



An ISO 9001:2008  
Certified Firm

*K. K. Chanani & Associates*

**Chartered Accountants**

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

Branches: Bhubaneswar, Bangalore, Chandigarh, Guwahati, Jaipur,  
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## INDEPENDENT AUDITOR'S REPORT

To,  
The Executive officer,  
Municipal Board Choti Sadri,  
Rajasthan

### Report to Financial Statement

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



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.

### **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 of Income over Expenditure is overstated and Liabilities are understated.*
- b) Liabilities or recovery on account of pending cases and/or notices filed against or by municipal 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 both, Surplus of Income over Expenditure and Assets are understated.*



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

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

- a) in the case of the Balance Sheet, of the state of affairs of the ULB as at March 31, 2017; and
- b) in the case of the Income and Expenditure Statement, of the surplus 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;



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, the 21 April. 2018





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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 Gratitude 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.*



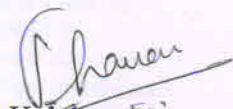
4. As explained to us the Municipality is maintaining records showing full particulars, including quantitative details. However, *situation* of fixed assets has not been specified in the records so maintained.  
Management of ULB has not carried out *physical verification of fixed assets*. As such we are unable to comment on material discrepancies, if any, on physical verification and its treatment in books of accounts.
5. The Municipality *is not maintaining proper records showing full particulars of leasehold property*. Lease Rentals are therefore not verified.
6. As explained to us, physical verification has been conducted by the Municipality at reasonable intervals in respect of stores.  
In our opinion and according to the information and explanations given to us, the procedures of physical verification of stores followed by the Municipality are reasonable.  
In our opinion and according to the information and explanations given to us, no material discrepancies\* have been noticed on physical verification of stores as compared to stores records. *However, neither the stores has been verified at the year-end nor has same been recognized in the accounts prepared for the year under report.*
7. As explained to us, there are no parties other than the employees to whom loans or advances have been given by the Municipality.
8. The Municipality has granted loans to the employees against PF. Deduction from salary are made towards the loans and interest.
9. In our opinion and according to the information and explanations given to us, there exists an adequate internal control procedure for the purchase of stores, fixed assets and services.



10. In our opinion and according to the information and explanations given to us, there exists an adequate internal control procedure for the contracting of works and projects, periodic inspections and measurements, and payments there for. **However, according to information and explanation given to us, works contracts are not subject to quality checks. Besides, some weakness in internal control procedures** which require immediate attention of the management are as under:
- a) In PWA Form 278, Pan No. and Aadhar Card No. should be given at suitable place along with details of bank account where NEFT payment is to be done. Besides, such Form should be signed under the seal of the firm and passing authority should also affix their seal.
  - b) The suppliers of materials and/ or providers of services should submit their bill within 30 days of the completion of their supply and/or job and the concerned passing authority should pass the bill or otherwise do necessary action within a further period of 30 days. Any delay on either part should be penalized with fine as deemed necessary by the competent authority. This will help in determining liability as and when arises to a great extent.
  - c) Payment Voucher Serial No. is as per voucher issued by various department. Voucher No. and date should be specified on each voucher separately on the basis of date of issue of cheques. Cheques should be prepared only after the sanction by competent authority.
11. **The Municipality is not regular in depositing undisputed statutory dues including tax deducted at source, works contract tax, cess and royalty payable to the Government, ESI, PF etc.**



12. To the best of our knowledge and according to information and explanation given to us, no personal expenses have been charged to the Municipality's accounts.
13. To the best of our knowledge and according to information and explanation given to us, the books and registers specified under the Rajasthan Municipal Accounts Manual and other applicable acts and rules have been properly maintained. *However, Bank Reconciliation statements have not been prepared for the bank accounts of the Municipality. Accounting effect of bank charges debited by Bank, Non- collection of cheques, Interest credited by Bank, Cancellation of stale cheques not Presented has not been determined and considered in accounts.*
14. To the best of our knowledge and according to information and explanation given to us, year-end procedures have been carried out *but reconciliation procedures at year end have not been carried out.*



