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Certified Firm

K. K. Chanani & Associates

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the member of **Municipal Board, Begun (Chittorgarh, Raj.)**

We have audited the accompanying financial statements of **Municipal Board, Begun (Chittorgarh, Raj.)**, which comprise the Balance Sheet as at **March 31, 2016** and the Income and Expenditure Account 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 **Municipal Board** 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'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'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) in the case of the Balance Sheet, of the state of affairs of the **Municipal Board** as at **March 31, 2016** 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 our audit;
 - b) in our opinion proper books of account as required by law have been kept by the **Municipal Board** 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;
 - d) in our opinion, the Balance Sheet and Income and Expenditure Account comply with the Rajasthan Municipal Accounts Manual;
- A statement on additional matters is given in the Annexure "A".

Place : New Delhi
Date : 14th Sept, 2016

प्रमाणित
अधिराषी अधिकारी
नगर पालिका बेगु
कांड़ नं. 101372

For KK Chanani & Associates
Chartered Accountants

Krishna Kumar Chanani
(Partner)
M No. 056045
FRN No. 322232E



Annexure "A" - 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;	Accounting is as per cash book maintained by ULB
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;	Accounting is as per cash book maintained by ULB
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;	Yes
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;	No
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;	Yes
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;	No - There is no procedure for physical verification
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;	No
8. Whether advances given to municipal employees and interest thereon are being regularly recovered;	Yes
9. Whether there exists an adequate internal control procedure for the purchase of stores, fixed assets and services	No
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	No
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;	No
12. Whether any personal expenses have been charged to the Municipality's accounts; if so, the details thereof;	No
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;	No
14. Whether the year-end and reconciliation procedures have been carried out;	



**MUNICIPAL BOARD
BEGUN, DISTT. CHITTORGARH (RAJ.)**

INCOME & EXPENDITURE STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2016

(Figures in Rupees)

PARTICULARS	SCH EDULE	31st March 2016	31st March 2015
INCOME			
Income From Taxes	14	2224.00	39833.00
Assigned Compensation	15	10220000.00	8540847.00
Rental Income From Municipal Properties	16	3762939.00	1818731.00
Fees And User Charges	17	14778809.00	9043787.00
Sale & Transportation Charge	18	394160.00	256553.00
Revenue Grants, Contributions and Subsidies	19	962735.00	66594.00
Income from Corporation Assets and Investments	20	91649.00	112807.00
Miscellaneous Income	21	179393.00	470386.00
Total Income		<u>30391909.00</u>	<u>20349538.00</u>
EXPENDITURE			
Establishment Expenses	22	16077904.00	14372564.00
General Administrative Expenses	23	901413.00	2224282.00
Miscellaneous Expenses	24	298219.00	296629.00
Operational & Maintenance exp.	25	8720704.00	2186399.00
Interest & Financial Exp.	26	5419.18	1178.00
Festival Expenses	27	853072.00	158534.00
Depreciation During The Year	28	6950765.00	2566888.00
Total Expenditure		<u>33807496.18</u>	<u>21806474.00</u>
Surplus / Deficit before Adjustment of prior period items and depreciations		(3415587.18)	-1456936.00
Less:- Prior Period Items		0.00	0.00
Less:- Prior Period Adjustments of Depreciation		0.00	0.00
NET SURPLUS/ (DEFICIT)		<u>(3415587.18)</u>	<u>-1456936.00</u>

For and Behalf on Municipal Board

For KK Chanani & Associates
Chartered Accountants
Firm Regn. No. 322232E

Krishna Kumar Chanani
(Partner)
Membership No. 056045



अधिसापि अधिकारी
(Executive Officer)
कांइ चं. 101372

Date: 14 Sept 2016
Place: New Delhi

Schedule Forming Part of Balance Sheet of Municipal Board as on Dated 31st March 2016

