



o/c

H B RAO & ASSOCIATES

Chartered Accountants

(FRN 139173W)

INDEPENDENT AUDITOR'S REPORT

Executive Officer,
Municipal Board Bhinmal

We have audited the accompanying financial statements of Municipal Board Bhinmal, which comprise the Balance Sheet as at March 31, 2015, the Income and Expenditure Account for the year 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, financial performance and cash flows of the Municipal Board Bhinmal in accordance with the Rajasthan Municipal Accounts Manual. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Municipal Board Bhinmal'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 Municipal Board Bhinmal'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.

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 statement on additional matters is given in the annexure.

a) in the case of Balance Sheet, of the state of affairs of the Municipal Board Bhinmal as at March 31,2015 and

b) in the case of the Income and Expenditure Account, of the surplus/deficit for the year ended on that date;

We Further Report that:

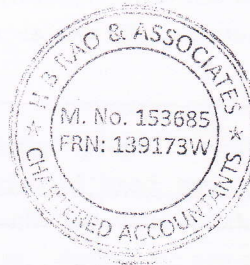
a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of audit;

b) in our opinion proper books of account as required by law have been kept by the Municipal Board Bhinmal so far as appears from our examination of those books;

c) the Balance Sheet, Income and Expenditure Account dealt with by this report are in agreement with the books of accounts;

d) in our opinion, the Balance Sheet, Income and Expenditure Account, comply with the Rajasthan Municipal Accounts Manual;

**For, H B Rao & Associates
Chartered Accountants
FRN:139173W**



Harsh Rao
**Harsh Rao
Partner
M No. 153685**

**Bhinmal
Feb 19, 2016**

Annexure (Additional matters) to the Audit Report

1. Whether all sums due to and received by the Municipality have been brought to account and have been appropriately classified;
 - In our opinion and according to the information and explanation provided to us we are of the view that, all Sums due to and received by Municipality have been brought to account properly and classified appropriately.
2. Whether all grants sanctioned or received by the Municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the Municipality whether such deductions have been properly accounted;
 - In our opinion and according to the information and explanation provided to us we are of the view that, all grant sanctioned or received by Municipality during the year have been brought to account properly and any deduction made out of such grant towards Municipality dues have been accounted properly .
3. Whether any Earmarked Funds have been created as per the provision of any statute and, if so, whether such Earmarked Funds have been utilized for the purposes for which they were created;
 - In our opinion and according to the information and explanation provided to us we are of the view that, Earmarked funds has been duly created so far in the books of the Municipality as per the statutory provision of Gratuity and Provident fund.
4. Whether the Municipality is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;
 - In our opinion and according to the information and explanation provided to us we are of the view that, Municipality has not maintained adequate records relating to the fixed Assets, its quantity and situation. Further Physical verification of the Assets is not carried out at reasonable intervals.



5. Whether in case of leasehold property given by the Municipality, whether lease rentals are collected regularly by the Municipality and that the lease agreements are renewed after their expiry;
- In our opinion and according to the information and explanation provided to us, adequate documents and supporting agreement are not available for verification so we are unable to express any opinion on the leasehold properties and its rental.
6. Whether physical verification has been conducted by the Municipality at reasonable intervals in respect of stores; Whether the procedures of physical verification of stores followed by the Municipality are reasonable and adequate if not, state the inadequacies in such procedures; Whether any material discrepancies have been noticed on physical verification of stores as compared to stores records, and if so, whether the same have been properly dealt with in the books of account;
- In our opinion and according to the information and explanation provided to us, adequate documents and supporting vouchers/invoices/bills etc are not available for verification so we are unable to express any opinion on the adequacy of procedures and discrepancies.
7. Whether the parties to whom loans or advances have been given by the Municipality are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the Municipality for recovery of the principal and interest;
- In our opinion and according to the information and explanation provided to us, adequate documents and supporting agreement/contract/sanction letters etc are not available for verification so we are unable to express any opinion on the repayment/recovery of the Principal and/or Interest on said Loans and advances.
8. Whether advances given to municipal employees and interest thereon are being regularly recovered;
- In our opinion and according to the information and explanation provided to us, adequate documents and supporting agreement/contract/sanction letters etc are not available for verification so we are unable to express any opinion on the repayment/recovery of the Principal and/or Interest on said Loans and advances.



