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Certified Firm

K. K. Chanani & Associates

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Report to Financial Statement

We have audited the accompanying financial statements of **Municipal Corporation, Jodhpur, Rajasthan** which comprise the Balance Sheet as at March 31, 2014, 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 judgment, 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:

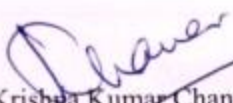
- a) in the case of the Balance Sheet, of the state of affairs of the ULB as at March 31, 2014; and
- b) in the case of the Income and Expenditure Statement, of the surplus for the year ended on that date.


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;



- K. K. Chanani & Associates
Chartered Accountants
- 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 31 March. 2017



K. K. Chanani & Associates

Chartered Accountants

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Annexure A to Auditor's Report (2013-14)

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 31 March. 2017

Balance Sheet of Municipal Corporation of Jodhpur As on 31 March 2014

PARTICULARS	Schedule	2013-14	2012-13
		(Amount in Rs.)	(Amount in Rs.)
I - LIABILITIES			
RESERVE & SURPLUS			
Municipal (General) Fund	1	1,314,415,769	2,322,132,636
Earmarked Funds	2	338,651,043	318,072,085
Reserve & Surplus	3	1,393,699,236	468,440,943
Total Reserve & Surplus (A)		3,046,766,048	3,108,645,665
GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B)	4	73,522,987	167,279,416
LOANS			
Secured Loans	5	609,952,514	498,614,959
Total Loans (C)		609,952,514	498,614,959
CURRENT LIABILITIES & PROVISIONS			
Sundry Deposits	6	323,986,539	191,044,213
Sundry Creditors	7	328,576,776	34,759,454
Statutory Liabilities	8	37,945,189	-348,376
Other Liabilities	9	529,132,735	457,886,192
Total Current Liabilities and Provisions (D)		1,219,641,239	683,341,483
TOTAL LIABILITIES (A+B+C+D)		4,949,882,788	4,457,881,523
II - ASSETS			
FIXED ASSETS			
Gross Block	10	5,193,229,231	4,267,970,938
Depreciation Fund	11	1,081,602,446	762,992,587
Net Block		4,111,626,785	3,504,978,351
Total Fixed Assets (A)		4,111,626,785	3,504,978,351
INVESTMENTS			
General Fund Investments	12	201,557,999	327,989,513
Specific Fund Investments	13	338,651,043	318,072,085
Total Investments (B)		540,209,042	646,061,598
CURRENT ASSETS, LOAN & ADVANCES			
Inventories	14	1,774,011	3,461,607
Cash & Bank Balances	15	217,698,844	258,896,713
Loans, Advances & Deposits	16	78,574,107	44,483,254
Total Current Assets, Loans & Advances (C)		298,046,962	306,841,573
TOTAL ASSETS(A+B+C)		4,949,882,788	4,457,881,523

Notes to Accounts and Accounting Policies

For KK Chanani & Associates

Chartered Accountants
Firm Regn. No. 1272314E

Krishna Kumar Chahani
(Partner)
Membership No. - 056045

Date: - 31.03.2017
Place: - Kolkata



तेज सिंह
सहायक लेखाधिकारी
नगर निगम, जोधपुर

For and Behalf on Nagar Nigam

वित्तीय सलाहकार
नगर निगम, जोधपुर

आयुक्त
नगर निगम, जोधपुर
(Executive Officer)

**Income and Expenditure Account of Municipal Corporation of Jodhpur
For the Year Ending 31 March 2014**

PARTICULARS	Schedule	2013-14	2012-13
		(Amount in Rs.)	(Amount in Rs.)
INCOME			
Income From Taxes	17	100,639,876	50,663,908
Assigned Compensations	18	605,607,999	550,552,000
Rental Income from Municipal Properties	19	23,077,537	28,345,606
Fees and User Charges	20	180,203,392	230,529,676
Revenue Grants, Contributions and Subsidies	21	50,324,000	6,900,000
Income from Corporation Assets and Investment	22	265,139,936	285,547,093
Miscellaneous Income	23	197,945,290	413,209,381
Total Income - I		1,422,938,030	1,565,747,664
EXPENDITURE			
Establishment Expenses	24	715,968,492	731,086,225
General Administrative Expenses	25	850,573,455	261,858,608
Decrease in Stores / (Increase in Stock)	26	1,687,595	-692,575
Public Works	27	217,388,644	99,411,344
Interest & Financial Exp.	28	37,393,112	45,206,647
Miscellaneous Expenses	29	56,079,366	35,302,402
Depreciation During the Year		318,609,859	254,467,644
Total Expenditure - II		2,197,700,524	1,426,640,295
Surplus (Deficit) before adjustment of prior period items and Depreciation		-774,762,494	139,107,369
NET SURPLUS/DEFICIT		-774,762,494	139,107,369

