



An ISO 9001:2008
Certified Firm

K. K. Chanani & Associates

Chartered Accountants

Head Office: 5/1 Clive Row, 3rd Floor, Room No.78, Kolkata-700001

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INDEPENDENT AUDITOR'S REPORT

To,
**The Commissioner,
Municipal Corporation Udaipur,
Rajasthan**

Report to Financial Statement

We have audited the accompanying financial statements of **Municipal Corporation, Udaipur, Rajasthan** which comprise the Balance Sheet as at March 31, 2017, the Income and Expenditure Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the ULB in accordance with the Rajasthan Municipal Accounts Manual. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the ULB's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ULB's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Subject to statement on additional matters as given in Annexure-A attached herewith, and the following :

- a) Liabilities that may arise on account of late filing of return, late payment, short or non-deduction and mismatching of TDS, RVAT, Royalty and Labour cess has not been ascertained and hence not considered. To this extent Surplus of Income over Expenditure is overstated and Liabilities are understated.*
- b) Liabilities or recovery on account of pending cases and/or notices filed against or by municipal corporation by/against third parties is not ascertainable and hence not considered. Financial impact of such cases has not been ascertained and hence we are unable to comment on correctness or otherwise of Income, Expenditure, Assets or Liabilities to this extent. Contingent Liabilities, if any, arising out of these cases has not been estimated by the municipal corporation nor has been disclosed in notes to accounts.*
- c) Closing Stock of Stores has not been determined by the municipality and hence not considered in the accounts. To this extent both, Surplus of Income over Expenditure and Assets are understated.*



- d) *Bank Reconciliation, in respect of several bank accounts, have not been provided since long. Hence, treatment of differences arising out of reconciliation remains unaccounted for. Besides, bank charges as also interest income on deposit in saving account remains unaccounted for. The amount has not been determined by the management. To this extent accounts does not reflect true and fair view.*
- e) *The amount receivable on account of Urban Development Tax has not been determined and not considered as income of the year. As such, Income and Assets are understated to this extent.*
- f) *All expenses except salary, contribution towards new pension scheme, accounting charges and audit fee are accounted for on cash basis. Similarly, all incomes are accounted for on cash basis. Receipts in PD Accounts (treasury) by deposit of amount directly by the tax payers are taken into account on verification with treasury irrespective of the year of receipt.*

in our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the Rajasthan Municipal Accounts Manual:

- a) in the case of the Balance Sheet, of the state of affairs of the ULB as at March 31, 2017; and
- b) in the case of the Income and Expenditure Statement, of the surplus for the year ended on that date.

We further report that:

- a) we have obtained all the available information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the ULB so far as appears from our examination of those books;



- c) the Balance Sheet and Income & Expenditure Account dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet and Income & Expenditure Account comply with the Rajasthan Municipal Accounts Manual.

Krishna Kumar Chanani
Partner, K K Chanani & Associates
Chartered Accountants
FRN NO. 322232E
Membership No. 056045



Kolkata, the 05th March. 2018



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Annexure A to Auditor's Report (2016-17)

Additional Matters to be reported by the financial statement auditor

1. In our opinion and according to records examined by us and to the best of our knowledge and belief all sums due to and received by the Municipality have been brought to account on Cash Basis except for certain expenditure which are brought to accounts on accrual basis and have been generally appropriately classified;
2. In our opinion and according to the information and explanations given to us all grants sanctioned or received by the Municipality during the year, have been accounted properly on cash basis, and where any deduction is made out of such grants towards any dues of the Municipality, *in some cases such deductions have not been properly accounted. As such income and expenditure are understated to that extent.*
3. Earmarked Funds have been created by the Municipality for Gratuity and Provident Fund, According to the information and explanations given to us Earmarked Funds have been utilized for the purposes for which they were created. *However, contribution to these funds in respect of previous year is yet to be made and for which amount has not been ascertained.*



4. As explained to us the Municipality is maintaining records showing full particulars, including quantitative details. However, *situation* of fixed assets has not been specified in the records so maintained. Management of ULB has not carried out *physical verification of fixed assets*. As such we are unable to comment on material discrepancies, if any, on physical verification and its treatment in books of accounts.
5. The Municipality *is not maintaining proper records showing full particulars of leasehold property*. Lease Rentals are therefore not verified.
6. As explained to us, physical verification has been conducted by the Municipality at reasonable intervals in respect of stores. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stores followed by the Municipality are reasonable. In our opinion and according to the information and explanations given to us, no material discrepancies have been noticed on physical verification of stores as compared to stores records. *However, neither the stores has been verified at the year-end nor has same been recognized in the accounts prepared for the year under report.*
7. As explained to us, there are no parties other than the employees to whom loans or advances have been given by the Municipality.
8. The Municipality has granted loans to the employees against PF. Deduction from salary are made towards the loans and interest.
9. In our opinion and according to the information and explanations given to us, there exists an adequate internal control procedure for the purchase of stores, fixed assets and services.