9. Whether there exists an adequate internal control procedure for the purchase of stores, fixed assets and services

- In our opinion and according to the information and explanation provided to us we are of the view that, there is adequate internal control procedure for the purchase of stores, fixed assets and services and they are in place.

10. Whether there exists an adequate internal control procedure for the contracting of works and projects, periodic inspections and measurements, quality checks and payments there for

- In our opinion and according to the information and explanation provided to us we are of the view that, there are adequate internal control procedure for the contracting of works and projects, periodic inspections and measurements, quality checks and payments.

11. Whether the Municipality is regular in depositing statutory dues including tax deducted at source, works contract tax, cess payable to the Government, ESI, PF etc., and if not, the nature and cause of such delay and the amount not deposited;

- In our opinion and according to the information and explanation provided to us we are of the view that, in most of the cases Municipality is regular in depositing all statutory dues. However there is considerable default in timely filling the Statutory Return like TDS/VAT etc. Further TDS department has raised demand of Rs. 1151960 towards Penalty and others.

12. Whether any personal expenses have been charged to the Municipality's accounts; if so, the details thereof;

- In our opinion and according to the information and explanation provided to us we are of the view that, No personal Expenses are charged to Municipality's accounts.

13. Whether the books and registers specified under the Rajasthan Municipal Accounts Manual and other applicable acts and rules have been properly maintained; whether Bank Reconciliation statements have been properly prepared for all the bank accounts of the Municipality;

- In our opinion and according to the information and explanation provided to us we are of the view that, major of the books and registers whether in physical form or electronic form specified under the Rajasthan Municipal Accounts manual and other applicable acts and rules have been maintained properly further Bank Reconciliation statements have been prepared properly for all the bank account of the Municipality.

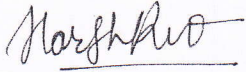


14. Whether the year-end and reconciliation procedures have been carried out;

- In our opinion and according to the information and explanation provided to us we are of the view that, year end and reconciliation procedures have been carried out properly.

For, H B Rao & Associates
Chartered Accountants
FRN:139173W




Harsh Rao
Partner
M No. 153685

Bhinmal
Feb 19, 2016

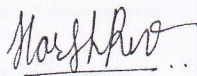
**BALANCE SHEET OF MUNICIPAL BOARD BHINMAL
AS AT 31ST MARCH, 2015**

Amount in Lakhs

LIABILITIES	Schedule	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)	ASSETS	Schedule	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
RESERVE & SURPLUS				FIXED ASSETS			
Municipal (General) Fund	1	2307.32	1970.07	Gross Block	12	453.19	451.96
Earmarked Funds	2	34.77	12.89	Depreciation Fund	13	0.00	0
Reserve & Surplus	3	-	-	Net Block		453.19	451.96
				Capital Work in Process	14	763.45	320.24
Total Reserve & Surplus (A)		2342.09	1982.96	Total Fixed Assets (A)		1216.64	775.61
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE (B)	4	819.06	712.81				
LONAS				INVESTMENT			
Secured Loan	5	-	-	General Fund Investment	15	125.00	-
Unsecured Loan	6	-	-	Specific Fund Investment	16	0.00	11.31
Total Loans (C)		0.00	0.00	Total Investment (B)		125.00	11.31
CURRENT LIABILITIES & PROVISIONS				CURRENT ASSETS, LOAN & ADVANCES			
Sundry Deposits	7	129.71	149	Inventories	17	-	-
Sundry Creditors	8	-	-	Sundry Debtors/Receivables	18	-	-
Statutory Liabilities	9	62.09	0.98	Cash & Bank Balances	19	1860.62	1972.1
Other Liabilities	10	28.57	37.6	Loans, Advances & Deposits	20	179.27	127.74
Provisions	11	-	-				
Total Current Liabilities and Provisions (D)		220.38	187.58	Total Current Assets, Loans & Advances (C)		2039.89	2099.84
TOTAL LIABILITIES (A+B+C+D)		3381.53	2883.35	TOTAL ASSETS (A+B+C)		3381.53	2883.35

