



An ISO 9001:2008
Certified Firm

K. K. Chanani & Associates

Chartered Accountants

Head Office: 5/1 Clive Row, 3rd Floor, Room No.78, Kolkata-700001

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INDEPENDENT AUDITOR'S REPORT

To,
The Executive Officer,
Municipal Board, Begun
Rajasthan

Report to Financial Statement

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

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(निर्देशक)



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 Surplus/ (Deficit) of Income over Expenditure is overstated/ (understated) and Liabilities are understated.*
- b) *Liabilities or recovery on account of pending cases and/or notices filed against/ by municipal Board 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 Board nor has been disclosed in notes to accounts.*
- c) *Closing Stock of Stores has not been determined by the municipality and hence not considered in the accounts. To this extent, Surplus/ (Deficit) of Income over Expenditure is understated/ (overstated) and Assets are understated.*

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- d) *Bank Reconciliation, in respect of several bank accounts, have not been provided since long. Hence, treatment of differences arising out of reconciliation remains unaccounted for. Besides, bank charges as also interest income on deposit in saving account remains unaccounted for. The amount has not been determined by the management. To this extent accounts does not reflect true and fair view.*
- e) *The amount receivable on account of Urban Development Tax has not been determined and not considered as income of the year. As such, Income and Assets are understated to this extent.*
- f) *All expenses except salary, contribution towards new pension scheme, accounting charges and audit fee are accounted for on cash basis. Similarly, all incomes are accounted for on cash basis. Receipts in PD Accounts (treasury) by deposit of amount directly by the tax payers are taken into account on verification with treasury irrespective of the year of receipt.*

in our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the Rajasthan Municipal Accounts Manual:

- a) in the case of the Balance Sheet, of the state of affairs of the ULB as at March 31, 2017 and
- b) in the case of the Income and Expenditure Statement, of the deficit for the year ended on that date.

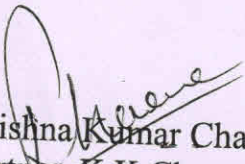
We further report that:

- a) we have obtained all the available information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) in our opinion proper books of account as required by law have been kept by the ULB so far as appears from our examination of those books;
- c) the Balance Sheet and Income & Expenditure Account dealt with by this Report are in agreement with the books of account;

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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
FRN No. 322232E
Membership No. 056045



Kolkata; March 07, 2018


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नगर पालिका, बेगु (बितीरगढ़)



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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.**
4. As explained to us the Municipality is maintaining records showing particulars, including quantitative details. However, **situation of fixed assets has not been specified in the records so maintained.**



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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 there for. *However, according to information and explanation given to us,*

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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 AadharCard 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 fines 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 properly maintained. *However, Bank Reconciliation statements*

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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
FRN No. 322232E
Membership No.056045



Kolkata; March 07, 2018

Balance Sheet of Municipal Board Begun, Dist. Chittorgarh (Raj.)
AS ON DATE 31ST MARCH, 2017

(Figures In Rupees)

PARTICULARS	SCHEDULE	31st March 2017	31st March 2016
LIABILITIES			
RESERVE & SURPLUS			
Municipal (General) Fund	1	(10450709.00)	2531916.00
Earmarked Funds			
Reserve & Surplus	2	76934162.00	62169160.00
Total Reserve & Surplus (A)		66483453.00	64701076.00
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE (B)			
	3	45936705.00	30440954.00
LOAN LIABILITY			
Secured Loans			
Unsecured Loans		0.00	0.00
Total Loans (C)		0.00	0.00
CURRENT LIABILITIES & PROVISION			
Sundry Deposits	4	5596770.00	6674716.00
Sundry Creditors	5	(363.00)	0.00
Statutory Liabilities	6	151978.00	255478.00
Other Liabilities	7	11794733.00	10571680.00
Total Current Liabilities and Provisions (D)		17543118.00	17501874.00
TOTAL LIABILITIES (A+B+C+D)		129963276.00	112643904.00
ASSETS			
FIXED ASSETS			
Gross Block	8	98069671.00	76706116.00
Depreciation Fund	9	(20314618.00)	(10699523.00)
Net Block		77755053.00	66006593.00
Total Fixed Assets (A)		77755053.00	66006593.00
INVESTMENTS			
General Fund Investments	10	25353052.00	24618637.00
Total Investments (B)		25353052.00	24618637.00
CURRENT ASSETS, LOANS & ADVANCES			
Sundry Debtors/Receivables	11	0.00	0.00
Cash & Bank Balances	12	25787104.00	20992377.00
Loans, Advances & Deposits	13	1068067.00	1026297.00
Total Current Assets, Loans & Advances (C)		26855171.00	22018674.00
TOTAL ASSETS (A+B+C)		129963276.00	112643904.00