Krishna Kumar Chanani

Partner, K K Chanani & Associates

Chartered Accountants

FRN No. 322232E

Membership No .056045



Kolkata, the 21 April. 2018



## Balance Sheet of Municipal Board of Chhoti Sadri As on 31 March 2017

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
<b>I - LIABILITIES</b>			
<b>RESERVE &amp; SURPLUS</b>			
Municipal (General) Fund	1	8,634,843	16,013,052
Earmarked Funds	2	833,001	1,077,545
Reserve & Surplus	3	44,503,375	26,953,773
<b>Total Reserve &amp; Surplus (A)</b>		<b>53,971,219</b>	<b>44,044,370</b>
<b>GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B)</b>	4	<b>54,391,781</b>	<b>54,869,666</b>
<b>LOANS</b>			
Secured Loans	5	4,000	4,000
<b>Total Loans (C)</b>		<b>4,000</b>	<b>4,000</b>
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>			
Sundry Deposits	6	3,371,131	4,184,191
Sundry Creditors	7	-	-
Statutory Liabilities	8	853,635	752,545
Other Liabilities	9	7,539,740	5,024,116
Total Current Liabilities and Provisions (D)		<b>11,764,506</b>	<b>9,960,852</b>
<b>TOTAL LIABILITIES (A+B+C+D)</b>		<b>120,131,506</b>	<b>108,878,888</b>
<b>II - ASSETS</b>			
<b>FIXED ASSETS</b>			
Gross Block	10	96,270,492	78,410,317
Depreciation Fund	11	22,535,647	14,333,806
Net Block		<b>73,734,845</b>	<b>64,076,511</b>
<b>Total Fixed Assets (A)</b>		<b>73,734,845</b>	<b>64,076,511</b>
<b>INVESTMENTS</b>			
General Fund Investments	12	10,050,213	9,326,524
Specific Fund Investments	13	833,001	1,077,545
<b>Total Investments (B)</b>		<b>10,883,214</b>	<b>10,404,069</b>
<b>CURRENT ASSETS, LOAN &amp; ADVANCES</b>			
Cash & Bank Balances	14	35,176,447	34,071,308
Loans, Advances & Deposits	15	337,000	327,000
<b>Total Current Assets, Loans &amp; Advances (C)</b>		<b>35,513,447</b>	<b>34,398,308</b>
<b>TOTAL ASSETS(A+B+C)</b>		<b>120,131,506</b>	<b>108,878,888</b>

Notes to Accounts and Accounting Policies

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

Krishna Kumar Chanani  
(Partner)  
Membership No. 056045

Date: - 21.04.2018  
Place: - Kolkata



For and Behalf on Nagar Palika

( Executive Officer)

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

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
<b>INCOME</b>			
Income From Taxes	16	260,991	381,897
Assigned Compensations	17	11,521,000	8,985,000
Rental Income from Municipal Properties	18	1,321,891	2,242,132
Fees and User Charges	19	2,174,985	6,586,149
Revenue Grants, Contributions and Subsidies	20	10,500	15,051,189
Income from Corporation Assets and Investment	21	133,301	54,975
Miscellaneous Income	22	10,748,979	487,387
<b>Total Income - I</b>		<b>26,171,647</b>	<b>33,788,729</b>
<b>EXPENDITURE</b>			
Establishment Expenses	23	17,161,492	13,023,899
General Administrative Expenses	24	3,502,923	3,523,474
Public Works	25	1,704,450	3,418,096
Miscellaneous Expenses	26	2,509,267	2,552,715
Depreciation During the Year		8,201,841	7,118,442
<b>Total Expenditure - II</b>		<b>33,079,973</b>	<b>29,636,626</b>
Surplus \ (Deficit) before adjustment of prior period items and Depreciation		-6,908,326	4,152,103
<b>NET SURPLUS \ DEFICIT</b>		<b>-6,908,326</b>	<b>4,152,103</b>

Notes to Accounts and Accounting Policies

For *K.K. Chanani & Associates*

Chartered Accountants

Firm Regn. No. 322232E

Krishna Kumar Chanani  
(Partner)

Membership No. 056045



Date: - 21.04.2018

Place: - Kolkata

For and Behalf on Nagar Palika

( Executive Officer)

