



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

AK
12/6/17

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, 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



AK
12/6/17

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, 2017; and
- b) in the case of the Income and Expenditure Statement, of the deficit for the year ended on that date.

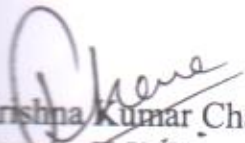
We further report that:

- 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;



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; 26th Feb. 2018


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

Additional Matters to be reported by the financial statement auditor

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



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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




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Kolkata; 26th Feb. 2018

Balance Sheet of Municipal Council of Gangapur City As on 31 March 2017

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
I - LIABILITIES			
RESERVE & SURPLUS			
Municipal (General) Fund			
Emarked Funds	1	360,824,967	393,802,250
Reserve & Surplus	2	376,028	2,457,172
Total Reserve & Surplus (A)	3	27,813,523	3,283,034
GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B)	4	389,014,518	399,542,456
		315,533,000	18,893,792
CURRENT LIABILITIES & PROVISIONS			
Sundry Deposits	5	16,629,035	16,965,321
Sundry Creditors	6	-	-
Statutory Liabilities	7	7,055,768	6,803,834
Other Liabilities	8	-2,537,988	-4,144,664
Provisions	9	160,000	160,000
Total Current Liabilities and Provisions (C)		21,306,815	19,784,491
TOTAL LIABILITIES (A+B+C)		725,854,333	438,220,739
II - ASSETS			
FIXED ASSETS			
Gross Block	10	535,257,612	448,154,807
Depreciation Fund	11	120,194,654	78,735,039
Net Block		415,062,958	369,419,768
TOTAL FIXED ASSETS (A)		415,062,958	369,419,768
INVESTMENTS			
General Fund Investments	12	92,766,967	8,242,205
Specific Fund Investments	13	376,028	2,457,172
Total Investments (B)		93,142,995	10,699,377
CURRENT ASSETS, LOAN & ADVANCES			
Sundry Debtors/ Receivables	14	9,532,398	9,532,398
Cash & Bank Balances	15	207,682,842	48,114,994
Loans, Advances & Deposits	16	433,140	454,202
Total Current Assets, Loans & Advances (C)		217,648,380	58,101,594
TOTAL ASSETS(A+B+C)		725,854,333	438,220,739

Notes to Accounts and Accounting Policies

For K.K. Chanani & Associates
Chartered Accountants

Mem. No. 322232E

K.K. Chanani
(Proprietor)

Membership No. 056045

Date: - 26.02.2018

Place: - Kolkata



For and Behalf on Nagar Parishad

(Executive Officer)

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**Income and Expenditure Account of Municipal Council of Gangapur City
For the Year Ending 31 March 2017**

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
INCOME			
Income From Taxes	17	2,673,822	754,564
Assigned Compensations	18	55,869,000	50,790,000
Rental Income from Municipal Properties	19	1,950,241	2,418,024
Fees and User Charges	20	14,202,763	11,272,108
Revenue Grants, Contributions and Subsidies	21	16,183,083	66,751,000
Income from Corporation Assets and Investment	22	4,609,041	5,750,230
Miscellaneous Income	23	2,404,921	1,005,931
Total Income - I		97,892,871	138,741,857
EXPENDITURE			
Establishment Expenses	24	66,408,536	53,339,747
General Administrative Expenses	25	10,638,051	76,169,213
Public Works	26	7,619,491	12,120,007
Interest & Financial Exp.	27	1,411	2,514
Miscellaneous Expenses	28	4,743,050	8,010,517
Depreciation During the Year		41,459,615	32,487,004
Total Expenditure - II		130,870,154	182,129,002
Surplus (Deficit) before adjustment of prior period items and Depreciation		-32,977,283	-43,387,145
NET SURPLUS/ DEFICIT		-32,977,283	-43,387,145

Notes to Accounts and Accounting Policies

For K.K Chanani & Associates

Chartered Accountants

Firm Regn. No. 322232E

K.K Chanani

(Proprietor)

Membership No. 056045

Date: - 26.02.2018

Place: - Kolkata



For and Behalf on Nagar Parishad

(Executive Officer)

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**Schedule forming part of Balance Sheet of Municipal Council of Gangapur City
As on 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 1		
MUNICIPAL (GENERAL) FUND		
Opening balance	393,802,250	437,189,395
Add : - Addition during the year	-	-
Less:- Deduction during the year	-	-
Add: Excess of Income over Expenditure	-32,977,283	-43,387,145
Total	360,824,967	393,802,250
Schedule - 2		
EARMARKED FUND		
Gratuity Fund	170,567	1,087,886
General Provident Fund	205,461	1,369,286
Total	376,028	2,457,172
Schedule - 3		
RESERVE & SURPLUS		
Special Funds (Utilised)	27,813,523	3,283,034
Total	27,813,523	3,283,034
Schedule - 4		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Special Grant for IHSDP	-	-1,725,331
Special Grant for 14th Financial Commission	7,433,000	-
Special Grant for Swarna Jayanti Sahari Roj gar Sch./NULM Scheme	2,062,000	6,435,173
MP/MLA Fund	-	4,755,459
Census Grant	-	82,645
Special Grant for BRGF	-	-4,302,607
Special Grant for BPL Sadi Kambal Yojna	-	3,060,000
Special Grant for BPL Aawas Yojna	-	-277,893
Special Grant for Pannadhay Jeevan Amrut Yojna	-	58,800
Special Grant for Bamashah Yojna	-	312,446
Special Grant for Rain Basera	-	2,000,000
Special Grant from S.F.C.	19,873,000	-
Special Grant for Amrit Yojana grant	158,638,000	-
Special Grant for Koshalay Grant	69,000,000	-
Special Grant for Mjsa Grant	2,649,000	-
Special Grant for Swach Bharat Mission Grant	55,878,000	8,495,100
Total	315,533,000	18,893,792