10. In our opinion and according to the information and explanations given to us, there exists an adequate internal control procedure for the contracting of works and projects, periodic inspections and measurements, and payments there for. ***However, according to information and explanation given to us , works contracts are not subject to quality checks. Besides, some weakness in internal control procedures*** which require immediate attention of the management are as under:

- a) In PWA Form 278, Pan No. and Aadhar Card No. should be given at suitable place along with details of bank account where NEFT payment is to be done. Besides, such Form should be signed under the seal of the firm and passing authority should also affix their seal.
- b) The suppliers of materials and/ or providers of services should submit their bill within 30 days of the completion of their supply and/or job and the concerned passing authority should pass the bill or otherwise do necessary action within a further period of 30 days. Any delay on either part should be penalized with fine as deemed necessary by the competent authority. This will help in determining liability as and when arises to a great extent.
- c) Payment Voucher Serial No. is as per voucher issued by various department. Voucher No. and date should be specified on each voucher separately on the basis of date of issue of cheques. Cheques should be prepared only after the sanction by competent authority.

11. ***The Municipality is not regular in depositing undisputed statutory dues including tax deducted at source, works contract tax, cess and royalty payable to the Government, ESI, PF etc.***



12. To the best of our knowledge and according to information and explanation given to us, no personal expenses have been charged to the Municipality's accounts.
13. To the best of our knowledge and according to information and explanation given to us, the books and registers specified under the Rajasthan Municipal Accounts Manual and other applicable acts and rules have been properly maintained. *However, Bank Reconciliation statements have not been prepared for the bank accounts of the Municipality. Accounting effect of bank charges debited by Bank, Non- collection of cheques, Interest credited by Bank, Cancellation of stale cheques not Presented has not been determined and considered in accounts.*
14. To the best of our knowledge and according to information and explanation given to us, year-end procedures have been carried out *but reconciliation procedures at year end have not been carried out.*

Krishna Kumar Chanani
Partner, K K Chanani & Associates
Chartered Accountants
FRN No. 322232E
Membership No. 056045



Kolkata, the 05th March. 2018

Balance Sheet of Municipal Corporation of Udaipur As on 31st March 2017

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
I - LIABILITIES			
RESERVE & SURPLUS			
Municipal (General) Fund	1	4,292,734,136	4,279,520,342
Earmarked Funds	2	419,071,635	361,589,871
Reserve & Surplus	3	2,125,000	2,125,000
Total Reserve & Surplus (A)		4,713,930,771	4,643,235,213
GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B)	4	320,769,493	331,137,870
CURRENT LIABILITIES & PROVISIONS			
Sundry Deposits	5	172,046,878	139,144,121
Sundry Creditors	6	6,042,261	5,720,188
Statutory Liabilities	7	-2,600,220	1,762,976
Other Liabilities	8	41,908,552	62,186,281
Total Current Liabilities and Provisions (C)		217,397,471	208,813,566
TOTAL LIABILITIES (A+B+C)		5,252,097,735	5,183,186,649
II - ASSETS			
FIXED ASSETS			
Gross Block	9	6,136,424,894	6,113,282,707
Depreciation Fund	10	2,587,859,137	2,396,788,912
Net Block		3,548,565,757	3,716,493,795
Capital Work In Process	11	6,271,694	6,271,694
Total Fixed Assets (A)		3,554,837,451	3,722,765,489
INVESTMENTS			
General Fund Investments	12	814,549,378	666,627,378
Specific Fund Investments	13	419,071,635	361,589,871
Total Investments (B)		1,233,621,013	1,028,217,249
CURRENT ASSETS, LOAN & ADVANCES			
Inventories	14	2,348,468	2,348,468
Cash & Bank Balances	15	356,732,931	347,073,762
Loans, Advances & Deposits	16	104,557,872	82,781,680
Total Current Assets, Loans & Advances (C)		463,639,272	432,203,911
TOTAL ASSETS (A+B+C)		5,252,097,735	5,183,186,649