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

Krishna Kumar
Krishna Kumar
(Partner)
Membership No. 056045

Date: 07 March 2018
Place: New Delhi



0.00 0.00
For and Behalf on Municipal Board

(Executive Officer)
उपनिर्वाहक अधिकारी
नगर पालिका, बेगुं (चित्तौड़गढ़)

Municipal Board Begun, Dsit. Chittorgarh (Raj.)
Income & Expenditure Account for the Year Ending 31ST March, 2017

(Figures in Rupees)

PARTICULARS	SCHEDULE	31st March 2017		31st March 2016	
INCOME					
Income From Taxes			30612.00		2,224.00
Assigned Compensation	14				
Rental Income From Municipal Properties	15		10336000.00		10220000.00
Fees And User Charges	16		1932338.00		3762939.00
Sale & Transportation Charge	17		10670767.00		14778809.00
Revenue Grants, Contributions and Subsidies	18		248900.00		394160.00
Income from Corporation Assets and Investments	19		604814.00		962735.00
Miscellaneous Income	20		226593.00		091649.00
	21		31517.00		179393.00
Total Income			24081541.00		30391909.00
EXPENDITURE					
Establishment Expenses	22		19595006.00		16077904.00
General Administrative Expenses	23		2364939.00		901,413.00
Miscellaneous Expenses	24		359998.00		298219.00
Operational & Maintenance exp.	25		4232326.00		8720704.00
Interest & Financial Exp.	26		5543.00		5419.00
Festival Expenses	27		891259.00		853072.00
Depreciation During The Year	28		9615095.00		6950765.00
Total Expenditure			37064166.00		33807496.00
Surplus / Deficit before Adjustment of prior period items and depreciations			(12982625.00)		(3415587.00)
Less:- Prior Period Items			0.00		0.00
Less:- Prior Period Adjustments of Depreciation			0.00		0.00
NET SURPLUS/ (DEFICIT)			(12982625.00)		(3415587.00)

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

Krishna Kumar
 Krishna Kumar
 (Partner)
 Membership No. 056045

Date: 07 March 2018
 Place: New Delhi



For and Behalf on Municipal Board

अधिशाषी (अधिकारी)
 (Executive Officer)
 नगर पालिका, बेगु (चित्तौड़गढ़)

Schedule Forming Part of Balance Sheet of Municipal Board as on Dated 31st March 2017

PARTICULARS	March 31, 2017	March 31, 2016
Schedule-1		
MUNICIPAL (GENERAL) FUND		
Opening balance		
Add:-Addition during the Year	2531916.00	5947503.00
Less:- Deduction during the Year	0.00	0.00
Add:- Excess of Income Over Expenditure	0.00	0.00
Total	(12982625.00)	(3415587.00)
Schedule-2		
RESERVE & SURPLUS		
Opening balance		
Add:-Addition During The Year	62169160.00	25408127.00
Less:- Withdrawal during The Year	14765702.00	36761033.00
	700.00	0.00
Total	76934162.00	62169160.00
Schedule-3		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Grant From MLA/MP Fund		
Special Grant for 12/13th Financial Commission	3063000.00	2057058.00
Special Grant For Swarn Jayanti Sahari Rojgar Sch.	14684348.00	11325534.00
Special Grant From S.F.C	39413.00	40675.00
BPL Saree Kambal Scheme	17886316.00	8993767.00
Grant Under Kachi Basti Vikas Programe	569155.00	569155.00
Grant Under BRGF	69043.00	65914.00
Other Grants	4133675.00	6665446.00
	5491755.00	723405.00
Total	45936705.00	30440954.00
Schedule-4		
SUNDRY DEPOSITS		
Earnest Money Deposit		
Securities Deposit	1525487.00	1121640.00
Other Deposit	4058283.00	5540076.00
	13000.00	13000.00
Total	5596770.00	6674716.00
Schedule-5		
SUNDRY CREDITORS		
Contractor Control Account		
	(363.00)	0.00
Total	(363.00)	0.00
Schedule-6		
STATUTORY LIABILITIES		
Income Tax (TDS) Payable		
Commercial Tax Payable	19390.00	116322.00
Labour Cess Deduction	62649.00	75838.00
	69939.00	63318.00
Total	151978.00	255478.00
Schedule-7		
OTHER LIABILITIES		
Salary Payable		
Pension Fund Payable	0.00	0.00
Employee CPF Payable	583857.00	4042650.00
Deduction for Gratuity	684852.00	332273.00
Deduction for PF Loan	988944.00	806901.00
Deduction for Stamp	549411.00	154227.00
Deduction for Bank Loan	1500.00	500.00
Deduction for Other Society	18000.00	0.00
Royalty payable	9859.00	4317.00
Liabilities to Employee	47057.00	74917.00
	3656553.00	925880.00
Total	11794733.00	1057680.00



