

DISCLOSURE RELATING TO FOREIGN EXCHANGE EARNINGS AND OUTGO:

1. As per Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988

Foreign Exchange Earnings and out go:

- (a) Activities relating to export, initiatives taken to increase the exports, developments of new export Market for product and services and export plans.
- (b) Total foreign exchange used and earned.

2. As per Part II of Schedule VI of the Companies Act 1956, following details are required to give by way of note to the accounts:

The profit and loss account shall also contain by way of a note the following information, namely:-

- (a) Value of imports calculated on C.I.F. basis by the company during the financial year in respect of:-
 - (i) raw materials;
 - (ii) components and spare parts;
 - (iii) capital goods;
- (b) expenditure in foreign currency during the financial year on account of royalty, know-how, professional, consultation fees, interest, and other matters;
- (c) value of all imported raw materials, spare parts and components consumed during the financial year and the value of all indigenous raw materials, spare parts and components similarly consumed and the percentage of each to the total consumption;
- (d) the amount remitted during the year in foreign currencies on account of dividends, with a specific mention of the number of non-resident shareholders, the number of shares held by them on which the dividends related;
- (e) earnings in foreign exchange classified under the following heads, namely:-
 - (i) export of goods calculated on F.O.B. basis;
 - (ii) royalty, know-how, professional and consultation fees;
 - (iii) interest and dividend;
 - (iv) other income, indicating the nature thereof.

The above disclosure should be given on the basis of method of accounting employed during the year because disclosure is part of Profit and Loss account. As we know in case of companies, it is mandatory for them to maintain their books of account on accrual basis. Therefore for the corporate assessee above disclosure should be given on accrual basis and for others, based on the method of accounting employed during the previous year.