Notes to Accounts and Accounting Policies

For KK Chanani & Associates
Chartered Accountants
Firm Regn. No. 322232E



Krishna Kumar Chanani
(Partner)
Membership No. 056045

Date: 05 March, 2018
Place: Kolkata

D/C
लेखाधिकारी
नगर निगम, उदयपुर

For and Behalf on Municipal Corporation

(Executive Officer)


 आयुक्त
 नगर निगम, उदयपुर
 S/K

**Income and Expenditure Account of Municipal Corporation of Udaipur
For the Year Ending 31st March 2017**

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
INCOME			
Income From Taxes	17	107,335,677	103,820,137
Assigned Compensations	18	845,722,000	768,837,000
Rental Income from Municipal Properties	19	12,843,951	11,290,332
Fees and User Charges	20	115,041,165	91,205,214
Revenue Grants, Contributions and Subsidies	21	63,734,700	30,930,300
Income from Corporation Assets and Investment	22	59,617,967	11,466,792
Miscellaneous Income	23	38,268,529	36,586,425
Total Income - I		1,242,563,990	1,054,136,200
EXPENDITURE			
Establishment Expenses	24	530,716,438	477,111,814
General Administrative Expenses	25	143,099,221	133,455,468
Public Works	26	222,716,673	232,540,167
Miscellaneous Expenses	27	143,524,711	131,583,082
Depreciation During the Year		191,070,226	210,063,636
Total Expenditure - II		1,231,127,269	1,184,754,167
Surplus\ (Deficit) before adjustment of prior period items and Depreciation		11,436,721	-130,617,967
NET SURPLUS\ DEFICIT		11,436,721	-130,617,967

Notes to Accounts and Accounting Policies

For KK Chanani & Associates

Chartered Accountants
Firm Regn. No. 322232E

Krishna Kumar Chanani
(Partner)
Membership No. 056045

Date: 05 March, 2018
Place: Kolkata



For and Behalf on Municipal Corporation

(Executive Officer)

JK
लेखाधिकारी
नगर निगम, उदयपुर

[Signature]
नियुक्त
नगर निगम, उदयपुर
15/03

**Schedule forming part of Balance Sheet of Municipal Corporation of Udaipur
As on 31st March 2017**

PARTICULARS	2016-17.	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 1		
MUNICIPAL (GENERAL) FUND		
Opening balance	4,281,297,415	4,410,138,309
Add : - Addition during the year	-	-
Less:- Deduction during the year	-	-
Add: Excess of Income over Expenditure	11,436,721	-130,617,967
Total	4,292,734,136	4,279,520,342
Schedule - 2		
EARMARKED FUND		
Gratuity Fund	19,413,673	28,049,885
General Provident Fund	399,657,962	333,539,986
Total	419,071,635	361,589,871
Schedule - 3		
RESERVE & SURPLUS		
Capital Contribution	-	-
Capital Reserve	2,125,000	2,125,000
Special Funds (Utilised)	-	-
Total	2,125,000	2,125,000
Schedule - 4		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Public Participation (Aid)	2,916,000	3,663,500
Special Grant for 12/13/14th Financial Commission	68,854,843	27,210,491
Grant For Backword Reasonal	20,432,135	29,695,662
Grant For Jeel Sanrakshakn	-2,664,747	12,887,616
Special Grant for Swarna Jayanti Sahari Roj gar Sch.	5,477,295	5,477,295
Special Grant from S.F.C.	75,635,387	146,899,872
C.M. Scheme	-8,370,147	-
Grant For I.H.S.D.P.	-288,473	-
Special Grant From M.L.A. Quota	765,354	1,124,386
Special Grant For Baikund Dham Mukti Dham Yojna	2,158,000	2,158,000
Special Grant For Street Food	3,185,111	3,185,921
Special Grant From U.I.D.S.S.M.T	56,346	56,346
Urban Statice For HR And Assessment Yojna	41,901	41,901
General Purpose Grant Under State Fin. Copr.	55,000,000	55,000,000
Grant For National Urban Livelihoods Mission	4,913,025	5,651,325
Grant for Swacch Bharat Mission	74,794,157	20,477,938
Grant for Smart City	-137,300,000	17,607,616
Grant for Amrit Yojna	162,384,533	-
Grant for Municipal Corporation Rajasthan	2,292,903	-
Grant for Passport Center	-5,028,130	-
Grant for CM Jal Swavlamban Yojna	-4,486,000	-
Total	320,769,493	331,137,870


