



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 Council, Gangapur City
Rajasthan

Report to Financial Statement

We have audited the accompanying financial statements of **Municipal Council Gangapur City, Rajasthan** which comprise the Balance Sheet as at March 31, 2018, 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

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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 Deficit 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 Council 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 Council nor has been disclosed in notes to accounts.*




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- c) *Closing Stock of Stores has not been determined by the municipality and hence not considered in the accounts. To this extent both, Deficit 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, 2018; and
- b) in the case of the Income and Expenditure Statement, of the deficit for the year ended on that date.

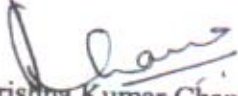
We further report that:

- 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;


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- 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
Firm Regn. No.: 322232E
Membership No.: 056045
Kolkata; 31th March. 2019




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Annexure A to Auditor's Report (2017-18)

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.*

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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



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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


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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
Firm Regn. No.: 322232E
Membership No.: 056045



Kolkata; 31th March. 2019



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**Balance Sheet of Municipal Council of Gangapur City
As on 31 March 2018**

PARTICULARS	Schedule	2017-18	2016-17
		(Amount in Rs.)	(Amount in Rs.)
I - LIABILITIES			
RESERVE & SURPLUS			
Municipal (General) Fund	1	30,38,10,319	36,08,24,967
Earmarked Funds	2	16,11,621	3,76,028
Reserve & Surplus	3	6,54,04,471	2,78,13,523
Total Reserve & Surplus (A)		37,08,26,411	38,90,14,518
GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B)	4	37,88,91,832	31,55,33,000
LOANS			
CURRENT LIABILITIES & PROVISIONS			
Sundry Deposits	5	1,63,98,406	1,66,29,035
Sundry Creditors	6	-	-
Statutory Liabilities	7	85,81,647	70,55,768
Other Liabilities	8	-21,59,849	-25,37,988
Provisions	9	1,60,000	1,60,000
Total Current Liabilities and Provisions (C)		2,29,80,204	2,13,06,815
TOTAL LIABILITIES (A+B+C)		77,26,98,447	72,58,54,333
II - ASSETS			
FIXED ASSETS			
Gross Block	10	76,40,10,422	53,52,57,612
Depreciation Fund	11	18,77,40,931	12,01,94,654
Net Block		57,62,69,491	41,50,62,958
Total Fixed Assets (A)		57,62,69,491	41,50,62,958
INVESTMENTS			
General Fund Investments	12	2,09,34,871	9,27,66,967
Specific Fund Investments	13	16,11,621	3,76,028
Total Investments (B)		2,25,46,492	9,31,42,995
CURRENT ASSETS, LOAN & ADVANCES			
Sundry Debtors/ Receivables	14	95,11,369	95,32,398
Cash & Bank Balances	15	16,40,33,160	20,76,82,842
Loans, Advances & Deposits	16	3,37,935	4,33,140
Total Current Assets, Loans & Advances (C)		17,38,82,464	21,76,48,380
TOTAL ASSETS(A+B+C)		77,26,98,447	72,58,54,333

Notes to Accounts and Accounting Policies

For K.K Chanani & Associates

Chartered Accountants

Firm Regn. No. 32232B

Kunal Kumar Chanani
(Proprietor)

Membership No. 056045

Date: - 31.03.2019

Place: - Kolkata



For and Behalf on Nagar Palika


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नगरपालिका, गंगपुर सिटी
Executive Officer

**Income and Expenditure Account of Municipal Council of Gangapur City
For the Year Ending 31 March 2018**

PARTICULARS	Schedule	2017-18	2016-17
		(Amount in Rs.)	(Amount in Rs.)
INCOME			
Income From Taxes	17	19,43,781	26,73,822
Assigned Compensations	18	6,14,56,000	5,58,69,000
Rental Income from Municipal Properties	19	3,24,64,710	19,50,241
Fees and User Charges	20	3,02,86,446	1,42,02,763
Revenue Grants, Contributions and Subsidies	21	-	1,61,83,083
Income from Corporation Assets and Investment	22	1,21,98,935	46,09,041
Miscellaneous Income	23	53,08,808	24,04,921
Total Income - I		14,36,58,680	9,78,92,871
EXPENDITURE			
Establishment Expenses	24	7,54,92,633	6,64,08,536
General Administrative Expenses	25	3,10,92,207	1,06,38,051
Public Works	26	63,73,251	76,19,491
Interest & Financial Exp.	27	4,026	1,411
Miscellaneous Expenses	28	2,01,64,933	47,43,050
Depreciation During the Year		6,75,46,277	4,14,59,615
Total Expenditure - II		20,06,73,327	13,08,70,154
Surplus (Deficit) before adjustment of prior period items and Depreciation		-5,70,14,648	-3,29,77,283
Less: Prior Period Items			
Less: Prior Period adjustment of Depreciation			
Less: Transfer to Reserve Fund			
NET SURPLUS/DEFICIT		-5,70,14,648	-3,29,77,283