As per our report of even date attached

For H B RAO & ASSOCIATES
FRN : 139173W
Chartered Accountants


Harsh Bhursing Rao
Partner
M. No. 153685
Bhinmal
February 19, 2016



For & on behalf of Board of
Municipal Board Bhinmal


Bhikha Ram Joshi
Executive Officer

अधिकाारी अधिकाारी
नगरपालिका, भीनमाल
Bhinmal
February 19, 2016

**INCOME AND EXPENDITURE ACCOUNT OF MUNICIPAL BOARD BHINMAL
FOR THE YEAR ENDING ON 31ST MARCH, 2015**

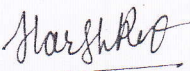
Amount in Lakhs

Particulars	Schedule	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
INCOME			
Income from Taxes	21	-	-
Assigned Compensations	22	317.86	243.81
Rental Income from Municipal Properties	23	0.42	0.1
Fees and User Charges	24	298.99	609.59
Revenue Grants, Contributipnm and Subsidies	25	11.00	51.99
Income from Corporation Assets and Investment	26	194.98	69.93
Miscellaneous Income	27	6.59	7.12
Total Income		829.84	982.54
EXPENDITURE			
Establishment Expenses	28	348.34	405.04
General Administrative Expenses	29	61.51	55.36
Decrease in Stores/ (Increase In Stock)		-	-
Public Works	30	78.74	67.48
Miscellaneous Expnesnes	31	6.02	8.79
Interest & Financial Exp.		-	-
Depreciation During the Year		-	-
Total Expenditure		494.62	536.67
Surplus/Deficit before adjusntmet of Prior Perios itmes and Depreciation		335.22	445.87
Less: Prior Period Itmes		0.00	264.56
Less: Prior Period adjustment of Depreciation		-	-
NET SURPLUS/DEFICIT		335.22	181.31

As per our report of even date attached

For & on behalf of Board of
Municipal Board Bhinmal

For H B RAO & ASSOCIATES
FRN : 139173W
Chartered Accountants


Harsh Bhursing Rao
Partner
M. No. 153685



Bhinmal
February 19, 2016


Bhikha Ram Joshi
Executive Officer

Bhinmal
February 19, 2016

**Schedule forming part of Balance Sheet of MUNICIPAL BOARD Bhinmal
as on 31 March 2015**

Amount in Lakhs

Particulars	Current Year (Amount in Rs.)	Previous Year (Amount in Rs.)
Schedule - 1		
MUNICIPAL (GENERAL) FUND		
Opening Balance	1972.10	1788.76
Add:- Addition during the year	0.00	0
Less:- Deduction during the year	0.00	0
Add:- Excess of Income over Expenditure	335.22	181.31
Total	2307.32	1970.07
Schedule - 2		
EARMARKED FUND		
Gratuity Fund	27.14	10.32
General Provident Fund	7.63	2.57
Total	34.77	12.89
Schedule - 3		
RESERVE & SURPLUS		
Add:- Addition during the year	-	-
Less:- Withdrawal during the year	-	-
Total	-	-
Schedule - 4		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Special Grant for 12/13th Financial Commission	0.00	289.55
Special Grant for Road and Gutters	0.00	100.56
Special Grant from S.F.C.	225.81	137.85
Urban Development Grant	40.17	35.8
Integrated Housing & Slum Development Program (IHSDP) Grant (Central Govt.)	550.00	149.05
Other Grant	3.08	-
Total	819.06	712.81
Schedule - 5		
SECURED LOANS		
Total	-	-
Schedule - 6		
UNSECURED LOANS		
loan Term Loan with Banks	-	-
Total	-	-