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Schedule - 5 SUNDRY DEPOSITS		
Security & Amanat Payable	146,321,365	113,534,650
Amanat From Other Dept./ Institution	25,725,513	25,609,471
Total	172,046,878	139,144,121
Schedule - 6 SUNDRY CREDITORS		
Creditors For supplies		
Other Creditors	6,042,261	5,720,188
Total	6,042,261	5,720,188
Schedule - 7 STATUTORY LIABILITIES		
Income Tax (TDS) Payable	-66,233	936,727
Commercial Tax Payable	-43,548	-7,282
Salary Payable	-4,136,790	-984,727
Labour Cess Deduction	1,582,943	1,773,760
Service Tax	63,408	44,498
Total	-2,600,220	1,762,976
Schedule - 8 OTHER LIABILITIES		
Royalty Payable	405,303	460,507
Employee Liabilities	20,289,164	14,951,572
Recoveries Payable	8,216,063	39,032,622
Others	12,998,022	7,741,581
Total	41,908,552	62,186,281


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Schedule - 9		
GROSS BLOCK - (As per Annexure -1)		
Immovable Assets		
Land	133,558,456	133,558,456
Parks & Garden A/c	1,718,357,521	1,718,357,521
Goverdhan Sagar Park Vikas And Beautification	351,859	351,859
Office Building	3,618,639,873	3,618,639,873
Markets A/c	60,516,013	60,516,013
Shops A/c	68,389,338	68,389,338
Residential Building	17,148,787	17,148,787
Infrastructure Assets		
Roads & Bridge	190,571,688	169,561,048
Sewerage & Drainage	4,829,265	3,422,999
Water ways	28,340,155	28,340,155
Public Lighting	55,982,993	56,793,997
Others	128,710,142	128,710,142
Moveable Assets		
Plant & Machinery	47,288,859	47,288,859
Vehicles	58,442,752	57,769,741
Furniture & Fixture	5,053,206	4,189,932
Computers	243,987	243,987
Total	6,136,424,894	6,113,282,707
Schedule - 10		
DEPRECIATION FUND		
Opening Balance	2,396,788,912	2,186,725,276
Add:- Depreciation provided during the year	191,070,226	210,063,636
Less:- Depreciation for the previous year		
Total	2,587,859,137	2,396,788,912
Schedule - 11		
CAPITAL WORK IN PROGRESS		
Gardens	1,810,597	1,810,597
Buildings	4,461,097	4,461,097
Total	6,271,694	6,271,694
Schedule - 12		
GENERAL FUND INVESTMENT		
P.D Account with Interest	450,000,000	450,000,000
Non-Interest Bearing PD A/c	364,549,378	216,627,378
Total	814,549,378	666,627,378

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Schedule - 13 SPECIFIC FUND INVESTMENT		
Employee's GPF Accounts	399,657,962	333,539,986
Gratuity P.D A/c	19,413,673	28,049,885
Total	419,071,635	361,589,871
Schedule - 14 INVENTORIES		
Stores Central	714,730	714,730
Electricals	1,293,293	1,293,293
Stock others	324,658	324,658
Loose Tools	15,787	15,787
Total	2,348,468	2,348,468
Schedule - 15 CASH & BANK BALANCES		
Cash in Hand		
Balances in FDR a/cs	9,560,738	25,546,390
Balances in Saving & Current a/cs	347,172,193	321,527,372
Total	356,732,931	347,073,762
Schedule - 16 LOANS, ADVANCES & DEPOSITS		
Advance to Staff	87,482,857	65,706,665
Accrued Interest	17,075,015	17,075,015
Total	104,557,872	82,781,680


