EXPORT PROMOTION COUNCIL FOR HANDICRAFTS

REPORT ON AWARENESS SEMINAR ON “CREATIVE FINANCE AND ACCOUNTING FOR HANDICRAFT EXPORTERS” HELD ON 6TH MAY’2017 IN CONFERENCE HALL, 3RD FLOOR, RAJIV GANDHI BHAWAN, BABA KHARAK SINGH MARG, NEW DELHI

The Export Promotion Council for Handicrafts is regularly organizing awareness seminars on Pan India basis for its member exporters to educate them on new and emerging issues related to exports during various platforms. The Council organized a seminar on a very important issue entitled **“CREATIVE FINANCE AND ACCOUNTING FOR HANDICRAFT EXPORTERS”** in Conference Hall, 3rd floor, Rajiv Gandhi Bhawan, Baba Kharak Singh Marg, New Delhi on 19th November’2016.The following were present on the dias:-

Prof. Kirti Sharma	-	Guest Faculty-FIIB
Ms. Romaa Mageswari	-	Guest Faculty-FIIB

The seminar was attended by around 25 member exporters from different export organizations, export Houses and representative of State Handicrafts Corporations. The guest speaker for the seminar was Prof. Kirti Sharma, Guest Faculty from Fortune Institute of International Business Studies. The guest speaker was welcomed with a bouquet of flower by a member participant.

Prof. Kirti Sharma, Guest Speaker shared their experience and interacted with the member participants. This seminar was aimed at the importance of **CREATIVE FINANCE AND ACCOUNTING FOR HANDICRAFT EXPORTERS**

This seminar was aimed at the importance of creative finance and accounting for handicraft exporters. Prof. Kirti Sharma informed the participants that Creative accounting consists of accounting practices that follow required laws and regulations, but deviates from what those standards intend to accomplish. Creative accounting capitalizes on loopholes in the accounting standards to portray a better image of the company. Although creative accounting practices are legal, the loopholes they exploit are often reformed to prevent such behaviors. She informed that primary benefit of creative accounting statements is that they allow investors to compare the financial health of competing companies. However, when firms indulge in creative accounting they often distort the value of the information that their financials provide. Creative accounting can be used to manage earnings and to keep debt off the balance sheet.

She informed the participants that creative accounting is a novel nomenclature used for the concept of maintaining accounts to give all possible illegal and dubious benefits to the entirety. Prof. Kirti Sharma informed the participants that a perpetual monitoring is necessary between sales and debtors to find out whether there is any efforts to push the sales while remaining slack on collections or allowing more liberal credit terms than warranted. She emphasized that one should find out the `Debtors Days' or `Collection period' which represents the average number of days, credit customers take before paying off their accounts. The formula for calculation is : Debtors / Sales*365.

All major capital expenditure need to be analyzed to find out whether they really refer to acquisition of assets having utility over a period of time or just an effort to capitalize revenue expenditure.

She further explained about both revenue and related expenditure should be booked in the same period. For example, income from annual maintenance contract and expanses for maintaining such service should related to same period.

DEBTORS AND INVENTORY

These two items should always be analyzed with age-wise break-up to indicate their realizable value. Debtors outstanding for more than 6 months needs microscopic view since generally speaking the longest credit period allowed in industry is 6 months. Inventory level should be reviewed with respect to lead time for procurement and manufacturing cycle. In case of industry like electronics telecom etc. where the rate of obsolescence is very high due to rapid technical change, value of inventory should be closely evaluated.

CASH FLOW STATEMENT

“Cash is King” – is the cliché in the modern finance world. The interesting fact is that how much cash to be maintained in the key to the financial health of the company.

Guest Speaker alongwith the member participants during seminar

Non-operating income, also referred to as incidental or peripheral income, is considered to be earnings that do not occur on a regular basis, and is completely separate from operating income. When analyzing a company's performance over a recent quarter or year, it is important to differentiate between operating and non-operating profit and loss.

During above seminar, participants raised queries and expert faculty member satisfactorily answered their all queries. A momento was presented to the guest faculty member. The seminar was successfully concluded with a formal vote of thanks.

We welcome suggestions and feedback to make this initiative more productive. Do write to us at: renewmem@epch.com.