Schedule - 7		
SUNDRY DEPOSITS		
Security & Amanat Payable	129.71	149
Total	129.71	149
Schedule - 8		
SUNDRY CREDITORS		
Creditors for Supplies	-	-
Other Creditors	-	-
Total	-	-
Schedule - 9		
STATUTORY LIABILITIES		
Income Tax (TDS) Payable	13.34	-
Commercial Tax Payable	8.76	-
Salary Payable	-	-
Education Cess Deduction	19.87	-
Gratuity Deduction	11.94	-
Other Statutory Liabilities Payable	8.19	0.98
Total	62.09	0.98
Schedule - 10		
OTHER LIABILITIES		
Payable to other Department agency Recoveries	28.57	37.6
Total	28.57	37.6
Schedule - 11		
PROVISIONS		
Total	-	-
Schedule - 12		
GROSS BLOCK		
Infrastructure Assets		
Roads & Bridge	392.51	357.32
Sewerage & Drainage	0.00	42.22
Building (Office & Other)	8.03	
Electrical Lines	11.77	
Others	35.497	2.74
Moveable Assets		
Plant & Machinery	3.56	7.95
Vehicles	-	7.03
Furniture & Fixture	0.97	25.62
Office Equipment	0.85	9.08
Total	453.19	451.96



Schedule - 13		
DEPRECIATION FUND		
Opening Balance		
Add:- Depreciation provided during the year		
Less:- Depreciation for the previous year		
Total	0.00	0
Schedule - 14		
CAPITAL WORK IN PROGRESS		
Development Work Through SFC	84.20	28.37
Development of 13th Finance Commission	122.63	97.37
Specified Donation for SJSRY	0.00	24.74
Specified Donation for BPL Awas Yojna	0.00	95.05
Specified Donation for IHSDP	552.55	71.3
Specified Donation for IDSSMT	0.00	3.41
Specified Donation for BRGF	1.95	-
Specified Donation for Essay and Population Counting	2.12	-
Total	763.45	320.24
Schedule - 15		
GENERAL FUND INVESTMENT		
Other Investment/FD	125.00	-
Total	125.00	-
Schedule - 16		
SPECIFIC FUND INVESTMENT		
Employee's GPF Accounts	0.00	11.31
Gratuity P.D. A/c	-	-
Total	0.00	11.31
Schedule - 17		
INVENTORIES		
Total	-	-
Schedule - 18		
SUNDRY DEBTORS/RECEIVABLES		
Total	-	-
Schedule - 19		
CASH & BANK BALANCES		
Cash in Hand	0.67	0.23
Balance in Saving & Current A/c (General)	1329.04	1473.12
Balance in Saving & Current A/c (Specific Grant Balance)	530.91	498.75
Balance in FDR a/cs	-	-
Deposits Control A/c	-	-
Total	1860.62	1972.1
Schedule - 20		
LOANS, ADVANCES & DEPOSITS		
Advance to Staff	57.82	29.83
Advance to Contractors and Suppliers	121.10	91.21
Others	0.35	1.9
Tax Collected at sources	0.00	4.8
Total	179.27	127.74

Schedule forming part of Income & Exp. A/c of MUNICIPAL BOARD Bhinmal
For the Year Ended on 31 March 2015

Amount in Lakhs

Schedule - 21		
INCOME FROM TAXES		
House Tax	-	-
Urban Development Tax	-	-
Total	-	-
Schedule - 22		
ASSIGNED COMPENSATION		
Octroi Compensations	317.86	243.81
Total	317.86	243.81
Schedule - 23		
RENTAL INCOME FROM MUNICIPALE PROPERTIES		
Income from Rent and The Bazari	0.42	0.1
Total	0.42	0.1
Schedule - 24		
FEES AND USER CHARGES		
Copy Fees	7.35	2.56
License Fees Construction and Development Work	291.64	607.03
Total	298.99	609.59
Schedule - 25		
REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
Annual Aid by Govt.	3.00	22.12
MLA Grant	8.00	6.14
Sari Kambal Yojan Grant	-	23.73
Total	11.00	51.99
Schedule - 26		
INCOME FROM CORP. ASSET/INVESTMENT		
Receipt from Jaipur Development Authority for Sale of Land	-	46.5
Interest on Corporation Investment	194.98	23.43
Total	194.98	69.93
Schedule - 27		
MISCELLANEOUS INCOME		
Cleaing of Gutters	-	0.86
Kalatit Nikshep	0.97	-
Penalties	0.06	2.52
Penalties under Different Act & Rules	-	0.08
Other Misc Income	5.56	3.66
Total	6.59	7.12
Schedule - 28		
ESTABLISHMENT EXPENSES		
Murtyu Sah Seva & Officer Pension	26.27	-
Corporator (Parishad) Allowance	5.51	4.31
Leave Pension Contribution	-	10.2
Salary and Other Payment	316.54	383.62
Travelling Reimbursement	0.03	6.91
Total	348.34	405.04