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नगर पालिका, बेहू (चित्तौड़गढ़)

Schedule Forming Part of Balance Sheet of Municipal Board as on Dated 31st March 2017

PARTICULARS	March 31, 2017	March 31, 2016
Schedule-8		
GROSS BLOCK		
Immovable Assets		
Land		
Office Building	997993.00	244386.00
	9490598.00	4451076.00
	10488591.00	4695462.00
Infrastructure Assets		
Roads & Bridge	60537322.00	51716211.00
Sewerage & Drainage	10153215.00	8596584.00
Public Lightings & Equipments	4348953.00	1433484.00
	75039490.00	61746279.00
Moveable Assets		
Furniture & Fixtures	3897705.00	3767550.00
Vehicle	1869181.00	317880.00
Other Fixed Assets	6774704.00	6178945.00
	12541590.00	10264375.00
Total	98069671.00	76706116.00
Schedule-9		
DEPRICIATION FUND		
Opening Balance		
Add:- Dep. Provided During the Year	10699523.00	3748758.00
Less:- Depreciation For The Previous Year	9615095.00	6950765.00
	0.00	0.00
Total	-20314618.00	-10699523.00
Schedule-10		
GENERAL FUND INVESTMENT		
P.D Account With Statement		
Non-Interest Bearing PD A/c	2636480.00	4129598.00
	22716572.00	20489039.00
Total	25353052.00	24618637.00
Schedule-11		
SUNDRY DEBTORS/RECEIVABLES		
House Tax		
Shop Rent Receivables	0.00	0.00
	0.00	0.00
Total	0.00	0.00
Schedule-12		
CASH & BANK BALANCES		
Cash In Hand		
Balances In Saving & Current A/Cs		
Balance with Nationalized Banks	105993.00	108125.00
Balance with Schedule Bank	980685.00	281643.00
Balance with Nationalized Banks (Specific Fund)	3664463.00	2505040.00
	21035963.00	18097569.00
Total	25787104.00	20992377.00
Schedule-13		
LOANS, ADVANCES & DEPOSITS		
Loans to Staff (PF Loan)		
	1068067.00	1026297.00
Total	1068067.00	1026297.00



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नगर पालिका, बेगू (चित्तौड़गढ़)

Schedule Forming Part Of Income & Expenditure of Municipal Board as on Dated 31st March, 2017

PARTICULARS	March 31, 2017	March 31, 2016
Schedule-14		
INCOME FROM TAXES		
House Tax		
Total	30612.00	2224.00
Schedule-15		
ASSIGNED COMPENSATION		
Octroi Compensation		
Total	10336000.00	10220000.00
Schedule-16		
RENTAL INCOME FROM MUNICIPALE PROPERTIES		
Rent From Nagrik Suvidha	814195.00	836280.00
Rent From Lease Land	1118143.00	2926659.00
Total	1932338.00	3762939.00
Schedule-17		
FEES AND USER CHARGES		
Suchikaran & Registration Charge	0.00	4000.00
Certificate & Duplicate Fees	125494.00	144730.00
Vikas Charges	1750450.00	1050591.00
Regulation Fees	8551694.00	11492747.00
Panelty	0.00	2000.00
Misc Fees	123839.00	1761720.00
Entry Fees	0.00	105367.00
Seva/Administration Fees	119290.00	217654.00
Total	10670767.00	14778809.00
Schedule-18		
SALE & TRANSPORTATION CHARGE		
Sale of Products		
Sale of Forms & Formates	40000.00	66200.00
Total	208900.00	327960.00
Schedule-19		
REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
Amount Transfer from Grants	604814.00	962735.00
Total	604814.00	962735.00
Schedule-20		
INCOME FROM CORP. ASSET/INVESTMENT		
Interest on SB a/c	226593.00	91649.00
Total	226593.00	91649.00
Schedule-21		
MISCELLANEOUS INCOME		
Audit Recovery	13305.00	
Other	18212.00	
Total	31517.00	179293.00



