incurred. However, the expenses incurred on development activities (or during development

phase of an internal project) should be recognised as an intangible asset if, and only if, an enterprise can demonstrate that all the conditions mentioned in paragraph 44 of AS 26 above are fulfilled. In this regard, considering the nature of activities from the Facts of the Case and the extracts of the MoU between XYZ and ABC limited, which are broadly related to design, development, testing etc. of various systems and facilities related to LCA, the Committee is of the view that activities undertaken under LCA programme are development activities, which although will not result into any tangible (fixed) asset for XYZ, will give rise to various intangible assets to XYZ, such as, IPR, technology, etc. Further, since XYZ would be able to derive future economic benefits from such IPR, technology, etc. through their internal use, expenses incurred on such development activities should be recognized and capitalized as an intangible asset provided the conditions for recognition of intangible asset as per AS 26 are fulfilled. In this regard, another issue to be examined is whether XYZ has the ability to exercise any 'control' on the asset created out of the expenditure incurred (IPR in the extant case). In this context, the Committee notes the definition of 'asset' and paragraph 14 of Accounting Standard (AS) 26, 'Intangible Assets', issued by the ICAI as follows:

"6.2 An asset is a resource:

(a) controlled by an enterprise as a result of past events; and

(b) from which future economic benefits are expected to flow to the enterprise."

"14. An enterprise controls an asset if the enterprise has the power to obtain the future economic benefits flowing from the underlying resource and also can restrict the access of others to those benefits. The capacity of an enterprise to control the future economic benefits from an intangible asset would normally stem from legal rights that are enforceable in a court of law. In the absence of legal rights, it is more difficult to demonstrate control. However, legal enforceability of a right is not a necessary condition for control since an enterprise may be able to control the future economic benefits in some other way."

From the above, the Committee notes that asset is a resource *controlled* by the enterprise and an enterprise *controls* an asset if the enterprise has the power to obtain the future economic benefits flowing from the underlying resource and also can restrict the access of others to those benefits. Accordingly, the Committee is of the view that it is only where the asset is controlled by XYZ in the manner envisaged by paragraph 14 of AS 26, XYZ should recognise asset in its financial statements in respect of the expenditure incurred, else the same should be recognised as an expense.

18. Further, with regard to grant-in-aid/funds received from the Government for the LCA programme, the Committee notes paragraphs 8.1 to 8.4 of AS 12 and paragraph 33 of AS 26, issued by the ICAI, reproduced as below:

AS 12

"8.1 Grants related to specific fixed assets are government grants whose primary condition is that an enterprise qualifying for them should purchase, construct or otherwise acquire such assets. Other conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

8.2 Two methods of presentation in financial statements of grants (or the appropriate portions of grants) related to specific fixed assets are regarded as acceptable alternatives.

8.3 Under one method, the grant is shown as a deduction from the gross value of the asset concerned in arriving at its book value. The grant is thus recognised in the profit and loss statement over the useful life of a depreciable asset by way of a reduced depreciation charge. Where the grant equals the whole, or virtually the whole, of the cost of the asset, the asset is shown in the balance sheet at a nominal value.

8.4 Under the other method, grants related to depreciable assets are treated as deferred income which is recognised in the profit and loss statement on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Grants related to non-depreciable assets are credited to capital reserve under this method, as there is usually no charge to income in respect of such assets. However, if a grant related to a non-depreciable asset requires the fulfillment of certain obligations, the grant is credited to income over the same period over which the cost of meeting such obligations is charged to income. The deferred income is suitably disclosed in the balance sheet pending its apportionment to profit and loss account. For example, in the case of a company, it is shown after 'Reserves and Surplus' but before 'Secured Loans' with a suitable description, e.g., 'Deferred government grants'."

"10.1 Where the government grants are of the nature of promoters' contribution, i.e., they are given with reference to the total investment in an undertaking or by way of contribution towards its total capital outlay (for example, central investment subsidy scheme) and no repayment is ordinarily expected in respect thereof, the grants are treated as capital reserve which can be neither distributed as dividend nor considered as deferred income."

AS 26

"33. In some cases, an intangible asset may be acquired free of charge, or for nominal consideration, by way of a government grant. This may occur when a government transfers or allocates to an enterprise intangible assets such as airport landing rights, licences to operate radio or television stations, import licences or quotas or rights to access other restricted resources. AS 12, Accounting for Government Grants, requires that government grants in the form of non-monetary assets, given at a concessional rate should be accounted for on the basis of their acquisition cost. AS 12 also requires that in case a non-monetary asset is given free of cost, it should be recorded at a nominal value. Accordingly, intangible asset acquired free of charge, or for nominal consideration, by way of government grant is recognised at a nominal value or at the acquisition cost, as appropriate; any expenditure that is directly attributable to making the asset ready for its intended use is also included in the cost of the asset."