Notes to Accounts and Accounting Policies

For K.K Chanani & Associates

Chartered Accountants

Firm Regn. No. 32232E

Krishna Kumar Chanani

(Proprietor)

Membership No. 056048

Date: - 31.03.2019

Place: - Kolkata



For and Behalf on Nagar Palika

(Signature)

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नगरपालिका, गंगपुर सिटी

**Schedule forming part of Balance Sheet of Municipal Council of Gangapur City
As on 31 March 2018**

PARTICULARS	2017-18	2016-17
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 1		
MUNICIPAL (GENERAL) FUND		
Opening balance	36,08,24,967	39,38,02,250
Add :- Addition during the year	-	-
Less:- Deduction during the year	-	-
Add: Excess of Income over Expenditure	-5,70,14,648	-3,29,77,283
Total	30,38,10,319	36,08,24,967
Schedule - 2		
EARMARKED FUND		
Gratuity Fund	1,94,955	1,70,567
General Provident Fund	14,16,666	2,05,461
Total	16,11,621	3,76,028
Schedule - 3		
RESERVE & SURPLUS		
Opening balance	-	-
Add :- Addition during the Year	-	-
Less :- Withdrawal during the Year	-	-
Capital Contribution	-	-
Capital Reserve	-	-
Borrowing Redemption Reserve	-	-
Special Funds (Utilised)	6,54,04,471	2,78,13,523
Total	6,54,04,471	2,78,13,523
Schedule - 4		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Special Grant for 14th Financial Commission	4,32,11,000	74,33,000
Special Grant for Amrit Yojana grant	15,86,38,000	15,86,38,000
Special Grant for Koshalay Grant	6,90,00,000	6,90,00,000
Special Grant for Mjsa Grant	24,99,770	26,49,000
Special Grant for Swach Bharat Mission Grant	7,58,31,000	5,58,78,000
Special Grant for MP MLA Grant	55,33,157	-
Special Grant for Swarna Jayanti Sahari Roj gar Sch.	15,39,960	20,62,000
Special Grant from S.F.C.	1,05,92,945	1,98,73,000
Other Grants	1,20,46,000	-
Total	37,88,91,832	31,55,33,000


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**Schedule forming part of Balance Sheet of Municipal Council of Gangapur City
As on 31 March 2018**

PARTICULARS	2017-18	2016-17
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 5		
SUNDRY DEPOSITS		
Security & Amanat Payable	1,63,98,406	1,66,29,035
Total	1,63,98,406	1,66,29,035
Schedule - 6		
SUNDRY CREDITORS		
Creditors For supplies	-	-
Other Creditors	-	-
Total	-	-
Schedule - 7		
STATUTORY LIABILITIES		
Income Tax (TDS) Payable	9,18,369	80,389
Commercial Tax Payable	3,07,225	85,822
Salary Payable	43,38,248	43,38,248
Labour Cess Deduction	30,17,805	25,51,309
Total	85,81,647	70,55,768
Schedule - 8		
OTHER LIABILITIES		
Royalty Payable	56,342	1,11,016
Employee Liabilities	-33,69,664	-30,33,858
Recoveries Payable	9,67,942	3,84,854
Advance Collection of Revenues	68,815	-
Others	1,16,716	-
Total	-21,59,849	-25,37,988

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**Schedule forming part of Balance Sheet of Municipal Council of Gangapur City
As on 31 March 2018**

PARTICULARS	2017-18	2016-17
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 13		
SPECIFIC FUND INVESTMENT		
Employee's GPF Accounts	14,16,666	2,05,461
Gratuity P.D A/c	1,94,955	1,70,567
Total	16,11,621	3,76,028
Schedule - 14		
SUNDRY DEBTORS / RECEIVABLES		
House Tax		
Rent Receivables	45,01,251	45,22,280
Urban development tax	15,92,348	15,92,348
	34,17,770	34,17,770
Total	95,11,369	95,32,398
Schedule - 15		
CASH & BANK BALANCES		
Cash in Hand	70,276	21,102
Balances in Saving & Current a/cs	16,39,62,884	20,76,61,740
Total	16,40,33,160	20,76,82,842
Schedule - 16		
LOANS, ADVANCES & DEPOSITS		
Advance to Staff	2,00,745	3,03,765
Advance to Contractors and Suppliers	1,37,190	1,29,375
Total	3,37,935	4,33,140


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**Schedule forming part of Income and Expenditure Account of Municipal Council of Gangapur City
For the Year Ending 31 March 2018**