Schedule forming part of Income & Exp. A/c of MUNICIPAL BOARD Bhinmal
For the Year Ended on 31 March 2015

Amount in Lakhs

Schedule - 21		
INCOME FROM TAXES		
House Tax	-	-
Urban Development Tax	-	-
Total	-	-
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Travelling Reimbursement	0.03	6.91
Total	348.34	408.04



Schedule - 29		
GENERAL ADMINISTRATION EXPENSES		
Advertisement Expenses	32.75	29.57
Books and Newspaper	10.64	5.06
Cleaning & Garbage Transportation on Contract	-	10.48
Petrol & Diesel Exp	6.20	-
Contingencies Expenses	10.55	1.08
Corporation Liabilities	1.37	9.17
Total	61.51	55.36
Schedule - 30		
PUBLIC WORK		
Construction of Sewer Lines	0.36	9.13
Construction of Electricity Lines	24.21	12.4
Expenses against aid for Roads & Gutter	18.63	5.9
Expenses on Public Programs	6.80	13.83
GPF Sarkar	15.44	-
Aids to Public (Sari, kambal)	1.01	20.77
Scholarship to Student	-	0.05
Other Misc Expenses	12.31	5.4
Total	78.74	67.48
Schedule - 31		
MISCELLANEOUS EXPENSES		
Contingencies and other Expenses	2.66	1.3
Maintenance of Nigam Building	3.36	7.49
Total	6.02	8.79



MUNICIPAL BOARD BHINMAL
SIGNIFICANT ACCOUNTING POLICIES

MUNICIPAL BOARD BHINMAL
SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are the basis of accounting that is used to determine how transactions are reported on the financial statements. These financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, whenever applicable.

1. Basis of Preparation of Financial Statements

Financial Statements have been prepared considering Governmental Accounting Standards Board (GASB) pronouncements, the various relevant Accounting Standards of the Institute of Chartered Accountants of India (ICAI), the Technical Guide on accounting and financial reporting by Urban Local Bodies issued by the ICAI and Comptroller & Auditor General's report on Urban Local Bodies.

2. Basis of Accounting :-

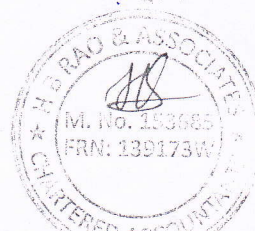
Books of accounts are prepared according to the **Accrual Basis of Accounting**, most transactions are recorded when they occur, regardless of when cash is received or disbursed, entries are made on the dates when Revenue or Expenses fall due and not on the date when they are paid or received. The accrual basis of accounting includes considerations relating to deferral, allocation, depreciation and amortization. It results in accounting measurement based on the substance of transactions and events, and thus enhances their relevance, neutrality, timeliness, completeness and comparability. According to Matching Principle, all expenses associated with the generation of revenue must be matched against that revenue in the same period in which revenue was actually earned. Expenses incurred but not paid for is provided for and charged against revenue of current years and shown as liability in the Balance Sheet.

3. Method of Accounting :-

The method of accounting is the Double-Entry System.