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**Schedule forming part of Balance Sheet of Municipal Council of Gangapur City
As on 31 March 2017**


PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 5		
SUNDRY DEPOSITS		
Security & Amanat Payable	16,629,035	16,965,321
Total	16,629,035	16,965,321
Schedule - 6		
SUNDRY CREDITORS		
Creditors For supplies	-	-
Other Creditors	-	-
Total	-	-
Schedule - 7		
STATUTORY LIABILITIES		
Income Tax (TDS) Payable	80,389	5,927
Commercial Tax Payable	85,822	-423
Salary Payable	4,338,248	4,338,248
Labour Cess Deduction	2,551,309	2,460,082
Total	7,055,768	6,803,834
Schedule - 8		
OTHER LIABILITIES		
Royalty Payable	111,016	16,122
Employee Liabilities	-3,033,858	-4,180,036
Recoveries Payable	384,854	19,250
Total	-2,537,988	-4,144,664
Schedule - 9		
PROVISIONS		
Audit fees Payable	160,000	160,000
Total	160,000	160,000

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**Schedule forming part of Balance Sheet of Municipal Council of Gangapur City
As on 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 10 GROSS BLOCK		
Immovable Assets		
Land	21,817,000	21,817,000
Office Building	17,367,886	14,760,000
Residential Building	3,500,000	3,500,000
Shops	15,000,000	15,000,000
Infrastructure Assets		
Roads & Bridge	392,045,178	349,231,256
Sewerage & Drainage	40,884,972	30,478,455
Water ways	3,092,903	175,361
Public Lighting	6,921,724	3,538,707
Others	19,999,684	3,732,034
Moveable Assets		
Plant & Machinery	444,000	444,000
Vehicles	11,356,286	3,435,779
Furniture & Fixture	2,250,029	1,742,965
Computers	577,950	299,250
Total	535,257,612	448,154,807
Schedule - 11 DEPRECIATION FUND		
Opening Balance	78,735,039	46,248,035
Add:- Depreciation provided during the year	41,459,615	32,487,004
Less:- Depreciation for the previous year	-	-
Total	120,194,654	78,735,039
Schedule - 12 GENERAL FUND INVESTMENT		
P.D Account with Interest	-	-
Non-Interest Bearing PD A/c	92,766,967	8,242,205
Total	92,766,967	8,242,205
Schedule - 13 SPECIFIC FUND INVESTMENT		
Employee's GPF Accounts	205,461	1,369,286
Gratuity P.D A/c	170,567	1,087,886
Total	376,028	2,457,172


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**Schedule forming part of Balance Sheet of Municipal Council of Gangapur City
As on 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 14		
SUNDRY DEBTORS / RECEIVABLES		
House Tax	4,522,280	4,522,280
Rent Receivables	1,592,348	1,592,348
Urban development tax	3,417,770	3,417,770
Total	9,532,398	9,532,398
Schedule - 15		
CASH & BANK BALANCES		
Cash in Hand	21,102	5,834
Balances in FDR a/cs	-	20,000,000
Balances in Saving & Current a/cs	207,661,740	28,109,160
Total	207,682,842	48,114,994
Schedule - 16		
LOANS,ADVANCES & DEPOSITS		
Advance to Staff	303,765	307,827
Advance to Contractors and Suppliers	129,375	146,375
Total	433,140	454,202


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**Schedule forming part of Income and Expenditure Account of Municipal Council of Gangapur City
For the Year Ending 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 17 INCOME FROM TAXES		
Urban Development Tax	2,673,822	754,564
Total	2,673,822	754,564
Schedule - 18 ASSIGNED COMPENSATION		
Octroi Compensations	55,869,000	50,790,000
Total	55,869,000	50,790,000
Schedule - 19 RENTAL INCOME FROM MUNICIPALE PROPERTIES		
Income from Rent and Teh Bazari	182,547	454,439
Rent from lease of lands	1,767,694	1,963,585
Total	1,950,241	2,418,024
Schedule - 20 FEES AND USER CHARGES		
Copy Fees	114,330	-
Fair Fees	374,271	-
License Fees Construction and Development Work	143,332	1,483,327
Fees for Certificate or Extract	221,518	445,788
Fees for Grant of Permit	578,401	621,334
Development Charges	3,136	1,407,662
Regularisation Fees-	12,200,276	4,547,196
Penalties and Fines	50,778	1,933,875
Advertisement Incomes	516,721	707,186
Other Charges	-	125,740
Total	14,202,763	11,272,108
Schedule - 21 REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
Revenue Grant	16,183,083	66,751,000
Total	16,183,083	66,751,000
Schedule - 22 INCOME FROM CORP.ASSET/INVESTMENT		
Interest from Bank Accounts	4,609,041	5,750,230
Total	4,609,041	5,750,230