Notes to Accounts and Accounting Policies

For **KK Chanani & Associates**

Chartered Accountants
Firm Regn. No. - 721226

Krishna Kumar Chaudhary
(Partner)
Membership No. - 056045

Date: - 31.03.2017
Place: - Kolkata



तेज सिंह
सहायक लेखाधिकारी
नगर निगम, जोधपुर

For and Behalf on Nagar Nigam

दिलीप सलाहकार
नगर निगम, जोधपुर

अधिकारी
नगर निगम, जोधपुर
(Executive Officer)

**Schedule forming part of Balance Sheet of Municipal Corporation of Jodhpur
As on 31 March 2014**

PARTICULARS	2013-14	2012-13
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 1		
MUNICIPAL (GENERAL) FUND		
Opening balance	2,089,178,263	2,183,025,267
Add : - Addition during the year	-	-
Less:- Deduction during the year	-	-
Add: Excess of Income over Expenditure	-774,762,494	139,107,369
Total	1,314,415,769	2,322,132,636
Schedule - 2		
EARMARKED FUND		
Gratuity Fund	60,159	4,310,626
General Provident Fund	338,590,884	313,761,459
Total	338,651,043	318,072,085
Schedule - 3		
RESERVE & SURPLUS		
Capital Reserve	4,664,556	4,664,556
Special Funds (Utilised)	1,389,034,680	463,776,387
Total	1,393,699,236	468,440,943
Schedule - 4		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Special Grant for 13/14th Financial Commission	57,913,670	88,736,767
Special Grant for Road and Gutters	-	-
Special Grant for Swarna Jayanti Sahari Roj gar Sch.	5,806,822	9,411,444
Special Grant from S.F.C.	-	-
Grant for Carcus Plant	1,395,880	1,395,880
Grant for IHSDP	4,970,496	41,693,156
Grant for Maintenance of Electricity Lines	-	-
Grant from MP/MLA Fund	-	-
Grant for NULM	-	-
Grant for Rajasthan Housing Board	-	-
Grant for Swach Bharat Mission	-	-
Grant for UIDSSMT	3,436,120	26,042,169
Other Grants	-	-
Total	73,522,987	167,279,416



**Schedule forming part of Balance Sheet of Municipal Corporation of Jodhpur
As on 31 March 2014**

PARTICULARS	2013-14	2012-13
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 5		
SECURED LOANS		
Loan from RUIDFCO	609,952,337	494,164,812
Loans from banks & other financial institutions	177	4,450,147
Total	609,952,514	498,614,959
Schedule - 6		
SUNDRY DEPOSITS		
Security & Amanat Payable	323,986,539	191,044,213
Total	323,986,539	191,044,213
Schedule - 7		
SUNDARY CREDITORS		
Creditors For supplies	-	-
Other Creditors	328,576,776	34,759,454
Total	328,576,776	34,759,454
Schedule - 8		
STATUTORY LIABILITIES		
Income Tax (TDS) Payable	16,465,130	-2,939,192
Commercial Tax Payable	25,246,001	2,214,972
Salary Payable	-	-
Labour Cess Deduction	7,446,485	502,896
Service Tax	-11,212,427	-127,052
Total	37,945,189	-348,376
Schedule - 9		
OTHER LIABILITIES		
Royalty Payable	5,837,958	315,424
Employee Liabilities	516,391,856	452,830,331
Recoveries Payable	6,902,921	4,740,437
Total	529,132,735	457,886,192