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**Schedule forming part of Income and Expenditure Account of Municipal Corporation of Udaipur
For the Year Ending 31st March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 17		
INCOME FROM TAXES		
Urban Development Tax	107,246,284	101,732,943
Sewerage Tax	-	2,000,000
Swachh Tax	-	5,403
Luxury Tax	89,393	81,791
Total	107,335,677	103,820,137
Schedule - 18		
ASSIGNED COMPENSATION		
Octroi Compensations	845,722,000	768,837,000
Total	845,722,000	768,837,000
Schedule - 19		
RENTAL INCOME FROM MUNICIPLE PROPERTIES		
Income from Rent and Teh Bazari	3,656,795	5,745,629
Rent from Civic Amenities	1,621,429	900,172
Rent from Office Buildings	37,436	2,754
Rent from lease of lands	7,528,291	4,641,777
Total	12,843,951	11,290,332
Schedule - 20		
FEES AND USER CHARGES		
Cattle House	308,160	177,450
Copy Fees	213,540	599,706
Fair Fees	7,197,801	1,993,133
License Fees Construction and Development Work	12,157,997	21,990,396
Fees for Certificate or Extract	256,538	211,591
Fees for Grant of Permit	30,828,839	31,640,134
Regularisation Fees	21,277,562	192,525
Penalties and Fines	24,702,777	19,171,415
Contract Of Dead Animals	1,001,750	528,750
Advertisement	17,096,201	14,700,114
Total	115,041,165	91,205,214
Schedule - 21		
REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
Receipt From U.I.T. / Kacchi Basti	63,734,700	30,930,300
Total	63,734,700	30,930,300


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Schedule - 22		
INCOME FROM CORP.ASSET/INVESTMENT		
Interest On Corporation Investment	53,101,900	6,694,130
Income From Community Hall	1,417,690	1,338,750
Income From Mobile Tiolet(Chal Mutralaya)	434,779	134,500
Income From Rang Manch	287,500	25,000
Income From Sale Of Asset	6,698	46,835
Income From Toy Train	710,500	862,000
Income From Vishranti Grah	475,435	695,460
Income From Auction (Kharij Saman)	685,129	798,771
Income From Water Tanker	384,700	413,154
Income From Parking Fees	2,113,636	458,192
Total	59,617,967	11,466,792
Schedule - 23		
MISCELLANEOUS INCOME		
Income from Maintenance of Sewer	2,000,000	-
Cleaning of Gutters	1,008,400	884,500
Penalties	3,515,993	3,107,821
Sale Of Forms & Publications	2,744,755	866,510
Income From Nav	15,979,400	17,018,971
Water Harvesting Charges	941,021	865,000
Cleaning Charges From Marriage Garden	867,310	2,010,235
Fire Safty Plan Fees	5,924,405	1,882,871
Other Income (misc.)	5,287,245	9,950,517
Total	38,268,529	36,586,425
Schedule - 24		
ESTABLISHMENT EXP.		
Corporator (Parishad) Allowance	3,241,239	2,816,892
Medical Reimbursement	1,154,930	1,570,428
Salary and Other Payment	526,153,218	472,620,987
Travelling Reimbursement	167,051	103,507
Total	530,716,438	477,111,814


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Schedule - 25		
GENERAL ADMINISTRATION EXP.		
Advertisement Expenses	1,558,589	2,822,342
Audit fees	558,000	-
Books and Newspaper	18,481	-
Cleaning & Garbage Transportation on Contract	40,329,003	38,085,487
Contingencies Expenses	8,118,142	8,295,294
Contract Vehicle Expenses	1,800,910	2,837,552
Court Expenses	788,840	598,918
Dress	1,760,909	2,095,770
Communication Expenses	427,656	500,576
Printing and Stationery	1,471,675	1,134,138
Professional and other Fees	680,240	2,855,181
Power & Fuel	35,987,839	33,683,073
Consumption Of Stores	2,405,070	4,580,892
Repairs & maintenance - Civic Amenities	17,951,854	4,883,017
Repairs & Maintenance - Vehicles	22,580,139	18,165,511
Repairs & Maintenance - Others	899,908	243,420
Agreement Exp. On Diver And Fireman	3,663,166	4,482,508
E Governance Exp.	1,650,363	1,030,140
Solid Waste Management	-	4,494,000
Exp. Against NULM	-	2,093,014
Other Operating & Maintenance Expenses	448,437	574,635
Total	143,099,221	133,455,468
Schedule - 26		
PUBLIC WORKS		
Maintenance Of Road And Gutter	33,898,386	39,306,606
Expenses Against Gardans	12,509,359	15,172,263
Electric Maintaince Expenses	15,231,587	20,010,081
Repair & Cons.of Dharamshala In Govt.hospital	-	824,820
Repair & Const.of Govt.school Buidling	8,830,793	3,231,153
Social Aid Exp.	3,994,179	980,990
Development Of Tubewell	1,885,580	2,921,698
Other Construction Work	142,831,174	140,668,202
Work Against Public Participation	-	2,951,491
Cleaning Of Sulabh Complex On Contract	1,099,525	1,859,900
Encroachment Work On Contract Basis	2,436,090	2,990,909
Expenses against I.H.S.D.P. Scheme	-	252,880
Expeses against Heritage Walk	-	92,071
Expenses Against Ashray Asthal Yojna	-	320,787
Expenses against Grant for Construction of Shed for Labour	-	956,316
Total	222,716,673	232,540,167
Schedule - 27		
MISCELLENOUS EXPENSES		
Chara Dana Expenses	7,149,339	1,495,202
Maintenance Of Nigam Building	13,295,644	21,362,033
Compensation For Development Work	89,395,450	-
RUDIFFCO Loan Contribution	10,000,000	50,000,000
Exp Against Lease - 40% Revenue Dept.	-	36,605,000
Pratap Gaurav Vikas Hetu Anudan	14,000,000	15,000,000
Festival & Entertainment Exp.	9,684,278	7,120,847
Total	143,524,711	131,583,082