PARTICULARS	March 31, 2016	March 31, 2015
Schedule-1		
MUNICIPAL (GENERAL) FUND		
Opening balance	5947503.00	7404439.00
Add:-Addition during the Year	0.00	0.00
Less:- Deduction during the Year	0.00	0.00
Add:- Excess of Income Over Expenditure	(3415587.18)	(1456936.00)
Total (Rs)	2531915.82	5947503.00
Schedule-2		
RESERVE & SURPLUS		
Opening balance	25408127.00	12920576.00
Add:-Addition During The Year	36761033.00	12487551.00
Less:- Withdrawal during The Year	0.00	0.00
Total (Rs)	62169160.00	25408127.00
Schedule-3		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Grant From MLA/MP Fund	2057058.00	(40542.00)
Special Grant for 12/13th Financial Commission	11325534.00	7643565.00
Special Grant For Road & Gutters	0.00	478124.00
Special Grant For Swarn Jayanti Sahari Rojgar Sch.	40675.00	417675.00
Special Grant From S.F.C	8993767.00	17852310.00
BPL Saree Kambal Scheme	569155.00	458155.00
Grant Under Kachi Basti Vikas Programme	65914.00	63354.00
Grant Under BRGF	6665446.00	1532345.00
Other Grants	723405.00	200352.00
Total (Rs)	30440954.00	28605338.00
Schedule-4		
SUNDRY DEPOSITS		
Earnest Money Deposit	1121640.00	1051890.00
Securities Deposit	5540076.00	2102980.00
Other Deposit	13000.00	11000.00
Total (Rs)	6674716.00	3165870.00
Schedule-5		
SUNDRY CREDITORS		
Contractor Control Account	0.00	0.00
Creditor for Expenses	0.00	400.00
Total (Rs)	0.00	400.00
Schedule-6		
STATUTORY LIABILITIES		
Income Tax (TDS) Payable	116322.00	6540.00
Commercial Tax Payable	75838.00	31823.00
Labour Cess Deduction	63318.00	53633.00
Total (Rs)	255478.00	91996.00
Schedule-7		
OTHER LIABILITIES		
Salary Payable	0.00	3387.00
Pension Fund Payable	4042650.00	2755364.00
Employee CPF Payable	332273.00	1101243.00
Deduction for Gratuity	806901.00	597277.00
Deduction for PF Loan	154227.00	679901.00
Deduction for Other Society	4817.00	49457.00
Royalty payable	74917.00	76314.00
Liabilities to Employee	5155895.00	3223774.00
Parshad Allowance	0.00	0.00
Total (Rs)	10571680.00	10571680.00



Schedule-8

GROSS BLOCK**Immovable Assets**

Land	244386.00	244386.00
Office Building	4451076.00	1512974.00
	4695462.00	1757360.00

Infrastructure Assets

Roads & Bridge	51716211.00	23973775.00
Sewerage & Drainage	8596584.00	988927.00
Public Lightings & Equipments	1433484.00	1389467.00
	61746279.00	26352169.00

Moveable Assets

Furniture & Fixtures	3767550.00	396208.00
Vehicle	317880.00	0.00
Other Fixed Assets	6178945.00	1979640.00
	10264375.00	2375848.00

Total (Rs)	76706116.00	30485377.00
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Schedule-9

DEPRICIATION FUND

Opening Balance	3748758.00	1181870.00
Add:- Dep. Provided During the Year	6950765.00	2566888.00
Less:- Depreciation For The Previous Year	0.00	0.00

Total (Rs)	10699523.00	3748758.00
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Schedule-10

GENERAL FUND INVESTMENT

P.D Account With Statement	4129598.00	2664250.00
Non-Interest Bearing PD A/c	20489039.00	30181575.00

Total (Rs)	24618637.00	32845825.00
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Schedule-11

SUNDRY DEBTORS/RECEIVABLES

House Tax	0.00	0.00
Shop Rent Receivables	0.00	0.00

Total (Rs)	0.00	0.00
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Schedule-12

