



**CA MOHIT JAIN**  
*Chartered Accountant*

**S R A M & CO.**  
*Chartered Accountants*  
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### INDEPENDENT AUDITOR'S REPORT

Executive Officer,  
Nagar Parishad, Jhalawar,  
Jhalawar, Rajasthan

We have audited the accompanying financial statements of Nagar Parishad, Jhalawar, which comprise the Balance Sheet as at March 31, 2014, the Income and Expenditure for the year then ended, and a summary of significant accounting policies and other explanatory information.

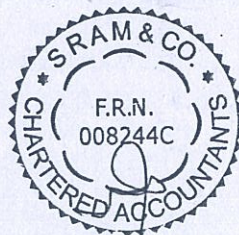
#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the ULB in accordance with the Rajasthan Municipal Accounts Manual. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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

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 judgement, 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.



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 subject to some qualifications given in annexure:

- A. In the case of the Balance Sheet, of the state of affairs of the Nagar Parishad, Jhalawar as at March 31, 2014
- B. In the case of the Income and Expenditure Account, of the surplus/ deficit for the year ended on that date; and

We further report that:

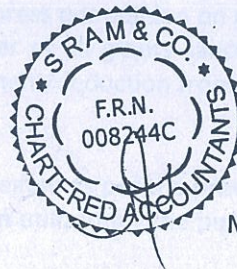
- A. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- B. In our opinion proper books of account as required by law have been kept by the Nagar Parishad, Jhalawar so far as appears from our examination of those books;
- C. The Balance Sheet and Income and Expenditure Account dealt with by this Report are in agreement with the books of account subject to some qualifications;
- D. In our opinion, the Balance Sheet and Income and Expenditure Account comply with the Rajasthan Municipal Accounts Manual subject to some qualifications;

A statement on additional matters with qualifications is given in the annexure.

DATE: 05/09/2016

PLACE: KOTA

For SRAM & CO.  
Chartered Accountants



*Mohit Jain*  
CA MOHIT JAIN  
Partner

Membership Number: 424619

Comment:

Municipality do not have any earmarked fund.

1. whether the Municipality is maintaining proper records showing all particulars including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies have noticed on such verification and if so, whether the same has been properly dealt with in the books of account;

Comment:

Municipality does not maintain proper records showing all particulars. Municipality is not maintaining any fixed assets register showing quantitative details and situation of fixed assets, there is no person available who is in charge to maintain these records. They have physically verified assets. Fixed assets are one of the main aspects of accounting. There should be a proper internal control system to maintain proper records and physical



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**Annexure to the Audit Report**

Additional matters to be reported by the financial statements auditor

1. Whether all sums due to and received by the Municipality have been brought to account and have been appropriately classified;

**Comment:**

Municipality have recorded all the sums received and sums due, but parishad do not maintain grant wise records like grant register.

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;

**Comment:**

Municipality have recorded all the grants received in respective heads, but parishad do not prepare utilization certificate after utilization of grants and parishad do not maintain grant wise records that's why we are unable to express our opinion on proper utilization of grants. Parishad should maintain a separate register of all grants sanctioned or received by him showing receipt amount with date and payment/deduction from that grant along with date and name of the party.

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;

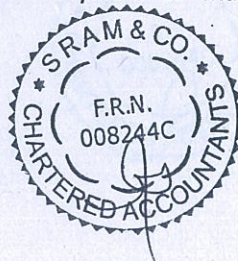
**Comment:**

Municipality do not have any earmarked 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;

**Comment:**

Municipality does not maintain proper records showing full particulars. Municipality is not maintaining any fixed assets register showing quantitative details and situation of fixed assets, there is no person available who is in charge to maintain these records. They never physically verified assets. Fixed assets are one of the main aspects of accounting, there should be a proper internal control system to maintain proper records and physical



verification of fixed assets should be performed at reasonable interval by person who is in charge of doing this.

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;

**Comment:**

Municipality is collecting lease rent regularly from leasee receivable on leasehold property. At the time of audit parishad did not provide any lease agreement to us. If these agreements exist then Parishad should hold all lease agreements in safe custody and when demanded by any authority should present them. In case when these agreements expire, parishad should prepare a new agreement and held it in safe.

