

Tax Invoice

2241
18-12-18

K K CHANANI & ASSOCIATES(Chartered Accountants) 5/1 CLIVE ROW 3RD FL ROOM NO 78, KOLKATA 700001 GSTIN/UIN: 19AAFFK1128G1ZJ State Name : West Bengal, Code : 19 Contact : 033-2230201/033-22309315, 033-22524786, 9433044507/ 9830684507 Fax : 03322130296 E-Mail : kkcandassociates@gmail.com Buyer The Executive Officer, Municipal Board, Khetri, Municipal Board, Khetri. Jhunjhunun, Rajasthan. - 333503 GSTIN/UIN : 08JPRM02013E1DU PAN/IT No : State Name : Rajasthan, Code : 08	Invoice No. 364	Dated 17-Dec-2018	
	Delivery Note	Mode/Terms of Payment	
	Supplier's Ref	Other Reference(s)	
	Buyer's Order No.	Dated	
	Despatch Document No.	Delivery Note Date	
	Despatched through	Destination	
	Terms of Delivery		

Sl No.	Particulars	HSN/SAC	GST Rate	Amount
1	Professional Services (Financial Auditing Services) Audit Fees (Rs. 39675.PY * 1 Years) For FY,2016-17.)	998221	18 %	39,675.00
2	IGST			7,141.50
Total				₹ 46,816.50

Amount Chargeable (in words) E & O E
INR Forty Six Thousand Eight Hundred Sixteen and Fifty paise Only

HSN/SAC	Taxable Value	Integrated Tax		Total Tax Amount
		Rate	Amount	
998221	39,675.00	18%	7,141.50	7,141.50
Total			7,141.50	7,141.50

Tax Amount (in words) : **INR Seven Thousand One Hundred Forty One and Fifty paise Only**

Company's PAN : **AAFFK1128G**

Company's Bank Details
 Bank Name : **VJAYA BANK**
 A/c No. : **721800300008573**
 Branch & IFS Code : **N S ROAD KOL-1 & VJ00007213**

Customer's Seal and Signature for **K K CHANANI & ASSOCIATES(Chartered Accountants)**



This is a Computer Generated Invoice

अधिकाारी अधिकाारी
नगर पालिका, खेतड़ी



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

Branches: Bhubaneswar, Bangalore, Chandigarh, Guwahati, Jaipur,
Jamshedpur, Mumbai, Muzaffarpur, New Delhi and Raipur

Contact: Dial: +91 9830044507, +9133 - 22302096/ 22309315

Fax: +9133 - 22624786

Email: kkcandassociates@gmail.com, kkc@cal2.vsnl.net.in

INDEPENDENT AUDITOR'S REPORT

To,
The Executive officer,
Municipal Board, Khetri
Rajasthan

Report to Financial Statement

We have audited the accompanying financial statements of **Municipal Board Khetri, 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

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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, 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:

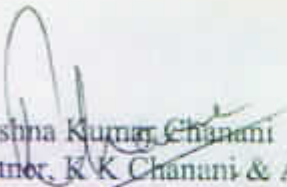
- a) we have obtained all the available information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the ULB so far as appears from our examination of those books;

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- 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; 17th Dec. 2018




अधिसापु सुधलकरी
नगर डलललकल, खेतडी



K. K. Chanani & Associates

Chartered Accountants

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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.*



by
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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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- निका, खेतडी