CASH & BANK BALANCES

Cash In Hand	108125.00	114636.00
<i>Balances In Saving & Current A/Cs</i>		
Balance with Nationalized Banks	281642.82	1014813.00
Balance with Schedule Bank	2105243.00	751798.00
Balance with Co-Operative Bank	399796.50	399796.00
Balance with Nationalized Banks (Specific Fund)	18097569.50	9279940.00

Total (Rs)	20992376.82	11560983.00
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Schedule-13

LOANS, ADVANCES & DEPOSITS

Loans to Staff (PF Loan)	1026297.00	559524.00
Advance to Staff	0.00	0.00
Others advances	0.00	3000.00

Total (Rs)	1026297.00	562524.00
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Schedule Forming Part Of Income & Expenditure of Municipal Board as on Dated 31st March, 2016

	March 31, 2016	March 31, 2015
Schedule-14		
INCOME FROM TAXES		
House Tax	2224.00	39833.00
Urban Development Tax	0.00	0.00
Total (Rs)	2224.00	39833.00
Schedule-15		
ASSIGNED COMPENSATION		
Octroi Compensation	10220000.00	8540847.00
Total (Rs)	10220000.00	8540847.00
Schedule-16		
RENTAL INCOME FROM MUNICIPALE PROPERTIES		
Rent From Nagrik Suvidha	836280.00	783572.00
Rent From Lease Land	2926659.00	1035159.00
Total (Rs)	3762939.00	1818731.00
Schedule-17		
FEES AND USER CHARGES		
Suchikaran & Registration Charge	4000.00	7750.00
Permission Fees	0.00	285243.00
Certificate & Duplicate Fees	144730.00	241120.00
Vikas Charges	1050591.00	3136114.00
Regulation Fees	11492747.00	4876220.00
Panelty	2000.00	4000.00
Misc Fees	1674361.00	183880.00
Entery Fees	105367.00	147950.00
Seva/Administration Fees	217654.00	161510.00
Other Misc. Income	87359.00	0.00
Total (Rs)	14778809.00	9043787.00
Schedule-18		
SALE & TRANSPORTATION CHARGE		
Sale of Products	66200.00	2752.00
Sale of Forms & Formates	327960.00	253801.00
Total (Rs)	394160.00	256553.00
Schedule-19		
REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
Amount Transfer from Grants	962735.00	66594.00
Total (Rs)	962735.00	66594.00
Schedule-20		
INCOME FROM CORP. ASSET/INVESTMENT		
Interest on Investment	0.00	0.00
Interest on SB a/c	91649.00	112807.00
Total (Rs)	91649.00	112807.00
Schedule-21		
MISCELLANEOUS INCOME		
Audit Recovery	0.00	0.00
Other	179393.00	470386.00
Total (Rs)	179393.00	470386.00



Schedule-22**ESTABLISHMENT EXP.**

Salary, Wages & Bonus	15669212.00	14051164.00
Honorarium & Fees to Management	408692.00	321400.00
Total (Rs)	16077904.00	14372564.00

Schedule-23**GENERAL ADMINISTRATION EXP.**

Rent, Rates & Tax	0.00	0.00
Electricity Exp	357882.00	1012925.00
Communication Exp	40392.00	23194.00
Books and Newspaper	28884.00	15625.00
Printing & Stationery	97188.00	122516.00
Travelling & Conveyance	149719.00	193018.00
Insurance Exp.	3680.00	2900.00
Legal Exp.	9600.00	321920.00
Audit Fees	60000.00	10595.00
Advertisement Exp.	153028.00	520589.00
Membership & Contribution	1040.00	1000.00
Total (Rs)	901413.00	2224282.00

