



Accounting Reforms - Road Travelled so far

- Budget Announcements made in 15-16 & 16-17 - big boost to us
- Fast Tracking Accounting Reforms in three areas –
 - (i) Switching over from Cash to Accrual Accounting
 - (ii) Tracking Budgets to desired Outcomes
 - (iii) Online Performance Costing
- *“Right Accounting would determine Right Costing and hence Right Pricing & Right Outcomes”*



Accounting Reforms - Road Travelled so far

➤ **Accrual Accounting –**

- Pilot study on Ajmer division and workshop nearing completion
- Pilot Study on NWR underway – targeted by Sept 2016
- Replication on other Zones thereafter .

➤ **Fixed Asset Register –**

- Completed on 7 Zones & in advanced stage on other zones
- Web based Application – *e-Asset Register* by CRIS

➤ **Performance Costing and Outcome Budgeting –**

- Working Group & Advisory Body set up by MR
- Draft Concept Paper
- Design framework to be developed by professional body



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Inauguration of a Pilot Study by

**Shri Suresh Prabhakar Prabhu
Hon'ble Minister For Railways**



Date : 15th March 2016

**Place: Railway Board , New Delhi &
Accounting Reform Incubator , RCF , Kapurthala**



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Introduction of Accrual Accounting and Upgraded Costing System



An important Accounting Reform announced by the Hon'ble Minister for Railways in Budget Speech 2015-16



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Objectives of Accrual Accounting

- Improve quality of financial reporting
- Prepare financials as per GAAP/ GASAB
- Adopt accrual accounting principles for uniformity
- Facilitate comparison of financials of peers





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Financial Statements in New Formats

- Annual Profit and Loss Account
- Annual Balance Sheet
- Annual Statement of Cash Flows
- Significant Accounting Policies and
- Notes to Accounts





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Objectives of Upgraded Costing System

- Analysis of cost data of various types of products
- Online availability of cost data in key performance areas
- Performance costing for cost control
- Responsibility Accounting for each cost centre
- Facilitate analytical innovation in Production Processes





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Costing Reports in New Formats

- Product wise cost reports
- Variance Analysis for managerial cost control
- Optimization of inventories and labour costs
- Optimization of plant and machinery usage.
- MIS reports for performance costing





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- Project Management By : Accounting Reforms Directorate, RB
General Manager / RCF Kapurthala
- Consultant : Accounting Research Foundation of ICAI
- Research and Design Centre : AR Incubator, RCF Kapurthala
- Commencement of Pilot study : March, 2016
- Financial Statements ,Cost Sheets
and MIS Reports by : June, 2016
- Completion of Pilot Study : October, 2016
- Parallel run of Accrual Accounting : December, 2016