The Committee notes from the Facts of the Case that the XYZ receives grant-in-aid/funds from the Government of India (GoI) for financing the requirements of the LCA programme/project wherein the whole exercise is to demonstrate the technology of design and to develop a light combat aircraft. Thus, the grant is provided to develop certain specified tangible and intangible assets and is not with reference to total investment in an undertaking or by way of contribution towards its total capital outlay. Accordingly, the Committee is of the view that it would not be appropriate to treat the grant-in-aid/funds as 'promoters' contribution'. The Committee further notes that both AS 26 and AS 12 are silent in respect of accounting treatment for the monetary grant received for development of intangible assets. However, AS 26 specifies accounting for government grants in the form of non-monetary intangible assets (in paragraph 33 of AS 26) which is similar to the requirements in respect of grants in the form of non-monetary fixed assets as provided under AS 12. Therefore, the

Committee is of the view that an analogy can be drawn from the requirements of AS 12 to apply the same to the grant/funds received in the extant case for LCA programme which gives rise to intangible asset(s) for the XYZ. Accordingly, the grant received should be treated as deferred income which is recognised in the income and expenditure account on a systematic and rational basis over the useful life of the related asset. Alternatively, the grant should be shown as a deduction from the gross value of the asset concerned in arriving at its book value. In this regard, the Committee also incidentally notes that the 'Common Format of Accounts for Central Autonomous Organisations/Institutions' (as provided by the querist for the perusal of the Committee) also prescribe similar accounting for grants in respect of specific fixed assets (depreciable).

In the situation where XYZ is acting as an agent of the MoD/GoI

19. With regard to the grant-in-aid/funds received by XYZ in its capacity of agent of the MoD/GoI, the Committee notes that in these cases, the XYZ is merely incurring expenditure out of the grant-in-aid/funds received and is holding the assets on behalf of the Government/Government agencies/departments. Therefore, the funds received from the Government to the extent not utilised for creation of the assets or for execution of the LCA programme represents an obligation on the part of XYZ and should be disclosed on the 'Liabilities' side in the balance sheet under a separate head, say the 'Funds received for LCA programme being executed on behalf of the Government/Government departments'. Further, since any expenditure incurred by XYZ out of the grant/funds received would also be on behalf of the MoD/GoI, as discussed above, the asset(s) generated out of the expenditure incurred would not be controlled by XYZ as envisaged by paragraph 14 of AS 26, as discussed in paragraph 17 above and, therefore, should neither be recognized as its assets nor as its expense in the financial statements. The Committee is of the view that the expenditure incurred out of the funds received from the MoD/GoI should be accumulated under a separate head and should be shown as a deduction from the 'Funds received for LCA programme' in the financial statements. Further, the details of total funds received from the Government on this account, the funds utilised and the assets/project completed until transferred and capital work in progress (CWIP) should be provided in the notes to accounts to clearly explain the transactions.

D. Opinion

20. On the basis of above, the Committee is of the following opinion on the issues raised in paragraph 14 above:

- (i) If XYZ is acting as a principal:
 - (a) The expenditure incurred towards design and development of LCA, being expenditure on development activities should be capitalised and recognised as intangible asset(s) in the balance sheet, provided the conditions for recognition of intangible asset as per AS 26 are fulfilled, as discussed in paragraph 17 above.
 - (b) The grant-in-aid/funds received from the MoD/GoI for the asset(s) that will be controlled by XYZ, being grant to develop certain specified tangible and intangible assets, should be treated as deferred income which is recognised in the income and expenditure account on a systematic and rational basis over the useful life of the related asset. Alternatively, the grant should be shown as a deduction from the gross value of the asset concerned in arriving at its book value in accordance with the principles of AS 12, as discussed in paragraph 18 above.

(ii) If XYZ is acting as an agent:

- (a) The expenditure incurred towards design and development of LCA should be accumulated under a separate head and should be shown as a deduction from the 'Funds received for LCA programme' in the financial statements, as discussed in paragraph 19 above.
 - (b) The funds received from the Government to the extent not utilised for creation of the assets or for execution of the project should be disclosed on the 'Liabilities' side in the balance sheet under a separate head, say the 'Funds received for LCA programme being executed on behalf of the Government/Government departments', as discussed in paragraph 19 above. Further, the details of total funds received from the Government on this account, the funds utilised and the assets/project completed until transferred and capital work in progress (CWIP) should be provided in the notes to accounts to clearly explain the transactions.
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