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Certified Firm

K. K. Chanani & Associates

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To,
The Executive Officer,
Municipal Board, Todabhim
Rajasthan

Report to Financial Statement

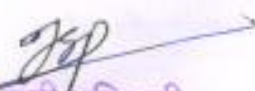
We have audited the accompanying financial statements of **Municipal Board, Todabhim Rajasthan** which comprise the Balance Sheet as at March 31, 2017, the Income and Expenditure Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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.


अविशाधी अधिकारी
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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/ (Deficit) of Income over Expenditure is overstated/ (understated) and Liabilities are understated.*
- b) *Liabilities or recovery on account of pending cases and/or notices filed against/ by municipal Board 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 Board 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, Surplus/ (Deficit) of Income over Expenditure is understated/ (overstated) 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 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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 नगरपालिका टोकाभीम



- 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; February 18, 2018


ऑडिटिंग अधिकारी
नगरपालिका टोंडाभीम



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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.*


अभिजायी अधिकारी
नगरपालिका टोडाभीम



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.

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सचिव, नगरपालिका
नगरपालिका कार्यालय



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.


अधिसूत्री अधिकारी
नगरपालिका टोडाभीम



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




अधिकांशी अधिकारी
पञ्जाब विद्यापीठ

Kolkata; February 18, 2018



Balance Sheet of Municipal Board of Todabhim As on 31 March 2017

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
I - LIABILITIES			
RESERVE & SURPLUS			
Municipal (General) Fund	1	7,515,223	9,551,210
Earmarked Funds	2	3,164,541	2,159,639
Reserve & Surplus	3	74,144,665	60,122,035
Total Reserve & Surplus (A)		84,824,429	71,832,884
GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B)	4	34,566,823	21,229,354
LOANS			
Secured Loans	5	4,333,900	4,333,900
Total Loans (C)		4,333,900	4,333,900
CURRENT LIABILITIES & PROVISIONS			
Sundry Deposits	6	3,280,184	2,975,310
Sundry Creditors	7	285,000	-
Statutory Liabilities	8	838,744	658,180
Other Liabilities	9	1,362,976	1,418,660
Total Current Liabilities and Provisions (D)		5,766,904	5,052,150
TOTAL LIABILITIES (A+B+C+D)		129,492,057	102,448,288
II - ASSETS			
FIXED ASSETS			
Gross Block	10	79,397,856	66,821,398
Depreciation Fund	11	18,498,904	10,826,780
Net Block		60,898,952	55,994,618
Total Fixed Assets (A)		60,898,952	55,994,618
INVESTMENTS			
General Fund Investments	12	26,682,747	20,490,500
Specific Fund Investments	13	6,576,938	6,429,036
Total Investments (B)		33,259,685	26,919,536
CURRENT ASSETS, LOAN & ADVANCES			
Cash & Bank Balances	14	35,333,420	19,534,134
Total Current Assets, Loans & Advances (C)		35,333,420	19,534,134
TOTAL ASSETS(A+B+C)		129,492,057	102,448,288

Notes to Accounts and Accounting Policies

For K K Chanani & Associates

Chartered Accountants

Firm Regn. No.: 322232E

Krishna K. Chanani
(Partner)

Membership No.: 05604

Date: - 18.02.2018

Place: - Todabhim



For and Behalf on Nagar Palika

JSP
अधिकाारी अधिकाारी
नगरा (Executive Officer)