Income/Revenues

In case of Property taxes, Revenue are recorded when earned and therefore recognized on accrual basis. This policy is in line with C&AG's recommendations on accrual accounting for property taxes in India. In the accrual system revenues from property taxes are recognized in the fiscal year for which the taxes are levied are considered measurable and available. Assigned Revenues like Entertainment tax, Duty/Surcharge on transfer of Immovable Properties are accounted upon actual collection. Revenues in respect of Advertisement, Rent from properties shall be accrued based on terms of agreement/contract. Revenue from Trade License Fees, Profession Tax etc shall be accrued in the year to which it pertains. Revenue from Grants and Shared Income are recognized in the fiscal year in which all eligibility requirements have been satisfied and confirmation/sanction received. This again is in line with C & AG's recommendation for accounting for such income.



MUNICIPAL BOARD BHINMAL
SIGNIFICANT ACCOUNTING POLICIES

MUNICIPAL BOARD BHINMAL
SIGNIFICANT ACCOUNTING POLICIES

Expenditures

Expenditures are recorded when incurred and are recognized on accrual basis.

Cash and Bank

Cash comprises cash in hand and cash at bank as on the Balance Sheet date. Cash-books maintained at Municipal Board Bhinmal . Bank balance is taken as per books which are subject to reconciliation.

Investments

Investments comprise fixed term deposit with Nationalized Banks. Investments are valued at cost and adequate provision is made to recognize any permanent diminution, if any, in value. Interest on investments is accounted for on accrual basis.

Assets

Valuation Policies for Assets : - Generally fixed assets are valued at historical cost. In the absence of information regarding historical cost, the following costs have been used.

Fair Value :- The amount for which an assets could be exchanged between knowledgeable , willing parties in an arm's length transaction. It should be noted that computation of fair value is possible only if an active market for the asset exists. Evidence of isolated offers or transactions should not be taken as an indication of the existence of an open market.

Replacement Cost :- The amount that would cost currently to replace an asset.

Estimated Cost :- For those items for which neither the historical cost is available nor can a fair market price be determined and the replacement cost for all practicable purposes can not be ascertained, a notional value of rupee one has been taken for the asset itself.

Capital Assets : - Capital Assets are broadly classified into Land, Buildings, Equipments, Infrastructure Assets, Plant and Machinery, Furniture and Fixtures and Capital W. I. P. Capital Assets are reported at Historical Cost. The cost of capital assets includes capitalized interest and ancillary charges to place the assets in its intended location and condition for use . In case historical cost is not ascertainable, the rates as mentioned in the SOR(Schedule of Rates) for the year in which the assed is constructed/acquired has been used. However, assets with no commercial usage have been valued at Rs. One.

The assets purchased / constructed from Special Grants or Funds are valued at the cost incurred from Grant Fund towards such assets. Where the grant relates to an asset, the gross value of fixed assets is left undisturbed, the grant is credited to capital reserve. Accounting Policies followed for the valuation of various categories of capital assets are provided below:-



**MUNICIPAL BOARD BHINMAL
SIGNIFICANT ACCOUNTING POLICIES**

MUNICIPAL BOARD BHINMAL
SIGNIFICANT ACCOUNTING POLICIES

Land

Municipal Board Bhinmal acquires land in a variety of ways such as

- By way of purchase from the landowner, including in a scheme of compulsory acquisition formulated by the government.
- Land gifted to Municipal Board Bhinmal by institutions or individuals, whether with or without any conditions as to their use. This includes open spaces gifted by promoters of colonies, etc.
- Land provided to Municipal Board Bhinmal free of cost, whether with or without any conditions as to their use.

Besides the above, some land may also be vested in Municipal Board Bhinmal in respect of which it acts merely as trustee and has no ownership rights. The accounting treatment of land acquired through the above modes is as follows :-

Land acquired through purchase :-

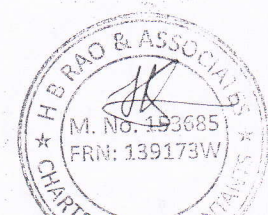
Such land is recorded at the aggregate of the purchase price paid / payable and other costs incidental to acquisition such as registration charges. In case of land acquired under a scheme of compulsory acquisition, many a time there is a dispute between the rate of compensation between the Municipal Board Bhinmal Land the previous owners whose land has been acquired. In such a case, in determining the cost of land, an appropriate allowance is made for the additional compensation that becomes payable, if the following condition is satisfied. The payment of additional compensation is probable, and the amount so payable can be reasonably estimated.