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




अधिसाक्षी अधिकारी
नगर पालिका, खेतड़ी

Kolkata; 17th Dec. 2018

Balance Sheet of Municipal Board Khetri 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	15,693,907	10,143,340
earmarked Funds	2	16,140,607	14,416,764
Reserve & Surplus	3	13,319,318	-
Total Reserve & Surplus (A)		45,153,832	44,560,104
GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B)	4	64,785,155	45,346,179
LOANS			
CURRENT LIABILITIES & PROVISIONS			
Sundry Deposits	5	6,586,371	8,284,064
Sundry Creditors	6	-	-
Statutory Liabilities	7	130,409	196,895
Other Liabilities	8	468,587	521,024
Provisions	9	117,825	117,025
Total Current Liabilities and Provisions (C)		7,303,192	9,119,808
TOTAL LIABILITIES (A+B+C)		117,242,179	99,026,091
II - ASSETS			
FIXED ASSETS			
Gross Block	10	80,490,114	60,921,054
Depreciation Fund	11	26,919,425	19,251,766
Net Block		53,570,689	41,669,292
Total Fixed Assets (A)		53,570,689	41,669,292
INVESTMENTS			
General Fund Investments	12	37,824,211	32,626,505
Specific Fund Investments	13	16,140,607	14,416,764
Total Investments (B)		53,964,818	47,043,269
CURRENT ASSETS, LOAN & ADVANCES			
Cash & Bank Balances	14	9,075,822	9,682,680
Loans, Advances & Deposits	15	630,850	630,850
Total Current Assets, Loans & Advances (C)		9,706,672	10,313,530
TOTAL ASSETS(A+B+C)		117,242,179	99,026,091

Notes to Accounts and Accounting Policies

For K.K. Chanani & Associates

Chartered Accountants

Firm Reg. No. 3222725

Krishna Kumar Chandra

(Partner)

Membership No. 056045


Date: - 17.12.2018

Place: - Kolkata



For and Behalf on Nagar Palika

(Executive Officer)


 अधिशाधी अधिकारी
 नगर पालिका, खेतड़ी

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

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
INCOME			
Income From Taxes	16	6,148	923
Gratified Compensations	17	12,546,000	12,443,000
Income from Municipal Properties	18	3,556,342	5,328,172
Water User Charges	19	729,276	1,172,069
Grants, Contributions and Subsidies	20	-	22,125
Income from Corporation Assets and Investment	21	348,695	490,532
Miscellaneous Income	22	137,000	676,478
Total Income - I		17,323,461	20,133,299
EXPENDITURE			
Salaries and Wages	23	12,019,085	12,042,902
General Administrative Expenses	24	5,634,398	2,862,912
Works	25	2,366,472	5,624,632
Interest & Financial Exp	26	2,658	2,330
Miscellaneous Expenses	27	4,252,091	886,327
Provision for Depreciation During the Year		7,667,659	16,186,288
Total Expenditure - II		31,942,562	37,605,391
Surplus (Deficit) before adjustment of prior period items and correction of errors		-14,619,101	-17,472,092
Adjustment for Prior Period Items			
Adjustment for Prior Period adjustment of Depreciation			
Transfer to Reserve Fund			
SURPLUS/DEFICIT		-14,619,101	-17,472,092

Approved by Accounts and Accounting Policies

K Chanani & Associates

Chartered Accountants

Reg. No. 322232E

M. K. Kumari

Phone No. 056045

17.12.2018

Kolkata



For and Behalf on Nagar Palika

(Signature)
अधिकाारी अधिकाारी
(Executive Officer)
नगर पालिका,

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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 1		
MUNICIPAL (GENERAL) FUND		
Opening balance		
- Addition during the year	30,143,340	47,610,933
- Deduction during the year	213,918	4,500
- Excess of Income over Expenditure	44,250	-
	-14,619,101	-17,472,092
Total	15,693,907	30,143,340
Schedule - 2		
RESERVED FUND		
Contingency Fund	1,061,629	644,752
General Provident Fund	7,480,134	6,941,352
Grants-in-Aid Fund	7,598,844	6,830,660
Total	16,140,607	14,416,764
Schedule - 3		
RESERVE & SURPLUS		
Capital Funds (Utilised)	13,319,318	-
Total	13,319,318	-
Schedule - 4		
GRANTS/CONTRIBUTION FOR SPECIFIC PURPOSE		
Central Grant for 13/14th Financial Commission	12,608,887	6,248,511
Central Grant from S.F.C.	9,874,335	5,195,335
Central Grant from 4th and 5th financial commission	25,568,533	24,513,000
Central Grant from BPL YOJNA	-304,000	65,000
Central Grant from Jal shawalamban yojna	3,852,000	-
Central Grant from nirbandh yojna	3,675,000	3,675,000
Central Grant from Pannadhaya Yojana	44,400	44,400
Central Grant from sari kambal yojana	382,500	382,500
Central Grant from Sulabh Shochalay Mission	-56,000	-56,000
Central Grant from Swachh Bharat Mission	4,417,067	556,000
Central Grant from Swarn Jayanti Urban Yojana	4,722,433	4,722,433
Total	64,785,155	45,346,179