लेखाधिकारी
नगर निम्न, उदयपुर



MUNICIPAL CORPORATION
UDAIPUR (2016-17)

SCHEDULE 28

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (2016-17)

I ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared on a going concern and under historical cost basis under cash basis of accounting except in case of salary payment, borrowing costs and contractual payments like accounting charges and audit fees and interest earned on bank deposits. The method of accounting is the double entry system.

2. Recognition of Revenue

i. Revenue

- a. Property and Other Taxes are recognized in the period in which they are received
- b. Revenues in respect of Profession Tax on Organization's/entities are determined in the year in which they are received
- c. Advertisement taxes are considered on receipt basis.
- d. Revenue in respect of Trade License Fees are determined in the year in which they are received
- e. Assigned revenues like Entertainment Tax, Duty / Surcharge on transfer of Immovable properties are accounted during the year only upon actual receipt.
- f. Other Incomes, which are of an uncertain nature or for which the amount is not ascertainable or where demand is not raised in regular course of operations, is recognized on actual receipt

ii. Provision against payables

- a. Provisions against payables are made based on type of income; age judgement and past experience of the management. Security deposits and earnest money deposit more than three years old and no longer payable due to non-claim by parties or otherwise are being written back and considered as income.



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3. Recognition of Expenditure

i. Expenditure

- a. Expenses on Salaries, bonus and other allowances are recognized as and when they are due for payment
- b. All revenue expenditures are treated as expenditures in the period in which they are paid.
- c. In case of works contracts, expenditures are considered in the year in which the payment has been made.
- d. Provision for expenses are made at the year-end for certain expenses of yearly contractual nature for which the amount is known beforehand like audit fees, accounting charges, computer operator salary, etc.
- e. Retirement benefit viz encashment of leave etc. are recognized on cash basis i.e. when they are due for payment.

ii. Provision against receivables

- a. Provisions against receivables are made based on type of income; age of receivable and judgement and past experience of the management. Incomes that have been accrued and are doubtful of recovery are provided for.

4. Fixed Assets

i. Recognition

- a. All Fixed Assets are carried at cost less accumulated depreciation. The cost of fixed assets include cost incurred/money spent in acquiring or installing or constructing the fixed asset; interest on borrowings directly attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets and other incidental and indirect expenses incurred up to that date.
- b. All assets costing less than Rs. 5,000/- would be expensed / charged to Income & Expenditure Account in the year of purchase.
- c. Any Fixed Asset, which has been acquired free of cost or in respect of which no payment has been made, is recorded at nominal value of Re. 1/-



MUNICIPAL CORPORATION
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ii. *Depreciation*

- Depreciation is provided on Written down value method as per rates specified in Income Tax Act, 1961 as suggested in Rajasthan Municipal Accounting Manual.

iii. *Revaluation of Fixed Assets:*

- a. Revaluation of fixed assets is undertaken either at the time of issue of municipal bonds or when commercial development / lease of properties is made.
- b. Increase in net book value arising on revaluation is credited to 'Revaluation Reserve Account'. Decrease in net book value is charged to Income and Expenditure account.
- c. Revaluation reserve is amortized by proportionate amount of depreciation charged on the revalued portion of the cost of the fixed assets.