Land Acquired Free of Cost :-

In many cases, the government provides land free of cost. In some case individuals or institutions also provide land for specific purposes like construction of schools etc as endowments. Promoters of colonies may also provide for construction of parks and similar common facilities. The cost of such land to the Municipal Board Bhinmal is nil. Such land has been accounted for a nominal value. (e.g. rupee one). However, to maintain proper control, such land must be recorded in the fixed assets register. Any incidental costs of acquisition such as registration charges are added to cost. If the same asset is put for commercial utilization in the future, the asset will be valued at fair market value.

Vested Government Land :-

Such land is neither owned by Municipal Board Bhinmal nor do the economic benefits from the use of such land otherwise flow to the Municipal Board Bhinmal. The ownership remains with the government and Municipal Board Bhinmal merely acts as a trustee in respect of such land. As neither the ownership nor the economic benefits arising from such land vest with the Municipal Board Bhinmal, it is not considered an asset of the Municipal Board Bhinmal.



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Land Improvements :-

Cost of any improvements to land such as filling cost, fencing cost, etc. is capitalized as part of the cost of land. In case any super structure has been built on land the cost of such superstructure is capitalized separately under the head "Buildings."

Land under Encroachment :-

Where there is an encroachment on land belonging to an urban local body, a provision equal to virtually the entire carrying amount of the land should be made (leaving only a nominal amount to facilitate control), except where it can be clearly demonstrated that there is a strong possibility of getting the land evacuated. This is in view of the fact that due to the complex, protracted legal process and other constraints, it is generally not possible to have the land evacuated. It would also be useful to include in the financial statements a description of land under encroachment and, wherever possible, the market value thereof.

In case the land is subsequently got evacuated, the provision made in respect of encroachment should be reversed.

Buildings

The cost of building is taken as the aggregate of the purchase price and incidental costs such as registration charges. In the case of self-constructed buildings, the cost is taken at the rates provided by the estate department based on the age of the building.

Plant and Machinery

The cost of plant and machinery includes, besides purchase price, such costs as site preparation costs, installation costs and professional fees.

Other Fixed Assets

The cost of other fixed assets such as vehicles, furniture and fittings, office equipment etc. would comprise the purchase price and incidental costs such as freights, installations charges etc.

Composite Fixed Assets

In some cases, a single asset may comprise several components of different nature. For example, a part may comprise, apart from land, buildings, pumping station machinery, swings etc. Where each of these assets has been purchased/constructed separately, the attributable cost (i.e. purchase price and incidental costs or the cost of construction as the case may be) of each asset is capitalised under the respective account head in the chart of accounts. On the other hand, where the composite asset has been purchase or constructed for a consolidated amount, such amount is apportioned among the various components of the assets on a reasonable basis, e.g., in proportion to their respective market prices on the date of the acquisition.



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Non-Cash Consideration

In some cases a fixed asset may be compulsorily acquired from a taxpayer for non-payment of taxes or duties. In such cases, the unpaid amount as appearing in the books constitutes the consideration for the acquisition and the asset acquired should accordingly be recorded at such amount.

Revaluation

Where land is acquired by Municipal Board Bhinmal free of cost or at concessional rates, and when such land is intended to be disposed off / sold off by Municipal Board Bhinmal for commercial purposes, such land is required to be revalued by Municipal Board Bhinmal subsequent to its acquisition. The revaluation should be based on market value of similar land (similar with regards to its condition / location) should be considered in revaluation. If such similar land is not available for comparison, appropriate allowances to be made for differences in location and condition. A subjective judgments on revaluation would exist until the promulgation of objective norm on revaluation of land of urban local bodies by state governments.