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;

**Comment:**

At the time of audit Parishad did not produce us any document or explanation about physical verification of stock and stores. A person or a team who is in charge of doing this should perform physical verification of stock and stores at least twice in every year and if they found any discrepancy from records take a corrective action.

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;

**Comment:**

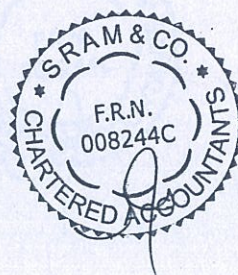
Loans or advances given to various parties by municipality are not regular neither in payment of interest nor principal amount. Total loan/advance balance as on 31/03/2013 is 57,700.00 which stand same till as on 31/03/2014. Parishad did not take any corrective action for recovery of these dues. Parishad haven't due any interest on it which is against the revenue of parishad.

8. Whether advances given to municipal employees and interest thereon are being regularly recovered;

**Comment:**

As on 31/03/2014 1,66,163.00 is pending against employees which is regular in nature. Municipality is regularly recovering advances and interest thereon given to employees.

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



**Comment:**

Municipality is following proper internal control system for purchase of stores, fixed assets and services.

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

**Comment:**

Municipality is following proper internal control system for the contracting of works and projects.

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;

**Comment:**

*Parishad is not paying any statutory dues on time like Tax Deducted at Sources as Per Income Tax and Sales Tax, Labour Cess and Royalty. Parishad deducted all these statutory deduction from contractor's payment but they pay whole amount at the end of the year. As per these statutes payment must be paid on monthly bases, if we do not pay on monthly bases department charge heavy interest and penalty on us. When parishad file annual returns, respective department will charge interest and penalty on it.*

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

**Comment:**

No, during our audit we did not found any personal nature expenses charged to municipality's account.

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;

**Comment:**

Municipality is maintaining adequate books and registers specified under RMAM and other applicable laws including bank reconciliation, but at the time of preparing final accounts they do not write accounting codes on respective accounting heads.

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

**Comment:**

Yes, municipality is carried out year-end reconciliation procedures.

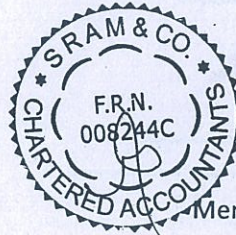


Other observations:

1. At the time of our audit we did not found fixed assets register which is violation of Accounting Standard 10 issued by ICAI. Municipality also not maintaining quantitative detail in any other mode. They should maintain separate fixed assets register showing quantitative details and situation of fixed assets.
2. At the time of our audit we found that municipality is accumulating depreciation amount in separate account which is violation of AS-6 issued by ICAI. They should reduce the cost of fixed assets by depreciation every year.

DATE: 05/09/2016  
PLACE: KOTA

For SRAM & CO.  
Chartered Accountants



*Mohit Jain*  
CA MOHIT JAIN  
Partner

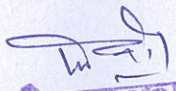
Membership Number: 424619

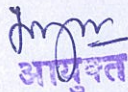
**NAGAR PARISHAD  
JHALAWAR, DISTT. JHALAWAR (RAJ.)**

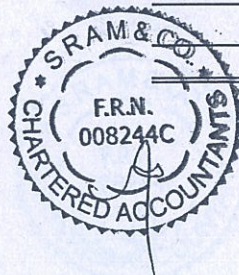
**BALANCE SHEET AS ON DATE 31ST MARCH, 2014**

(Figures In Rupees)