5. Borrowing cost

Borrowing cost is recognized as revenue expenditure on accrual basis excepting the case of fixed assets.

6. Inventories

Inventories are valued as follows:

- a. Raw materials are valued at Cost based on first in first out method
- b. Finished goods are valued at lower of the cost or market value.

7. Grants

- a. General Grants, which are of revenue nature, are recognized as income on actual receipt
- b. Grants, which are re-imbusement of specific revenue expenditure is recognized as income in the accounting period in which the corresponding revenue expenditure is charged to the Income and Expenditure Account.
- c. Grant received towards capital expenditure is treated as a liability till such time the fixed asset is constructed or acquired. On construction/acquisition of fixed asset, the grant corresponding to the value of the asset so constructed/acquired is treated as a capital receipt and transferred to capital contribution.



MUNICIPAL CORPORATION
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8. Employee benefits

- a. Separate Funds are formed for meeting the provident and gratuity.
- b. Contribution towards Provident and gratuity funds are recognized as and when it is due

9. Investments

- a. All investments are initially recognized at cost. The cost of investment shall include cost incurred in acquiring the investment and other incidental expenses incurred for its acquisition.
- b. Long-term investments are carried at their cost. However in the event of any permanent diminution in their value as on the date of balance sheet, these are provided for.
- c. Short-term investments are carried at their cost or market value (if quoted) whichever is lower.



MUNICIPAL CORPORATION
UDAIPUR (2016-17)

II NOTES TO ACCOUNT

1. Balance of the Deposits received from contractors/suppliers is on the basis of receipts issued against deposit and deduction made from payments to them and has been taken from the register maintained in computer.
2. Balance of Loan against Provident Fund given to employees are subject to their confirmation.
3. Balances of Debtors, Creditors and other parties are subject to confirmation
4. These accounts have been prepared covering receipts of various Grants/Aids/Funds from State Government for specific purpose/scheme. In view of long duration of scheme, utilization of same is subject to verification on completion of scheme
5. The Financials are prepared on the basis of Cash Books maintained by ULB and Information provided by Municipal Corporation.
6. Stores & Inventory records are not available so we have taken Inventory value are same as per Opening stock as on 1st April 2016.
7. "Security Deposits" are not maintained Party-wise only Control Account is maintained.
8. There is Some Grant Balance is Negative which considered as per books of accounts.
9. There is Some Sundry Creditor Balance Negative which shown excess payment by Municipal Corporation.
10. Statutory liabilities Balance Negative- Which shown excess payment by Nagar Nigam.
 - a. Income Tax 66233 Dr.
 - b. Commercial tax 43548 Dr.
 - c. Salary Payable 4136790 Dr.
11. Employee Liabilities Balance Negative- Which shown excess payment by Nagar Nigam
 - a. C.P.F. 49249 Dr.
 - b. Gratuity A/c 231886 Dr.
 - c. PFDB 9667 Dr.
12. Recoveries payable Balance Negative- Which show excess payment by Nagar Nigam
 - a. Bank Loan 13601976 Dr.
 - b. Family Court 37000 Dr.
 - c. State Insurance 39980.98 Dr.
 - d. Other Recoveries Payable 463583 Dr.



MUNICIPAL CORPORATION
UDAIPUR (2016-17)

13. Other Liabilities TDS Operative Adj. Account Balance Negative 314898.73 Dr.
14. There is Some Bank Accounts Closing Balance are Negative which considered as per books of accounts.
15. There is deduction from fixed assets recorded as per books of accounts.
16. Advances Account Balance Negative –
 a. Other Advance Account 12100 Dr.
 b. TDS on FDR 23215 Dr.
17. Employee Liabilities Gratuity Payable, G.P.F. Account and G.P.F. Loan account Deduction but not payment made during the year.
18. Recoveries Payable Deduction but not payment made during the year i.e. Building Loan, Patrakar Kalyan Kosh, SANWAD, State Insurance Loan, and Vehicle Loan.
19. There is Capital work in progress are not transferred to Assets A/c, It's shown only opening balance.

Signatories to Schedule 1 to 28

In confirmation and witness of facts

Krishna Kumar Chanani
Partner, K K Chanani & Associates
Chartered Accountants
FRN NO. 322232E
Membership No. 056045



For Municipal Corporation: Udaipur, Rajasthan

EO/Comissioner

Kolkata, the 05th March, 2018

CAO/ Sr. A.O.