**Schedule forming part of Balance Sheet of Municipal Corporation of Jodhpur
As on 31 March 2014**

PARTICULARS	2013-14	2012-13
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 10 GROSS BLOCK		
Immovable Assets		
Land	1,265,763,257	1,247,411,554
Buildings	2,318,530,289	2,316,742,232
Infrastructure Assets		
Roads & Bridge	625,225,963	160,923,091
Sewerage & Drainage	240,938,633	107,788,959
Water ways	-	-
Public Lighting	39,557,529	22,490,267
Others Infrastructure Assets	610,016,624	319,417,899
Moveable Assets		
Plant & Machinery	28,475,379	28,475,379
Vehicles	54,912,942	54,912,942
Furniture & Fixture	6,119,639	6,119,639
Office Equipment	879,602	879,602
Computers	2,809,374	2,809,374
Total	5,193,229,231	4,267,970,938
Schedule - 11 DEPRECIATION FUND		
Opening Balance	762,992,587	508,524,943
Add:- Depreciation provided during the year	318,609,859	254,467,644
Less:- Depreciation for the previous year	-	-
Total	1,081,602,446	762,992,587
Schedule - 12 GENERAL FUND INVESTMENT		
P.D Account with Interest	-	-
Non-Interest Bearing PD A/c	201,557,999	327,989,513
Total	201,557,999	327,989,513
Schedule - 13 SPECIFIC FUND INVESTMENT		
Employee's GPF Accounts	330,119,138	305,289,713
Gratuity P.D A/c	8,531,905	12,782,372
Total	338,651,043	318,072,085



**Schedule forming part of Balance Sheet of Municipal Corporation of Jodhpur
As on 31 March 2014**

PARTICULARS	2013-14	2012-13
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 14		
INVENTORIES		
Stock in Hand (Total)	1,774,011	3,461,607
Total	1,774,011	3,461,607
Schedule - 15		
CASH & BANK BALANCES		
Cash in Hand	574,762	433,471
Balances in FDR a/cs	20,726,117	20,726,117
Balances in Saving & Current a/cs	196,397,965	237,737,125
Total	217,698,844	258,896,713
Schedule - 16		
LOANS, ADVANCES & DEPOSITS		
Advance to Staff	-2,895,962	-2,481,278
Advance to Contractors and Suppliers	81,256,264	46,750,727
Deposits with RSEB	213,805	213,805
Total	78,574,107	44,483,254



**Schedule forming part of Income and Expenditure Account of Municipal Corporation of Jodhpur
For the Year Ending 31 March 2014**

PARTICULARS	2013-14	2012-13
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 17		
INCOME FROM TAXES		
House Tax	745,705	1,466,173
Urban Development Tax	21,917,171	31,952,735
Sewerage Tax	77,977,000	17,245,000
Total	100,639,876	50,663,908
Schedule - 18		
ASSIGNED COMPENSATION		
Octroi Compensations	605,607,999	550,552,000
Total	605,607,999	550,552,000
Schedule - 19		
RENTAL INCOME FROM MUNICIPAL PROPERTIES		
Income from Rent and Teh Bazar	4,712,020	2,896,313
Rent from lease of lands	18,365,517	25,449,293
Total	23,077,537	28,345,606
Schedule - 20		
FEES AND USER CHARGES		
Cattle House	1,610,489	988,561
Copy Fees	1,309,274	1,944,886
License Fees Construction and Development Work	41,627,529	45,082,562
Fees for Grant of Permit	17,358,376	572,615
Regularisation Fees	64,966,650	137,486,226
Penalties and Fines	28,331,074	44,454,826
User Charges	25,000,000	-
Total	180,203,392	230,529,676
Schedule - 21		
REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
Revenue Grant	50,324,000	6,900,000
Total	50,324,000	6,900,000
Schedule - 22		
INCOME FROM CORP. ASSET/INVESTMENT		
Interest from Bank Accounts	8,714,593	6,743,946
Receipt from Sale of Land	256,425,343	278,803,147
Total	265,139,936	285,547,093



**Schedule forming part of Income and Expenditure Account of Municipal Corporation of Jodhpur
For the Year Ending 31 March 2014**

PARTICULARS	2013-14	2012-13
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 23		
MISCELLANEOUS INCOME		
Income from Maintenance of Sewer	-	240,000,000
Penalties under Different Act & Rules	-	-
Sale of Forms & Publications	78,500	248,687
Hire Charges for Vehicles	-	-
Recovery from Employees and Others	7,573,980	2,109,090
Income from Parking fees	-	-
Income from Advertisement	16,752,113	32,042,053
Others	173,540,697	138,809,551
Total	197,945,290	413,209,381
Schedule - 24		
ESTABLISHMENT EXP.		
Corporator (Parishad) Allowance	2,883,900	677,300
Medical Reimbursement	536,351	743,234
Salary and Other Payment	686,016,383	683,915,627
Other Terminal & Retirement Benefits	26,531,858	45,750,064
Total	715,968,492	731,086,225
Schedule - 25		
GENERAL ADMINISTRATION EXP.		
Advertisement Expenses	16,418,970	7,656,268
Audit fees	-	753,000
Books and Newspaper	-	17,096
Contingencies Expenses	39,106,116	31,938,255
Contract Vehicle Expenses	75,464,489	81,829,633
Court Expenses	3,488,893	2,021,037
Dress	399,031	137,106
Rent, Rates and Taxes	298,221,247	8,984,400
Communication Expenses	536,744	1,173,379
Printing and Stationery	1,600,952	1,272,695
Travelling & Conveyance	93,230	85,694
Membership & subscriptions	-	1,900,000
Power & Fuel	11,174,127	10,167,730
Bulk Purchases	1,473,785	5,309,333
Repairs & maintenance -Infrastructure Assets	396,629,597	103,901,858
E-Governance Expenses	5,966,274	4,528,274
Medicine & Finayal Expenses	-	182,850
Total	850,573,455	261,858,608