**Income and Expenditure Account of Municipal Board of Todabhim
For the Year Ending 31 March 2017**

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
INCOME			
Income From Taxes	15	334,561	337,353
Assigned Compensations	16	2,819,000	2,563,000
Rental Income from Municipal Properties	17	688,010	339,301
Fees and User Charges	18	280,408	323,172
Revenue Grants, Contributions and Subsidies	19	20,998,076	16,444,186
Income from Corporation Assets and Investment	20	500,692	410,767
Miscellaneous Income	21	222,753	116,700
Total Income - I		25,843,500	20,534,479
EXPENDITURE			
Establishment Expenses	22	11,160,553	10,448,996
General Administrative Expenses	23	5,634,839	5,485,133
Public Works	24	3,130,730	1,504,392
Interest & Financial Exp.	25	699	1,775
Miscellaneous Expenses	26	157,716	1,163,951
Depreciation During the Year		7,672,125	5,778,291
Total Expenditure - II		27,756,662	24,382,548
Surplus\ (Deficit) before adjustment of prior period items and Depreciation		-1,913,162	-3,848,069
NET SURPLUS\ DEFICIT		-1,913,162	-3,848,069

Notes to Accounts and Accounting Policies

For K K Chanani & Associates

Chartered Accountants
Firm Regn. No. 322232E

Krishna Kumar Chanani
(Partner)

Membership No.: 056049



Date: - 18.02.2018

Place: - Todabhim

For and Behalf on Nagar Palika

[Signature]
जादेशापी अधिकारी
नगर (Executive Officer)

**Schedule forming part of Balance Sheet of Municipal Board of Todabhim
As on 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 1		
MUNICIPAL (GENERAL) FUND		
Opening balance	9,551,210	13,399,275
Add : - Addition during the year	-122,825	-
Less:- Deduction during the year	-	-
Add: Excess of Income over Expenditure	-1,913,162	-3,848,065
Total	7,515,223	9,551,210
Schedule - 2		
EARMARKED FUND		
General Provident Fund & Gratuity	3,164,541	2,159,639
Total	3,164,541	2,159,639
Schedule - 3		
RESERVE & SURPLUS		
Capital Contribution		
Opening balance	60,122,035	40,865,260
Add :- Addition during the Year	14,022,630	19,256,775
Total	74,144,665	60,122,035
Schedule - 4		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Special Grant for 14th Financial Commission	17,195,652	3,888,151
Special Grant for 5th Financial Commission	6,492,247	-
Grant from Swachh Bharat Mission Grant	2,130,000	2,987,000
Special Grant for BRGF	417,752	1,277,165
Special Grant for MPLAD Grant	130,080	125,004
Special Grant for MLA Grant	598,442	78,212
Special Grant for NSDP Yojana	660,726	631,095
Special Grant for Jal Pravahi Yojana	1,235,843	114,680
Special Grant for BPL Awas Yojana	3,208,480	3,027,692
Special Grant for Under Nirbhand Yojana	37,500	37,500
Special Grant for Sadi Kambal Yojana	1,027,725	1,027,725
Special Grant for Swarna Jayanti Sahari Roj gar Sch.	1,333,676	1,974,792
Special Grant from S.F.C.	98,700	6,060,338
Total	34,566,823	

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अधिसायी अधिकारी
नगरपालिका टोडाभिम



**Schedule forming part of Balance Sheet of Municipal Board of Todabhim
As on 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 5 SECURED LOANS Secured Loan from RUIDP	4,333,900	4,333,900
Total	4,333,900	4,333,900
Schedule - 6 SUNDRY DEPOSITS Security & Amanat Payable	3,280,184	2,975,310
Total	3,280,184	2,975,310
Schedule - 7 SUNDRY CREDITORS Creditors For supplies	285,000	-
Total	285,000	-
Schedule - 8 STATUTORY LIABILITIES Income Tax (TDS) Payable Commercial Tax Payable Salary Payable	79,786 43,446 715,512	21,217 270 636,693
Total	838,744	1,552,900



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 मुख्य अधिकारी
 नगरपालिका, टोदाभीम