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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
<b>Schedule - 1</b>		
<b>MUNICIPAL (GENERAL) FUND</b>		
Opening balance	16,013,052	11,860,949
Add : - Addition during the year	-	-
Less:- Deduction during the year	469,883	-
Add: Excess of Income over Expenditure	-6,908,326	4,152,103
<b>Total</b>	<b>8,634,843</b>	<b>16,013,052</b>
<b>Schedule - 2</b>		
<b>EARMARKED FUND</b>		
Gratuity Fund	15,814	15,814
General Provident Fund	817,187	1,061,731
<b>Total</b>	<b>833,001</b>	<b>1,077,545</b>
<b>Schedule - 3</b>		
<b>RESERVE &amp; SURPLUS</b>		
Special Funds (Utilised)	44,503,375	26,953,773
<b>Total</b>	<b>44,503,375</b>	<b>26,953,773</b>
<b>Schedule - 4</b>		
<b>GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE</b>		
Special Grant for 11/12th Financial Commission	1,452,231	2,523,122
Special Grant for BPL Aawas	9,021,004	8,980,054
Special Grant for BRGF	937,676	2,496,696
Special Grant for IHSDP	14,253,623	14,253,623
Special Grant for Sari Kambhal	451,848	451,848
Special Grant for MP/MLA Fund	3,541,979	3,679,000
Grant from Clean India Mission	-1,179,588	1,989,000
Special Grant for Road and Gutters	4,009,000	4,009,000
Special Grant for Swarna Jayanti Sahari Roj gar Sch.	1,151,425	1,151,425
Special Grant from S.F.C.	19,810,531	15,335,898
Other Grants	942,052	-
<b>Total</b>	<b>54,391,781</b>	<b>54,869,666</b>



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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
<b>Schedule - 5</b>		
<b>SECURED LOANS</b>		
Loans from banks & other financial institutions	4,000	4,000
<b>Total</b>	<b>4,000</b>	<b>4,000</b>
<b>Schedule - 6</b>		
<b>SUNDRY DEPOSITS</b>		
Security & Amanat Payable	2,239,993	4,184,191
From Contractors	917,338	-
From Others	213,800	-
<b>Total</b>	<b>3,371,131</b>	<b>4,184,191</b>
<b>Schedule - 7</b>		
<b>SUNDRY CREDITORS</b>		
Creditors For supplies	-	-
Other Creditors	-	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>Schedule - 8</b>		
<b>STATUTORY LIABILITIES</b>		
Income Tax (TDS) Payable	389,302	90,647
Commercial Tax Payable	216,735	52,016
Salary Payable	-	-
Labour Cess Deduction	247,598	609,882
<b>Total</b>	<b>853,635</b>	<b>752,545</b>



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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
<b>Schedule - 9 OTHER LIABILITIES</b>		
Royalty Payable	1,746,480	1,466,986
Employee Liabilities	5,793,260	3,557,130
<b>Total</b>	<b>7,539,740</b>	<b>5,024,116</b>
<b>Schedule - 10 GROSS BLOCK</b>		
<b>Immovable Assets</b>		
Land	720,587	720,587
Office Building	5,942,304	5,550,676
<b>Infrastructure Assets</b>		
Roads & Bridge	64,793,667	52,768,035
Sewerage & Drainage	12,206,781	9,042,029
Water ways	5,797,344	5,194,329
Public Lighting	1,769,027	1,769,027
Others	2,397,524	1,529,759
<b>Moveable Assets</b>		
Vehicles	935,918	935,918
Furniture & Fixture	1,465,442	785,709
Office Equipment	92,698	63,398
Computers	149,200	50,850
<b>Total</b>	<b>96,270,492</b>	<b>78,410,317</b>
<b>Schedule - 11 DEPRECIATION FUND</b>		
Opening Balance	14,333,806	7,215,364
Add:- Depreciation provided during the year	8,201,841	7,118,442
Less:- Depreciation for the previous year		
<b>Total</b>	<b>22,535,647</b>	<b>14,333,806</b>