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नगर पालिका, खेतड़ी



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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 5		
SECONDARY DEPOSITS		
Security & Amanat Payable	6,586,371	8,284,064
Total	6,586,371	8,284,064
Schedule - 6		
SECONDARY CREDITORS		
Creditors For supplies	-	-
Other Creditors	-	-
Total	-	-
Schedule - 7		
STATUTORY LIABILITIES		
Income Tax (TDS) Payable	-13,270	-7,412
Commercial Tax Payable	645	58,578
Salary Payable	56,326	56,326
Provision for Cess Deduction	86,708	89,403
Total	130,409	196,895
Schedule - 8		
OTHER LIABILITIES		
Liability Payable	14,604	-17,362
Employee Liabilities	453,983	538,386
Total	468,587	521,024



by
अधिलाही अधिकारी
— प. म. निका, खेतड़ी

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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 9		
PROVISIONS		
Audit fees Payable	117,825	117,825
Total	117,825	117,825
Schedule - 10		
GROSS BLOCK		
Immovable Assets		
Land	3,822,077	3,503,427
Office Building	7,575,624	394,258
Infrastructure Assets		
Roads & Bridge	58,116,021	50,834,487
Sewerage & Drainage	5,325,191	741,132
Public Lighting	1,982,305	1,982,305
Others	3,323,859	3,323,859
Movable Assets		
Vehicles	17,100	17,100
Office Equipment	327,937	124,490
Total	80,490,114	60,921,058
Schedule - 11		
DEPRECIATION FUND		
Opening Balance	19,251,766	3,065,478
Added:- Depreciation provided during the year	7,667,659	16,186,288
Less:- Depreciation for the previous year	-	-
Total	26,919,425	19,251,766
Schedule - 12		
GENERAL FUND INVESTMENT		
FD Account with Interest	37,164,884	31,372,897
Non-Interest Bearing PD A/c	659,327	1,253,608
Total	37,824,211	32,626,505


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 नगर पालिका, खेतड़ी



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


PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Module - 13		
SPECIFIC FUND INVESTMENT		
Employee's GPF Accounts	7,480,134	6,941,352
Maturity P.D A/c	1,061,629	644,752
Employee's Pension accounts	7,598,844	6,830,660
Total	16,140,607	14,416,764
Module - 14		
CASH & BANK BALANCES		
Cash in Hand	5,376	21,367
Balances in Saving & Current a/cs	9,070,445	9,661,313
Total	9,075,822	9,682,680
Module - 15		
LOANS, ADVANCES & DEPOSITS		
Loans to Staff	630,850	630,850
Total	630,850	630,850