**Schedule forming part of Balance Sheet of Municipal Board of Todabhim
As on 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 9 OTHER LIABILITIES		
Royalty Payable	1,345,549	1,234,482
Employee Liabilities	17,427	184,178
Total	1,362,976	1,418,660
Schedule - 10 GROSS BLOCK		
Immovable Assets		
Land	7,554,301	7,651,392
Office Building	907,193	878,367
Infrastructure Assets		
Roads & Bridge	46,516,135	41,225,060
Sewerage & Drainage	6,127,971	5,902,171
Public Lighting	8,924,196	3,398,260
Others	7,239,438	6,320,599
Moveable Assets		
Vehicles	1,455,731	1,005,000
Furniture & Fixture	180,188	173,570
Office Equipment	329,454	167,480
Computers	163,250	99,500
Total	79,397,856	66,821,398
Schedule - 11 DEPRECIATION FUND		
Opening Balance	10,826,780	5,048,486
Add:- Depreciation provided during the year	7,672,125	5,778,293
Less:- Depreciation for the previous year	-	-
Total	18,498,904	10,826,780


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 नगरपालिका टोडाभिम



**Schedule forming part of Balance Sheet of Municipal Board of Todabhim
As on 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 12		
GENERAL FUND INVESTMENT		
P.D Account with Interest(P.D. Grant)	1,152,883	705,883
Non-Interest Bearing PD A/c (P.D. Development)	25,529,864	19,784,617
Total	26,682,747	20,490,500
Schedule - 13		
SPECIFIC FUND INVESTMENT		
Gratuity & PF P.D A/c	3,164,541	2,159,639
PD Jal Pravahi Yojana	2,134,900	2,991,900
PD A/c SJSRY	1,277,497	1,277,497
Total	6,576,938	6,429,036
Schedule - 14		
CASH & BANK BALANCES		
Cash in Hand	153,950	2,072
Balances in Saving & Current a/cs	35,179,470	19,532,062
Total	35,333,420	19,534,134

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नगरपालिका टोडाभिम



**Schedule forming part of Income and Expenditure Account of Municipal Board of Todabhim
For the Year Ending 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 15		
INCOME FROM TAXES		
Urban Development Tax	334,561	337,353
Total	334,561	337,353
Schedule - 16		
ASSIGNED COMPENSATION		
Octroi Compensations	2,819,000	2,563,000
Total	2,819,000	2,563,000
Schedule - 17		
RENTAL INCOME FROM MUNICIPALE PROPERTIES		
Income from Rent and Teh Bazari	76,700	172,400
Rent from lease of lands	611,310	166,901
Total	688,010	339,301
Schedule - 18		
FEEES AND USER CHARGES		
Copy Fees	9,500	4,820
License Fees Construction and Development Work	151,542	93,709
Fees for Certificate or Extract	10,740	54,790
Regularisation Fees	43,726	56,103
Other Fees	64,900	113,750
Total	280,408	323,172


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**Schedule forming part of Income and Expenditure Account of Municipal Board of Todabhim
For the Year Ending 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 19		
REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
State Finance Commission	5,961,638	7,674,176
BRGF	3,896	1,363,326
Scholarship	204,000	-
CM BPL Awas Yojana	87,189	-
Census	-	38,412
14th Finance Commission Grant	9,852,646	6,208,071
13th Finance Commission Grant	-	1,160,201
Revenue Grant 5th Finance Commission	4,888,707	-
Total	20,998,076	16,444,186
Schedule - 20		
INCOME FROM CORP. ASSET/INVESTMENT		
Interest from Bank Accounts	500,692	410,767
Total	500,692	410,767
Schedule - 21		
MISCELLANEOUS INCOME		
Sale of Forms & Publications	10,900	116,700
Others	211,853	-
Total	222,753	116,700
Schedule - 22		
ESTABLISHMENT EXP.		
Corporator (Parishad) Allowance	553,800	214,200
Leave Pension contribution	319,112	301,795
Medical Reimbursement	9,117	491,622
Salary and Other Payment	9,873,981	8,915,845
Other Terminal & Retirement Benefits	404,543	525,534
Total	11,160,553	10,448,996