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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
<b>Schedule - 12</b> <b>GENERAL FUND INVESTMENT</b>		
P.D Account with Interest	10,050,213	9,326,524
<b>Total</b>	<b>10,050,213</b>	<b>9,326,524</b>
<b>Schedule - 13</b> <b>SPECIFIC FUND INVESTMENT</b>		
Employee's GPF Accounts	817,187	1,061,731
Gratuity P.D A/c	15,814	15,814
<b>Total</b>	<b>833,001</b>	<b>1,077,545</b>
<b>Schedule - 14</b> <b>CASH &amp; BANK BALANCES</b>		
Cash in Hand	105,654	26,499
Balances in Saving & Current a/cs	35,070,794	34,044,810
<b>Total</b>	<b>35,176,447</b>	<b>34,071,308</b>
<b>Schedule - 15</b> <b>LOANS,ADVANCES &amp; DEPOSITS</b>		
Advance to Staff	337,000	327,000
<b>Total</b>	<b>337,000</b>	<b>327,000</b>



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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
<b>Schedule - 16</b>		
<b>INCOME FROM TAXES</b>		
Urban Development Tax	-82,770	44,397
Other taxes	343,761	337,500
<b>Total</b>	<b>260,991</b>	<b>381,897</b>
<b>Schedule - 17</b>		
<b>ASSIGNED COMPENSATION</b>		
Octroi Compensations	11,521,000	8,985,000
<b>Total</b>	<b>11,521,000</b>	<b>8,985,000</b>
<b>Schedule - 18</b>		
<b>RENTAL INCOME FROM MUNICIPAL PROPERTIES</b>		
Income from Rent and Teh Bazari	165,355	129,631
Rent from lease of lands	1,156,536	2,112,501
<b>Total</b>	<b>1,321,891</b>	<b>2,242,132</b>
<b>Schedule - 19</b>		
<b>FEES AND USER CHARGES</b>		
Copy Fees	419	566
Fair Fees	-	59,910
Empanelment & Registration Charges	68,688	90,043
Fees for Certificate or Extract	518,169	157,867
Fees for Grant of Permit	193,004	805,429
Development Charges	600,000	3,424,308
Regularisation Fees	204,793	1,971,981
Other Fees	589,912	-
User Charges	-	76,045
<b>Total</b>	<b>2,174,985</b>	<b>6,586,149</b>



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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
<b>Schedule - 20</b> <b>REVENUE GRANT, CONTRIBUTION, SUBSIDIES</b>		
Revenue Grant	10,500	15,051,189
<b>Total</b>	<b>10,500</b>	<b>15,051,189</b>
<b>Schedule - 21</b> <b>INCOME FROM CORP. ASSET/INVESTMENT</b>		
Interest from Bank Accounts	133,301	54,975
<b>Total</b>	<b>133,301</b>	<b>54,975</b>
<b>Schedule - 22</b> <b>MISCELLANEOUS INCOME</b>		
Sale of Forms & Publications	355,275	344,050
Profit on Disposal of Fixed asses	-	143,337
Others	10,393,704	-
<b>Total</b>	<b>10,748,979</b>	<b>487,387</b>
<b>Schedule - 23</b> <b>ESTABLISHMENT EXP.</b>		
Medical Reimbursement	44,000	-
Salary and Other Payment	17,111,927	12,979,527
Travelling Reimbursement	5,565	9,272
Other Terminal & Retirement Benefits	-	35,100
<b>Total</b>	<b>17,161,492</b>	<b>13,023,899</b>