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नगर पालिका, बेगू (चित्तौड़गढ़)

Schedule Forming Part Of Income & Expenditure of Municipal Board as on Dated 31st March, 2017

PARTICULARS	March 31, 2017	March 31, 2016
Schedule-22		
ESABLISHMENT EXP.		
Salary, Wages & Bonus	16766051.00	15669212.00
Honorarium & Fees to Management	2828955.00	408692.00
Total	19595006.00	16077904.00
Schedule-23		
GENERAL ADMINISTRATION EXP.		
Rent, Rates & Tax		-
Electricity Exp	197416.00	
Communication Exp	605913.00	357882.00
Books and Newspaper	46181.00	40392.00
Printing & Stationery	12220.00	28884.00
Travelling & Conveyance	96097.00	97188.00
Insurance Exp.	1039777.00	149719.00
Legal Exp.	0.00	3680.00
Audit Fees	93440.00	9600.00
Advertisement Exp.	46575.00	60,000.00
Membership & Contribution	227320.00	153028.00
Total	2364939.00	901,413.00
Schedule-24		
MISCELLENOUS EXPENSES		
Other Misc. Exp.	359998.00	298219.00
Total	359998.00	298219.00
Schedule-25		
OPERATIONAL & MAINTINANCE EXPENSES		
Fuel & Energy		
Bulk Purchase	0.00	326263.00
Hire Charges	404989.00	261597.00
Repair & Maintenance (Infra. Assets)	46000.00	0.00
Repair & Maintenance (Public Facilities)	1469436.00	1575216.00
Repair & Maintenance (Buildings)	361158.00	182946.00
Repair & Maintenance (Vehicle)	100470.00	589158.00
Repair & Maintenance (Other)	192433.00	63244.00
Other Operational Exp	1294555.00	153188.00
Total	4232326.00	5569092.00
Schedule-26		
Interest & Financial Expenses		
Bank Charges	5543.00	5419.00
Total	5543.00	5419.00
Schedule-27		
Festival Expenses		
Festival Exp. Office	856914.00	742850.00
Festival Exp. Other	0.00	110222.00
Election Exp.	34345.00	-
Total	891259.00	853072.00
Schedule-28		
DEPRICIATION		
Building		
Road & Bridge	763559.00	400548.00
Nalliya & Others	5860598.00	4637489.00
Public Lightings & Equipments	958783.00	757328.00
Furniture & Fixtures	633578.00	282295.00
Vehicle	383470.00	343967.00
Other Fixed Assets	346870.00	0.00
Total	668237.00	529138.00
	9615095.00	6950765.00



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नगर पालिका, बेगुं (चित्तौड़गढ़)

Schedule Forming Part Of Income & Expenditure of Municipal Board as on Dated 31st March, 2017

PARTICULARS	March 31, 2017	March 31, 2016
Schedule-22		
ESABLISHMENT EXP.		
Salary, Wages & Bonus	16766051.00	15669212.00
Honorarium & Fees to Management	2828955.00	408692.00
Total	19595006.00	16077904.00
Schedule-23		
GENERAL ADMINISTRATION EXP.		
Rent, Rates & Tax		-
Electricity Exp	197416.00	
Communication Exp	605913.00	357882.00
Books and Newspaper	46181.00	40392.00
Printing & Stationery	12220.00	28884.00
Travelling & Conveyance	96097.00	97188.00
Insurance Exp.	1039777.00	149719.00
Legal Exp.	0.00	3680.00
Audit Fees	93440.00	9600.00
Advertisement Exp.	46575.00	60,000.00
Membership & Contribution	227320.00	153028.00
Total	2364939.00	901,413.00
Schedule-24		
MISCELLENOUS EXPENSES		
Other Misc. Exp.	359998.00	298219.00
Total	359998.00	298219.00
Schedule-25		
OPERATIONAL & MAINTINANCE EXPENSES		
Fuel & Energy		
Bulk Purchase	0.00	326263.00
Hire Charges	404989.00	261597.00
Repair & Maintenance (Infra. Assets)	46000.00	0.00
Repair & Maintenance (Public Facilities)	1469436.00	1575216.00
Repair & Maintenance (Buildings)	361158.00	182946.00
Repair & Maintenance (Vehicle)	100470.00	589158.00
Repair & Maintenance (Other)	192433.00	63244.00
Other Operational Exp	1294555.00	153188.00
Total	4232326.00	5569092.00
Schedule-26		
Interest & Financial Expenses		
Bank Charges	5543.00	5419.00
Total	5543.00	5419.00
Schedule-27		
Festival Expenses		
Festival Exp. Office	856914.00	742850.00
Festival Exp. Other	0.00	110222.00
Election Exp.	34345.00	-
Total	891259.00	853072.00
Schedule-28		
DEPRICIATION		
Building		
Road & Bridge	763559.00	400548.00
Nalliya & Others	5860598.00	4637489.00
Public Lightings & Equipments	958783.00	757328.00
Furniture & Fixtures	633578.00	282295.00
Vehicle	383470.00	343967.00
Other Fixed Assets	346870.00	0.00
Total	668237.00	529138.00
	9615095.00	6950765.00