PARTICULARS	2017-18	2016-17
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 17		
INCOME FROM TAXES		
Urban Development Tax	19,43,781	26,73,822
Total	19,43,781	26,73,822
Schedule - 18		
ASSIGNED COMPENSATION		
Octroi Compensations	6,14,56,000	5,58,69,000
Total	6,14,56,000	5,58,69,000
Schedule - 19		
RENTAL INCOME FROM MUNICIPAL PROPERTIES		
Income from Rent and Teh Bazari	21,801	1,82,547
Rent from Office Buildings	34,01,910	-
Rent from lease of lands	2,85,54,316	17,67,694
Other rents	4,86,683	-
Total	3,24,64,710	19,50,241
Schedule - 20		
FEEES AND USER CHARGES		
Copy Fees		
Fair Fees	57,485	1,14,330
License Fees Construction and Development Work	-	3,74,271
Fees for Certificate or Extract	-	1,43,332
Fees for Grant of Permit	7,80,996	2,21,518
Development Charges	10,06,584	5,78,401
Regularisation Fees	-	3,136
Penalties and Fines	2,82,84,864	1,22,00,276
User Charges	56,300	50,778
Advertisement Incomes	78,967	-
Other Charges	7,500	5,16,721
Total	13,750	-
Total	3,02,86,446	1,42,02,763


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**Schedule forming part of Income and Expenditure Account of Municipal Council of Gangapur City
For the Year Ending 31 March 2018**

PARTICULARS	2017-18	2016-17
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 21 REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
Revenue Grant	-	1,61,83,083
Total	-	1,61,83,083
Schedule - 22 INCOME FROM CORP.ASSET/INVESTMENT		
Interest from Bank Accounts	1,21,98,935	46,09,041
Total	1,21,98,935	46,09,041
Schedule - 23 MISCELLANEOUS INCOME		
Sale of Forms & Publications	36,66,239	21,47,230
Recovery from Employees	2,94,855	-
Others	13,47,714	2,57,691
Total	53,08,808	24,04,921
Schedule - 24 ESTABLISHMENT EXP.		
Corporator (Parishad) Allowance	15,40,941	13,91,249
Salary and Other Payment	6,62,42,312	5,94,70,578
Other Terminal & Retirement Benefits	77,09,380	55,46,709
Total	7,54,92,633	6,64,08,536

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**Schedule forming part of Income and Expenditure Account of Municipal Council of Gangapur City
For the Year Ending 31 March 2018**

PARTICULARS	2017-18	2016-17
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 25		
GENERAL ADMINISTRATION EXP.		
Advertisement Expenses	37,03,687	21,51,650
Audit fees	3,25,255	96,000
Contingencies Expenses	5,53,060	-
Court Expenses	5,15,607	2,09,180
Dress	-	2,75,690
Rent, Rates and Taxes	4,08,570	20,57,562
Communication Expenses	96,701	3,34,746
Printing and Stationery	6,59,514	5,69,156
Travelling & Conveyance	18,52,952	-
Professional and other Fees	30,58,834	7,75,758
Other Administrative Expenses	54,000	-
Power & Fuel	31,09,608	13,60,073
Bulk Purchases	1,80,000	1,41,796
Repairs & maintenance -Infrastructure Assets	-	5,38,455
Repairs & maintenance - Civic Amenities	-	7,87,274
Repairs & maintenance - Buildings	-	18,672
Repairs & maintenance - Vehicles	-	7,96,049
Repairs & maintenance - Others	1,65,74,419	1,13,478
Animal Containment Expenses	-	1,98,720
Economic Calculation Expenses	-	58,992
Pest Control Expenses	-	1,54,800
Total	3,10,92,207	1,06,38,051
Schedule - 26		
PUBLIC WORKS		
Garbage Expenses	63,73,251	76,19,491
Total	63,73,251	76,19,491
Schedule - 27		
INTEREST AND FINANCE CHARGES		
Bank Charges	4,026	1,411
Total	4,026	1,411
Schedule - 28		
MISCELLENOUS EXPENSES		
Own Programmes	46,65,958	14,16,322
Agriculture Land Conversions Expenses	-	11,23,700
Lease Expenses	74,26,522	3,45,827
E Governance Exps	30,57,800	13,21,000
Fodder for Animals Expenses	-	75,000
Other Miscellaneous Expenses	50,14,653	4,61,201
Total	2,01,64,933	47,43,050

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MUNICIPAL COUNCIL
GANGAPUR CITY (2017-18)

SCHEDULE 29

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (2017-18)

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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MUNICIPAL COUNCIL
GANGAPUR CITY (2017-18)

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/-

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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.

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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

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5. The Financials are prepared on the basis of Cash Books maintained by ULB and Information provided by Municipal Council.
6. The Closing Balance of Grants/Schemes are not provided. Therefore, the same is considered as per the cashbook.
7. There is "Commercial tax payable" Balance is "Negative" which shown excess payment by municipal council.
8. "Security Deposits" are not maintained Party-wise only Control Account is maintained.
9. "Loans and Advance Balance" are taken as per information provided by ULB.
10. There is "Employee Liabilities" e.g. Bank loan deduction, GPF & GPF Loan payable and Gratuity payable Balance is "Negative" which shown excess payment by municipal council.
11. There is Balance mismatch account maintained for shown Difference in various Bank accounts which maintained in General Cash Book.

Signatories to Schedule 1 to 29

In confirmation and witness of facts



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



For Municipal Council: Gangapur City, Rajasthan



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EO/Commissioner
गंगपुर सिटी

Kolkata, the 31th March. 2019

CAO/ Sr. A.O.