PARTICULARS	SCH EDULE	31st March 2014	31st March 2013
<b>LIABILITIES</b>			
<b>RESERVE &amp; SURPLUS</b>			
Municipal (General) Fund	1	15,313,491.00	17,830,687.00
<b>Earmarked Funds</b>			
Reserve & Surplus	2	39,396,927.00	25,646,720.00
<b>Total Reserve &amp; Surplus (A)</b>		<b>54,710,418.00</b>	<b>43,477,407.00</b>
<b>GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE (B)</b>	3	65,208,780.00	47,412,593.00
<b>LOAN LIABILITY</b>			
Secured Loans		-	-
Unsecured Loans		-	-
<b>Total Loans ( C )</b>		<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES &amp; PROVISION</b>			
Sundry Deposits	4	37,560,606.00	34,193,326.00
Sundry Creditors	5	390,047.00	-
Statutory Liabilities	6	870,794.00	260,485.00
Other Liabilities	7	19,002,073.00	15,408,036.00
Provision		-	-
<b>Total Current Liabilities and Provisions (D)</b>		<b>57,823,520.00</b>	<b>49,861,847.00</b>
<b>TOTAL LIABILITIES (A+B+C+D)</b>		<b>177,742,718.00</b>	<b>140,751,847.00</b>
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Gross Block	8	123,806,131.00	80,035,846.00
Depreciation Fund	9	(22,665,368.00)	9,692,384.00
<b>Net Block</b>		<b>101,140,763.00</b>	<b>70,343,462.00</b>
Capital Work In Progress		-	-
<b>Total Fixed Assets (A)</b>		<b>101,140,763.00</b>	<b>70,343,462.00</b>
<b>INVESTMENTS</b>			
General Fund Investments	10	17,655,138.00	41,307.00
Specific Fund Investments		-	19,613,643.00
<b>Total Investments (B)</b>		<b>17,655,138.00</b>	<b>19,654,950.00</b>
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
Inventories		-	-
Sundry Debtors/Receivables	11	-	-
Cash & Bank Balances	12	58,667,524.00	48,375,032.00
Loans, Advances & Deposits	13	279,293.00	2,378,403.00
<b>Total Current Assets, Loans &amp; Advances ( C )</b>		<b>58,946,817.00</b>	<b>50,753,435.00</b>
<b>TOTAL ASSETS (A+B+C)</b>		<b>177,742,718.00</b>	<b>140,751,847.00</b>

  
**निर्याकणर**  
नगर परिषद झालावाड़

  
**अधुक्त**  
नगर परिषद झालावाड़



PARTICULARS	31st March 2014	31st March 2013
<b>Schedule-1</b>		
<b>MUNICIPAL (GENERAL) FUND</b>		
Opening balance	17,830,687.00	16,732,921.00
Add:- Addition during the Year	-	-
Less:- Deduction during the Year	-	-
Add:- Excess of Income Over Expenditure	(2,517,196.00)	1,097,766.00
<b>Total (Rs)</b>	<b>15,313,491.00</b>	<b>17,830,687.00</b>
<b>Schedule-2</b>		
<b>RESERVE &amp; SURPLUS</b>		
Opening balance	25,646,720.00	-
Add:- Addition During The Year	15,516,549.00	30,029,176.00
Less:- Withdrawal during The Year	1,766,342.00	4,382,456.00
<b>Total (Rs)</b>	<b>39,396,927.00</b>	<b>25,646,720.00</b>
<b>Schedule-3</b>		
<b>GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE</b>		
Grant From MLA/MP Fund	14,578,311.00	11,878,311.00
Special Grant for 12/13th Financial Commission	13,187,766.00	469,157.00
Grant for BRJF	2,486,071.00	6,002,734.00
Grant for Rainbasera	235,891.00	2,000,000.00
Special Grant For Swarn Jayanti Sahari Rojgar Sch.	5,850,876.00	5,307,704.00
Special Grant From S.F.C	1,472,000.00	4,179,000.00
BPL Residancial Youjna	9,738,102.00	6,225,000.00
Grant Under IDSMT Youjna	10,252,916.00	8,760,465.00
Other Grant	7,406,847.00	2,590,222.00
<b>Total (Rs)</b>	<b>65,208,780.00</b>	<b>47,412,593.00</b>
<b>Schedule-4</b>		
<b>SUNDRY DEPOSITS</b>		
Earnest Money Deposit	11,585,776.00	10,918,853.00
Securities Deposit	13,320,158.00	12,483,650.00
Deposit for Income	5,124,940.00	5,124,940.00
Other Deposit	7,529,732.00	5,665,883.00
<b>Total (Rs)</b>	<b>37,560,606.00</b>	<b>34,193,326.00</b>
<b>Schedule-5</b>		
<b>SUNDRY CREDITORS</b>		
Contractor Control Account	163,000.00	-
Creditor for Expenses	227,047.00	-
<b>Total (Rs)</b>	<b>390,047.00</b>	<b>-</b>
<b>Schedule-6</b>		
<b>STATUTORY LIABILITIES</b>		
Income Tax (TDS) Payable	219,834.00	4,372.00
Commercial Tax Payable	81,586.00	1,514.00
Royalty Payably	187,744.00	-
Service Tax Deduction	127,963.00	99,777.00
Labour Cess Deduction	253,667.00	154,822.00
<b>Total (Rs)</b>	<b>870,794.00</b>	<b>260,485.00</b>
<b>Schedule-7</b>		
<b>OTHER LIABILITIES</b>		
Payable to Other Departments & Agency Recoveries	819,234.00	534,880.00
Pension Fund Payable	420,661.00	315,871.00
Employee CPF Payable	16,720,865.00	13,998,694.00
Deduction for Gratuity	1,041,313.00	558,591.00
<b>Total (Rs)</b>	<b>19,002,073.00</b>	<b>15,408,036.00</b>