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SCHEDULE 29

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (2016-17)

I. ACCOUNTING POLICIES

1. Basis of Accounting

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

2. Recognition of Revenue

i. Revenue:

- i.* Property and Other Taxes are recognized in the period in which they are received.
- ii.* Revenues in respect of Profession Tax on Organization's/entities are determined in the year in which they are received.
- iii.* Advertisement taxes are considered on receipt basis.
- iv.* Revenue in respect of Trade License Fees are determined in the year in which they are received.
- v.* Assigned revenues like Entertainment Tax, Duty / Surcharge on transfer of Immovable properties are accounted during the year only upon actual receipt.
- 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 recognized on actual receipt.

ii. Provisions 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 otherwise are being written back and considered as income.



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3. Recognition of Expenditure

i. Expenditure:

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

ii. Provision against receivables:

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

4. Fixed Assets

i. Recognition:

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



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ii. Depreciation:

Depreciation is provided on Written down value method as per rates specified in Income Tax Act, 1961 as suggested in Rajasthan Municipal Accounting Manual.

iii. Revaluation of Fixed Assets:

- a. Revaluation of fixed assets is undertaken either at the time of issue of municipal bonds or when commercial development / lease of properties is made.
- b. Increase in net book value arising on revaluation is credited to 'Revaluation Reserve Account'. Decrease in net book value is charged to Income and Expenditure account.
- c. Revaluation reserve is amortized by proportionate amount of depreciation charged on the revalued portion of the cost of the fixed assets.

5. Borrowing cost

Borrowing cost is recognized as revenue expenditure on accrual basis excepting the case of fixed assets.

6. Inventories

Inventories are valued as follows:

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

7. Grants

- i. General Grants, which are of revenue nature, are recognized as income on actual receipt.
- ii. 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.
- iii. 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.



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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

- i. Separate Funds are formed for meeting the provident and gratuity.
- ii. Contribution towards Provident and gratuity funds are recognized as and when it is due.

9. Investments

- i. 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.
- ii. 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.
- iii. Short-term investments are carried at their cost or market value (if quoted) whichever is lower.

II. NOTES TO ACCOUNTS

1. Balance of the Deposits received from contractors/suppliers is on the basis of receipts issued against such deposits and deductions made from payments made to them, and the same has been taken from the register maintained in computer.
2. Balance of Loan given to employees against Provident Fund are subject to their confirmations.
3. Balances of Debtors, Creditors and other parties are subject to confirmations.
4. Accounts have been prepared covering receipts of various Grants/Aids/Funds from State Government for specific purpose/scheme. Due to long vesting period of schemes, utilization of the same is subject to verification on their completion.
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.



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- 7. The closing balance of Specific Grants/Schemes have been taken from respective cashbook but closing balance of "Some cash book of specific grants/schemes are not maintained at ULB" is considered Nil.
- 8. There is Some "Sundry Creditors" Balance are negative which shown access payment by Municipal Board.
- 9. There is difference between balances in record maintained by ULB and Last audited balance sheet so adjustment entries passed during the year.

Signatories to Schedule 1 to 26

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



In confirmation and witness of facts

For Municipal Board; Bagun, Rajasthan

[Signature]
 अधिशाषी अधिकारी
 नगर पालिका, बेगू (बिटीबगड)

E.O. / Commissioner

CAO / Sr. A.O.

Kolkata; March 07, 2018