

## **VIJAYAWADA BRANCH OF SIRC OF ICAI**

### **Comments on Exposure Draft on Guidance Note on Financial Statements of Limited Liability Partnerships**

In this regard, we wish to offer few suggestions:

1. Since guidance notes are recommendatory in nature so the Technical Guide Issued earlier and guidance note now does not make much difference in regard to the adoption by the management.
2. The rounding off figures in the Financial Statement is stated to be optional as the words used are “may” when compared to AS and Ind AS Guidance Notes wherein the words used are “shall”. Kindly re-look in to the same for the sake of uniformity in financial reporting requirements.
3. Under General Instructions for Preparation of Statement of Profit and Loss
  - a. Under point no 6(ii): For the word Repairs , Repair and Maintenance to be written
4. In the General instruction for preparation of Balance Sheet
  - a. Rounding off should Never by made mandatory, as these statements are given to various authorities who require amount in rupees. Rounding will force the management to prepare two sets which is not required.
  - b. Under Point no F. Trade Payable: The disclosure required is related to Micro and Small Enterprise only. Also, explanation is to be given that these disclosures are related to MSME Act, not to MSME as categorized for accounting standards applicability.
5. Statement of Profit and Loss
  - a. The Heading should be Statement of Profit and Loss for the period from \_\_\_\_ to \_\_\_\_
  - b. Cost of Goods sold should be bifurcated as
    - i. Cost of Raw Materials Consumed
    - ii. Purchases
    - iii. Change in Inventories

Because valuation of finished goods contain the overhead cost also which is disclosed in other expenses, employees expenditure and depreciation. The grouping as given in the guidance note may sometime lead to misleading figures.