**Schedule-8  
GROSS BLOCK**

**Immovable Assets**

Land	184,282.00	184,282.00
Office Building	10,159,709.00	3,890,477.00
	<b>10,343,991.00</b>	<b>4,074,759.00</b>

**Infrastructure Assets**

Roads & Bridge	70,142,722.00	32,654,269.00
Sewerage & Drainage	211,766.00	211,766.00
Others		
	<b>70,354,488.00</b>	<b>32,866,035.00</b>

**Moveable Assets**

Furniture & Fixtures	869,170.00	856,570.00
Vehicles	42,238,482.00	42,238,482.00
	<b>43,107,652.00</b>	<b>43,095,052.00</b>

<b>Total (Rs)</b>	<b>123,806,131.00</b>	<b>80,035,846.00</b>
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**Schedule-9**

**DEPRICIATION FUND**

Opening Balance	9,692,384.00	-
Add:- Dep. Provided During the Year	12,972,984.00	9,692,384.00
Less:- Depreciation For The Previous Year	-	-
	<b>22,665,368.00</b>	<b>9,692,384.00</b>

<b>Total (Rs)</b>	<b>22,665,368.00</b>	<b>9,692,384.00</b>
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**Schedule-10**

**GENERAL FUND INVESTMENT**

P.D Account With Interest	41,307.00	41,307.00
Non-Interest Bearing PD A/c	17,613,831.00	19,613,643.00
	<b>17,655,138.00</b>	<b>19,654,950.00</b>

<b>Total (Rs)</b>	<b>17,655,138.00</b>	<b>19,654,950.00</b>
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**Schedule-11**

**SUNDRY DEBTORS/RECEIVABLES**

House Tax	-	-
Shop Rent Receivables	-	-
	<b>-</b>	<b>-</b>

<b>Total (Rs)</b>	<b>-</b>	<b>-</b>
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**Schedule-12**

**CASH & BANK BALANCES**

Cash In Hand	32,541.00	336,883.00
<b>Balances In Saving &amp; Current A/Cs</b>		
Balance with Nationalized Banks	7,537,104.00	14,180,194.00
Balance with Schedule Bank	22,538,463.00	8,834,162.00
Balance with Co-Operative Bank	13,292,942.00	11,800,491.00
Balance with Post Offices	2,200.00	2,200.00
Balance with Nationalized Banks ( Specific Fund)	15,264,274.00	13,221,102.00
	<b>58,667,524.00</b>	<b>48,375,032.00</b>

<b>Total (Rs)</b>	<b>58,667,524.00</b>	<b>48,375,032.00</b>
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**Schedule-13**

**LOANS, ADVANCES & DEPOSITS**

Loans to Staff	166,163.00	166,163.00
Advance to Other	57,700.00	57,700.00
Advances to Contractors	55,430.00	2,154,540.00
	<b>279,293.00</b>	<b>2,378,403.00</b>

<b>Total (Rs)</b>	<b>279,293.00</b>	<b>2,378,403.00</b>
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