Work in Progress

Expenditure on Capital Assets which are in the process of Construction or completion are booked under the head 'Capital Work-in-Progress' (CWIP). CWIP is taken for all schemes **not** completed as on Balance Sheet date. CWIP is valued at amount of money spent & paid plus amount of bills passed but not paid.

Infrastructure Assets

The initial capitalization amount of infrastructure assets is based on historical cost. In determining the actual historical cost of general infrastructure assets is not practical because of inadequate records, the estimated historical cost for major general infrastructure assets has been calculated.

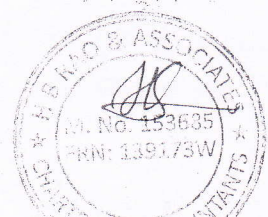
The estimate of historical cost of general infrastructure asset has been achieved by taking the rates provided in the SOR(Schedule of Rates) of the year of construction of the asset.

Depreciation

No Depreciation has been provided in books of account.

Depreciation charge on Infrastructure Assets

No Depreciation has been provided in books of account.



MUNICIPAL BOARD BHINMAL
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Grants

The amount is recognized based on the amount due under respective schemes, once all eligibility requirements are met and donor has expressed his intention to provide the grants. In the absence of evidence of these determining criteria, grants are recognized on cash basis.

Inventories

- i) Inventories are valued at cost based on information provided.
- ii) Inventories of work in progress are valued at cost incurred till the date of Balance Sheet.
- iii) Inventories of Central Medical Stores are valued at Weighted Average Cost based on information provided.
- iii) Inventories of residential properties (Business type activity) are valued at actual cost based on the information provided.

Capital Fund

As this is the first double entry based financial statements for the Municipal Board Bhinmal the Capital Funds represents the balancing figure between all known assets and known liabilities as reflected in the financial statements.

Long Term Liability

The long-term liability is accounted for on the basis of actual receipt of funds.

Employees Benefit Liabilities

It includes CPF payable, GPF payable, GIS payable, Pension fund and Gratuity. All liabilities except Gratuity is accounted for based on actual deductions made from salary payments to employees. The Gratuity is valued based on actuarial valuation from an independent valuer, till such time it is being accounted for on cash basis.

Revenue Receivables

Property Taxes and Water Sewerage Tax are levied by the MUNICIPAL BOARD BHINMAL at the beginning of the fiscal year. Bills are raised by the property tax departments on owners of premises, and these are generally due within the year.



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**MUNICIPAL BOARD BHINMAL
SIGNIFICANT ACCOUNTING POLICIES**

4. BASIS OF PRESENTAION

Fund Accounting: -

The accounts of the MUNICIPAL BOARD BHINMAL are organized on the bases of funds, each of which is considered a separate accounting entity. The operations of each Fund are accounted for with a separate set of self-balancing accounts that comprise its assets. Government resources are allocated to and accounted for in individual funds based upon the purposes for which resources are to be spent and the means by which spending activities are controlled. The various Funds are grouped in the financial statements in four generic fund types, as follow :

• **General Municipal Fund**

The General Fund, which is the principal fund of the City, accounts for all financial transactions not accounted for in other funds.


• **Earmarked Municipal Fund**

The Fund set aside for Specific long term payment obligation towards the employees of the Board in respect of Gratuity and provident fund.

• **GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE**

Grant/Contribution for Specific purpose, is the principal fund that is provided by Specific Authority (Central, State, Commission etc.) with predefined specific purpose like Roads Development, Gutters Development, Housing Development, Slum Development etc. This kind of funds has been utilized for the intended purpose only in accordance to the terms and condition attached with the utilization of the fund. Further the said utilization is accounted for as Capital Expenditure in the books of account and unutilized amount is shown separately in their respective fund closing balance.

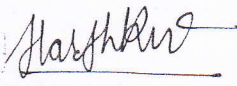
For & on behalf of Board of
Municipal Board Bhinmal


Bhikha Ram Joshi
Executive Officer

Bhinmal
Feb 19, 2016

For, H B Rao & Associates
Chartered Accountants
FRN:139173W




Harsh Rao
Partner
M No. 153685

Bhinmal
Feb 19, 2016