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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 16		
INCOME FROM TAXES		
House Tax	3,813	-
Urban Development Tax	2,335	923
Total	6,148	923
Schedule - 17		
ASSIGNED COMPENSATION		
Electricity Compensations	12,546,000	12,443,000
Total	12,546,000	12,443,000
Schedule - 18		
RENTAL INCOME FROM MUNICIPAL PROPERTIES		
Revenue from Rent and Teh Bazar	20,694	-
Revenue from Civic Amenities	-	6,286
Revenue from lease of lands	3,535,648	5,321,886
Total	3,556,342	5,328,172
Schedule - 19		
FEES AND USER CHARGES		
Copy Fees	-	-
License Fees Construction and Development Work	2,811	-
Fees for Certificate or Extract	2,150	-
Fees for Grant of Permit	433,849	22,268
Penalties and Fines	179,916	1,133,021
Water Charges	4,750	200
Other Charges	-	16,580
Other Charges	105,800	-
Total	729,276	1,172,069


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 नगर पालिका, खेतड़ी



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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 20 REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
Revenue Grant	-	22,125
Total	-	22,125
Schedule - 21 INCOME FROM CORP. ASSET/INVESTMENT		
Interest from Bank Accounts	348,695	113,704
Other Interest	-	376,828
Total	348,695	490,532
Schedule - 22 MISCELLANEOUS INCOME		
Sale of Forms & Publications	57,500	671,482
Excess Provisions written back	-	696
Others	79,500	4,300
Total	137,000	676,478
Schedule - 23 ESTABLISHMENT EXP.		
Corporator (Parishad) Allowance	402,700	292,750
Salary and Other Payment	11,527,265	11,526,593
Travelling Reimbursement	18,070	144,016
Other Terminal & Retirement Benefits	71,050	79,540
Total	12,019,085	12,042,902

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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 24		
GENERAL ADMINISTRATION EXP.		
Advertisement Expenses	359,833	332,321
Audit fees	-	135,275
Books and Newspaper	-	1,677
Contract Vehicle Expenses	359,451	-
Court Expenses	28,480	27,500
Communication Expenses	45,011	45,918
Printing and Stationery	192,570	179,502
Insurance	29,559	20,216
Professional and other Fees	233,825	121,519
Other Administrative Expenses	43,498	489,116
Power & Fuel	1,410,157	-
Bulk Purchases	-	140,410
Repairs & maintenance - Infrastructure Assets	-	1,014,302
Repairs & maintenance - Buildings	196,966	-
Repairs & maintenance - Vehicles	-	102,899
Repairs & maintenance - Others	2,735,248	252,257
Total	5,634,598	2,862,912
Schedule - 25		
PUBLIC WORKS		
Maintenance of Road and Gutter	2,366,472	5,624,632
Total	2,366,472	5,624,632
Schedule - 26		
INTEREST AND FINANCE CHARGES		
Bank Charges	2,658	2,330
Total	2,658	2,330
Schedule - 27		
MISCELLANEOUS EXPENSES		
Share in Programmes of others	366,333	751,335
Other Miscellaneous Expenses	3,885,558	134,902
Total	4,252,091	886,237

by
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नगर पालिका, खेतड़ी



MUNICIPAL BOARD
KHETRI(2016-17)

SCHEDULE 28

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (2016-17)

I ACCOUNTING POLICIES

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.

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.

by
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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.

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:

- Revaluation of fixed assets is undertaken either at the time of issue of municipal bonds or when commercial development / lease of properties is made.
- 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.
- 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:

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

7. Grants

- General Grants, which are of revenue nature, are recognized as income on actual receipt
- 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.
- 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 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 board.
6. "Security Deposits" are not maintained Party-wise only Control Account is maintained.
7. There is "Income tax" Balance is "Negative" which shown excess payment by municipal board.
8. There is "Employee Liabilities" e.g. "Nps" Pension Payable Balance is "Negative" which shown excess payment by municipal board.
9. There is Opening balance of Depreciation fund as per last Audited Balance sheet is not appropriate.
10. The Closing Balance of Grants/Schemes are not provided Therefore, the same is considered as per the cashbook.
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 28

In confirmation and witness of facts


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



For Municipal Board: Khetri, Rajasthan


EO/Commissioner
नगर पालिका, खेत्री

Kolkata, the 17th Dec. 2018

CAO/ Sr. A.O.