**Schedule forming part of Income and Expenditure Account of Municipal Corporation of Jodhpur
For the Year Ending 31 March 2014**

PARTICULARS	2013-14	2012-13
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 26		
DECREASE IN STORES/(INCREASE IN STORES)		
Opening stock	3,461,607	2,769,032
Less:-Closing stock	1,774,011	3,461,607
Total	1,687,595	-692,575
Schedule - 27		
PUBLIC WORKS		
Building Capacity Plant / Training	583	-
Other Construction Work	26,840,009	-
Rehabilitation of Kachhi Basti	457,088	-
Work against Public Participation	-	606,185
Rain Basera Expenses	1,996,138	3,621,873
Expenses against Other Grants	41,502,000	1,481,159
Cleaning Expenses	146,592,826	93,702,127
Total	217,388,644	99,411,344
Schedule - 28		
INTEREST AND FINANCE CHARGES		
Interest on Loans from Central Government	37,392,716	44,852,311
Bank Charges	396	354,336
Total	37,393,112	45,206,647
Schedule - 29		
MISCELLANEOUS EXPENSES		
Chara Dana Expenses	36,991,468	22,599,563
Contingencies and Other Expenses	861,800	3,850
Contract of Dead Animal Expenses	84,600	-
Festival & Entertainment Expenses	6,509,498	7,698,989
Dedicated Consultant Charges	3,882,000	-
RUDF Contribution Expenses	7,750,000	5,000,000
Other Miscellaneous Expenses	-	-
Total	56,079,366	35,302,402



MUNICIPAL CORPORATION
JODHPUR (2013-14)

SCHEDULE 30

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (2013-14)

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 judgment 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 judgment 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/-



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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-imburement 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.



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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.

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. "Security Deposits" are not maintained Party-wise only Control Account is maintained.
7. There is adjustment entries are made through corpus fund due to opening balance taken in FY 2012-13 from Audited Balance sheet of FY 2011-12 is not appropriate and some accounts balances are negative.

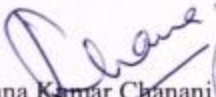


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8. The closing balance of specific grants/schemes have been taken from respective cashbook but closing balance of "Some cash book of specific grant/schemes are not maintained at ULB" is considered nil.
9. There is non-availability of information relating to general grants, General grants closing balance considered as nil.
10. There is non-availability of information relating to utilization of grants, Grants are transferred to corpus fund and Specific fund (Utilization) creation equal to fixed assets made during the year through corpus fund.
11. There is non-availability of information and opening balance of FY 2012-13 provided by ULB is not appropriate so some accounts balance are negative, These accounts considered negative.
12. There is loan balances considered as per registered maintained by ULB.
13. There is fixed assets opening balance considered as per last audited balance sheet together with information provided by ULB.
14. There is loans and advances balance are taken as per information provided by ULB.
15. Difference in Manual Cash book maintained by ULB is Rs. 7,63,96,666.17 Cr. which will be rectified in future years as stated in cash & bank balances.
16. There is "Bank contra" control account maintained for contra entries because some entries withdrawal from one bank and not deposited in another bank and vice-versa.

Signatories to Schedule 1 to 30

In confirmation and witness of facts

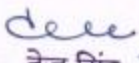

Krishna Kantar Chanani
Partner, K K Charfani & Associates
Chartered Accountants
FRN NO. 322232E
Membership No .056045

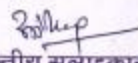


For Municipal Corporation: JODHPUR ,Rajasthan


आयुक्त
नगर निगम, जोधपुर
EO/Commissioner

Kolkata, the 31st March, 2017


तेज सिंह
सहायक लेखाधिकारी
नगर निगम, जोधपुर


वित्तीय सुलाहकार
नगर निगम, जोधपुर