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

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
<b>Schedule - 24</b>		
<b>GENERAL ADMINISTRATION EXP.</b>		
Advertisement Expenses	474,092	310,935
Audit fees	96,000	-
Books and Newspaper	5,411	70,515
Cleaning & Garbage Transportation on Contract	381,807	1,858,371
Contract Vehicle Expenses	720,404	-
Court Expenses	30,030	-
Dress	-	35,100
Communication Expenses	14,147	32,635
Printing and Stationery	131,947	90,850
Travelling & Conveyance	-	460,162
Insurance	6,590	-
Professional and other Fees	-	138,820
Other Administrative Expenses	43,256	-
Power & Fuel	1,050,179	205,119
Bulk Purchases	222,555	-
Repairs & maintenance -Infrastructure Assets	-	169,547
Repairs & maintenance - Buildings	-	69,900
Repairs & maintenance - Vehicles	-	10,060
Repairs & maintenance - Others	326,505	36,324
Other operating & maintenance expenses	-	35,136
<b>Total</b>	<b>3,502,923</b>	<b>3,523,474</b>
<b>Schedule - 25</b>		
<b>PUBLIC WORKS</b>		
Maintenance of Road and Gutter	1,704,450	3,418,096
<b>Total</b>	<b>1,704,450</b>	<b>3,418,096</b>
<b>Schedule - 26</b>		
<b>MISCELLENOUS EXPENSES</b>		
Contingencies and Other Expenses	392,924	501,480
Purchase of Electric Goods	-	420,259
Election Expenses	-	28,000
Own Programmes	2,116,343	1,562,976
Contributions [give details]	-	40,000
<b>Total</b>	<b>2,509,267</b>	<b>2,552,715</b>



**MUNICIPAL BOARD**  
**CHOTI SADRI (2016-17)**

**SCHEDULE 27**

**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*

- a. Property and Other Taxes are recognized in the period in which they are received
- b. Revenues in respect of Profession Tax on Organisations/entities are determined in the year in which they are received
- c. Advertisement taxes are considered on receipt basis.
- d. Revenue in respect of Trade License Fees are determined in the year in which they are received
- e. Assigned revenues like Entertainment Tax, Duty / Surcharge on transfer of Immovable properties are accounted during the year only upon actual receipt.
- f. Other Incomes, which are of an uncertain nature or for which the amount is not ascertainable or where demand is not raised in regular course of operations, is recognised on actual receipt

*ii. Provision against payables*

- a. Provisions against payables are made based on type of income; age judgement and past experience of the management. Security deposits and earnest money deposit more than three years old and no longer payable due to non-claim by parties or otherwise are being written back and considered as income.



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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 judgement 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:

- 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 recognized as income on actual receipt
- b. 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.
- 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.



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**8. Employee benefits**

- a. Separate Funds are formed for meeting the provident and gratuity.
- b. Contribution towards Provident and gratuity funds are recognised as and when it is due

**9. Investments**

- a. All investments are initially recognized at cost. The cost of investment shall include cost incurred in acquiring the investment and other incidental expenses incurred for its acquisition.
- b. Long-term investments are carried at their cost. However in the event of any permanent diminution in their value as on the date of balance sheet, these are provided for.
- c. Short-term investments are carried at their cost or market value (if quoted) whichever is lower.



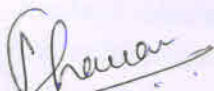
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**II NOTES TO ACCOUNT**

1. Balance of the Deposits received from contractors/suppliers is on the basis of receipts issued against deposit and deduction made from payments to them and has been taken from the register maintained in computer.
2. Balance of Loan against Provident Fund given to employees are subject to their confirmation.
3. Balances of Debtors, Creditors and other parties are subject to confirmation
4. These accounts have been prepared covering receipts of various Grants/Aids/Funds from State Government for specific purpose/scheme. In view of long duration of scheme, utilization of same is subject to verification on completion of scheme
5. As per available Information and Cash Books are maintained by Municipal Board the Financials are prepared.
6. Recoveries Payable not Deduction but payment made during the year i.e. Gratuity deduction.
7. Statutory Liabilities Deduction but not payment made during the year i.e. Labour cess, Royalty deduction, TDS contractor, Income tax and Sales tax.
8. There is Balance mismatch account maintained for shown Difference in various Bank accounts which maintained in General Cash Book.
9. There is "PD Gratuity pass book not maintained by ULB.
10. There is Swach Bharat Grant as Negative Balance Rs.-1179588Dr.
11. There is Some scheme Cash book not maintained by ULB.

Signatories to Schedule 1 to 27

In confirmation and witness of facts

  
Krishna Kumar Chanani  
Partner, K K Chanani & Associates  
Chartered Accountants

For Municipal Board : CHOTI SADRI, Rajasthan

FRN NO. 322232E  
Membership No .056045



EO/Commissioner

Kolkata, the 21<sup>th</sup> April, 2018

CAO/ Sr .A.O..