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नगरपालिका टोडाभीम



**Schedule forming part of Income and Expenditure Account of Municipal Board of Todabhim
For the Year Ending 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 23		
GENERAL ADMINISTRATION EXP.		
Advertisement Expenses	374,807	442,058
Audit fees	44,630	170,250
Books and Newspaper	7,703	17,176
Court Expenses	18,470	9,140
Communication Expenses	31,666	37,067
Printing and Stationery	57,172	115,508
Travelling & Conveyance	100,325	80,319
Insurance	88,338	26,496
Professional and other Fees	270,000	-
Power & Fuel	182,996	117,545
Bulk Purchases	-	644,804
Office Expenses	51,440	9,344
Repairs & maintenance - Public Amenities	413,083	229,737
Repairs & maintenance - Vehicles	46,019	204,697
Other operating & maintenance expenses	3,948,190	3,380,992
Total	5,634,839	5,485,133
Schedule - 24		
PUBLIC WORKS		
Expenses against aid for Roads & Gutter	-	133,800
Maintenance of Road and Gutter	3,130,730	1,370,592
Total	3,130,730	1,504,392
Schedule - 25		
INTEREST AND FINANCE CHARGES		
Bank Charges	699	1,779
Total	699	1,779
Schedule - 26		
MISCELLENOUS EXPENSES		
Own Programmes	81,212	294,209
Renbasera Exp.	6,000	30,360
Fodder to Animals	-	92,800
Other Miscellaneous Expenses	70,504	746,582
Total	157,716	1,163,951


 जलिकारी अधिकारी
 नगरपालिका, टोडाबिम



MUNICIPAL BOARD
Todabhim (2016-17)

SCHEDULE 27

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:

- i. Property and Other Taxes are recognized in the period in which they are received.*
- ii. Revenues in respect of Profession Tax on Organization's/entities are determined in the year in which they are received.*
- iii. Advertisement taxes are considered on receipt basis.*
- iv. Revenue in respect of Trade License Fees are determined in the year in which they are received.*
- v. Assigned revenues like Entertainment Tax, Duty / Surcharge on transfer of Immovable properties are accounted during the year only upon actual receipt.*
- vi. 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. Provisions 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 deposits more than three years old and no longer payable due to non-claim by creditors or otherwise are being written back and considered as income.*


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MUNICIPAL BOARD
Todabhim (2016-17)

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:

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

7. Grants

- i.* General Grants, which are of revenue nature, are recognized as income on actual receipt.
- ii.* 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.
- iii.* 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,


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grant corresponding to the value of the asset so constructed/acquired is treated as a capital receipt and transferred to capital contribution.

8. Employee benefits

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

9. Investments

- i. 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.
- ii. 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.
- iii. Short-term investments are carried at their cost or market value (if quoted) whichever is lower.

II. NOTES TO ACCOUNTS

1. Balance of the Deposits received from contractors/suppliers is on the basis of receipts issued against such deposits and deductions made from payments made to them, and the same has been taken from the register maintained in computer.
2. Balance of Loan given to employees against Provident Fund are subject to their confirmations.
3. Balances of Debtors, Creditors and other parties are subject to confirmations.
4. Accounts have been prepared covering receipts of various Grants/Aids/Funds from State Government for specific purpose/scheme. Due to long vesting period of schemes, utilization of the same is subject to verification on their completion.
5. The Financials are prepared on the basis of Cash Books maintained by ULB and Information provided by Municipal Board.
6. "Security Deposits" are not maintained Party-wise, only Control Account is maintained.


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7. The closing balance of Specific Grants/Schemes have been taken from respective cashbook but closing balance of "Some cash book of specific grants/schemes are not maintained at ULB" is considered Nil.
8. There is Employees Liabilities Balance Debit e.g. Pf/Gpf Deduction-1379rs.
9. There is Some Creditors are standing e.g.-285000rs.
10. There is Loan from RUIDP Payment of any deduction by DLB is pending.

Signatories to Schedule 1 to 27


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



In confirmation and witness of facts

For Municipal Board; Todabhim, Rajasthan


E.O. / Commissioner
नगरपालिका अधिकारी

Kolkata; February 18, 2018

CAO / Sr. A.O.