Schedule-24**MISCELLANEOUS EXPENSES**

Other Misc. Exp.	298219.00	296629.00
Total (Rs)	298219.00	296629.00

Schedule-25**OPERATIONAL & MAINTINANCE EXPENSES**

Fuel & Energy	326263.00	339148.00
Bulk Purchase	261597.00	69713.00
Repair & Maintenance (Infra. Assets)	1575216.00	393715.00
Repair & Maintenance (Public Facilities)	182946.00	187419.00
Repair & Maintenance (Buildings)	589158.00	114807.00
Repair & Maintenance (Vehicle)	63244.00	106463.00
Repair & Maintenance (Other)	153188.00	45560.00
Other Operational Exp	5569092.00	929574.00
Total (Rs)	8720704.00	2186399.00

Schedule-26**Interest & Financial Expenses**

Other Interest	0.00	0.00
Bank Charges	5419.18	1178.00
Total (Rs)	5419.18	1178.00

Schedule-27**Festival Expenses**

Festival Exp. Office	742850.00	146104.00
Festival Exp. Other	110222.00	12430.00
Total (Rs)	853072.00	158534.00

Schedule-28**DEPRICIATION**

Building	400548.00	84580.00
Road & Bridge	4637489.00	1984139.00
Nalliya & Others	797753.00	64566.00
Public Lightings & Equipments	282295.00	277893.00
Vehicles	47682.00	0.00
Furniture & Fixtures	343967.00	20850.00
Other Fixed Assets	441031.00	17410.00
Total (Rs)	6950765.00	2500138.00



BASIS OF ACCOUNTING AND ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared on a going concern and under historical cost basis under accrual basis of accounting. The method of accounting is the double entry system.

2. Recognition of Revenue

a. Revenue

- i. Property and Other Taxes are recognised in the period in which they become due and demands are ascertainable
- ii. Revenues in respect of Profession Tax on Organisations /entities are accrued in the year to which it pertains and when demands are raised.
- iii. Advertisement taxes are accrued based on Demand or the contract.
- iv. Revenue in respect of Trade License Fees is accrued in the year to which it pertains and when Demands are raised.
- v. Assigned revenues like Entertainment Tax, Duty / Surcharge on transfer of Immovable properties are accounted during the year only upon actual receipt. However, at year-end, they are accrued if sanction order (or proceedings) is passed and the amount is ascertained.
- vi. Other Incomes, which are of an uncertain nature or for which the amount is not ascertainable or where demand is not raised in regular course of operations, is recognised on actual receipt.

b. Provision against receivables

Prudential norms are applied based on type of income and age of receivable. Based on the principle on provisioning, incomes that have been accrued and are doubtful of recovery are provided for.

3. Recognition of Expenditure

- a. Expenses on Salaries, bonus and other allowances are recognised as and when they are due for payment
- b. All revenue expenditures are treated as expenditures in the period in which they are incurred.
- c. In case of works, expenditures are accrued as soon as the work has been measured and becomes due for payment.
- d. Provision for expenses are made at the year-end for all bills received upto a cut off date.
- e. Post-Retirement benefits are booked on Payment basis i.e when they are due for payment.

4. Fixed Assets

a. Recognition

- i. 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.
- ii. All assets costing less than Rs.5,000/- would be expensed / charged to Income & Expenditure Account in the year of purchase.



b. 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.

c. Revaluation of Fixed Assets:

- i. Revaluation of fixed assets is undertaken either at the time of issue of municipal bonds or when commercial development / lease of properties is made.
- ii. 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.
- iii. Revaluation reserve is amortised by equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.

5. Borrowing cost

Borrowing cost is recognised 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 recognised as income on actual receipt
- b. Grants, which are re-imbursment of specific revenue expenditure is recognised 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.

8. Employee benefits

- a. Separate Funds are formed for meeting the provident and other retirement benefits including Gratuity.
- b. Contribution towards Provident and other retirement benefit funds are recognised as and when it is due.

9. Investments

- a. All investments are initially recognised 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.

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