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**Schedule forming part of Income and Expenditure Account of Municipal Council of Gangapur City
For the Year Ending 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 23		
MISCELLANEOUS INCOME		
Sale of Forms & Publications	2,147,230	193,400
Others	257,691	812,531
Total	2,404,921	1,005,931
Schedule - 24		
ESTABLISHMENT EXP.		
Corporator (Parishad) Allowance	1,391,249	1,426,269
Salary and Other Payment	59,470,578	51,579,634
Other Terminal & Retirement Benefits	5,546,709	333,844
Total	66,408,536	53,339,747
Schedule - 25		
GENERAL ADMINISTRATION EXP.		
Advertisement Expenses	2,151,650	2,422,800
Audit fees	96,000	178,000
Books and Newspaper	-	31,344
Contingencies Expenses	-	2,171,944
Court Expenses	209,180	340,200
Dress	275,690	151,650
Rent, Rates and Taxes	2,057,562	379,207
Communication Expenses	334,746	180,072
Printing and Stationery	569,156	671,716
Travelling & Conveyance	-	81,767
Insurance	-	70,808
Professional and other Fees	775,758	10,307,629
Power & Fuel	1,360,073	1,180,176
Bulk Purchases	141,796	2,867,027
Repairs & maintenance -Infrastructure Assets	538,455	47,043,061
Repairs & maintenance - Civic Amenities	787,274	1,480,532
Repairs & maintenance - Buildings	18,672	42,400
Repairs & maintenance - Vehicles	796,049	630,376
Repairs & maintenance - Others	113,478	5,938,504
Animal Containment Expenses	198,720	-
Economic Calculation Expenses	58,992	-
Pest Control Expenses	154,800	-
Total	10,638,051	76,169,213
Schedule - 26		
PUBLIC WORKS		
Garbage Expenses	7,619,491	12,120,007
Total	7,619,491	12,120,007



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**Schedule forming part of Income and Expenditure Account of Municipal Council of Gangapur City
For the Year Ending 31 March 2017**

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 27		
INTEREST AND FINANCE CHARGES		
Bank Charges	1,411	2,514
Total	1,411	2,514
Schedule - 28		
MISCELLENOUS EXPENSES		
Election Expenses	-	194,720
Own Programmes	1,416,322	2,101,983
Agriculture Land Conversions Expenses	1,123,700	1,135,189
Lease Expenses	345,827	-
Fodder for Animals Expenses	75,000	150,000
RUDF Contribution	-	2,500,000
E Governance Expenses	1,321,000	1,817,900
Other Miscellaneous Expenses	461,201	110,725
Total	4,743,050	8,010,617




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नगर परिषद, गंगपुर नि

MUNICIPAL COUNCIL
GANGAPUR CITY (2016-17)

SCHEDULE 29

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (2016-17)

I ACCOUNTING POLICIES

1. Basis of Accounting

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

2. Recognition of Revenue

i. Revenue

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

ii. Provision against payables

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

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3. Recognition of Expenditure

i. Expenditure

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

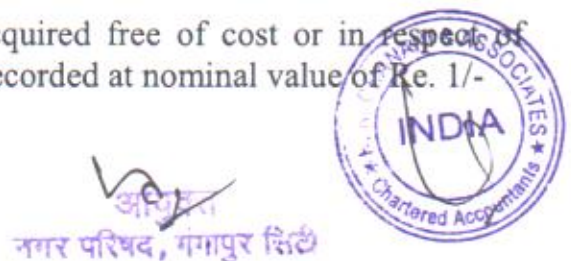
ii. Provision against receivables

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

4. Fixed Assets

i. Recognition

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



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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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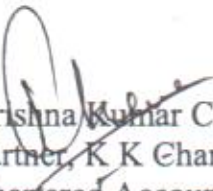


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5. The Financials are prepared on the basis of Cash Books maintained by ULB and Information provided by Municipal Council.
6. Grants or Schemes balance are provided by ULB as considered for accounting.
7. There is "Security Deposit" Balance is "Negative" which shown excess payment by municipal council.
8. There is "Commercial tax payable" Balance is "Negative" which shown excess payment by municipal council.
9. 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.
10. There is Opening balance of Depreciation fund as per last Audited Balance sheet is not appropriate.
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


आयुक्त
नगर/सिटी, गंगपुर सिटी
Commissioner

Kolkata, the 26th Feb. 2018

CAO/ Sr. A.O.