



An ISO 9001:2008
Certified Firm

K. K. Chanani & Associates

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To,
The Executive officer,
Municipal Board, Salumber,
Rajasthan

Report to Financial Statement

We have audited the accompanying financial statements of **Municipal Board Salumber, 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 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 Deficit 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 Council 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 Council 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, Deficit 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 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;

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
Firm Regn. No.: 322232E
Membership No.: 056045



Kolkata; 21th Jan. 2019



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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 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
Firm Regn. No.: 322232E
Membership No.: 056045



Kolkata; 21th Jan. 2019

Balance Sheet of Municipal Board of Salumber As on 31 March 2017

| PARTICULARS | Schedule | 2016-17 | 2015-16 |
|---|----------|---------------------|---------------------|
| | | (Amount in Rs.) | (Amount in Rs.) |
| I - LIABILITIES | | | |
| RESERVE & SURPLUS | | | |
| Municipal (General) Fund | 1 | 5,66,37,974 | 4,31,93,902 |
| Earmarked Funds | 2 | 3,62,60,850 | 1,85,12,669 |
| Total Reserve & Surplus (A) | | 9,28,98,824 | 6,17,06,571 |
| GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B) | 3 | 6,58,36,264 | 7,78,36,623 |
| LOANS | | | |
| CURRENT LIABILITIES & PROVISIONS | | | |
| Sundry Deposits | 4 | 35,23,058 | 33,84,435 |
| Sundry Creditors | 5 | - | - |
| Statutory Liabilities | 6 | 1,44,830 | 91,828 |
| Other Liabilities | 7 | 27,21,950 | 17,24,060 |
| Total Current Liabilities and Provisions (C) | | 63,89,838 | 52,00,323 |
| TOTAL LIABILITIES (A+B+C) | | 16,51,24,926 | 14,47,43,517 |
| II - ASSETS | | | |
| FIXED ASSETS | | | |
| Gross Block | 8 | 4,75,96,933 | 3,84,22,236 |
| Depreciation Fund | 9 | 78,80,815 | 37,52,634 |
| Net Block | | 3,97,16,118 | 3,46,69,602 |
| Total Fixed Assets (A) | | 3,97,16,118 | 3,46,69,602 |
| INVESTMENTS | | | |
| General Fund Investments | 10 | 8,57,69,138 | 7,17,45,062 |
| Specific Fund Investments | 11 | 43,24,810 | 43,24,810 |
| Total Investments (B) | | 9,00,93,948 | 7,60,69,872 |
| CURRENT ASSETS, LOAN & ADVANCES | | | |
| Cash & Bank Balances | 12 | 3,53,14,860 | 3,40,04,043 |
| Total Current Assets, Loans & Advances (C) | | 3,53,14,860 | 3,40,04,043 |
| TOTAL ASSETS(A+B+C) | | 16,51,24,926 | 14,47,43,517 |

Notes to Accounts and Accounting Policies

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

Krishna Kumar Chanani
(Partner)
Membership No. 056045



For and Behalf on Nagar Palika

अधिसाधी अधलकरी
नगर पाललका सलूम्बर
(Executive Officer)

Date: - 21.01.2019

Place: - Kolkata

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

| PARTICULARS | Schedule | 2016-17 | 2015-16 |
|---|----------|--------------------|--------------------|
| | | (Amount in Rs.) | (Amount in Rs.) |
| INCOME | | | |
| Income From Taxes | 13 | 72,475 | 85,992 |
| Assigned Compensations | 14 | 1,47,57,000 | 1,64,63,000 |
| Rental Income from Municipal Properties | 15 | 27,81,168 | 28,07,434 |
| Fees and User Charges | 16 | 52,26,564 | 78,70,907 |
| Income from Corporation Assets and Investment | 17 | 3,04,714 | 24,18,167 |
| Miscellaneous Income | 18 | 36,73,201 | 98,79,408 |
| Total Income - I | | 2,68,15,122 | 3,95,24,908 |
| EXPENDITURE | | | |
| Establishment Expenses | 19 | 2,06,97,533 | 1,98,67,904 |
| General Administrative Expenses | 20 | 18,56,440 | 25,33,467 |
| Public Works | 21 | 4,92,532 | 6,56,920 |
| Interest & Financial Exp. | 22 | - | 4,663 |
| Miscellaneous Expenses | 23 | 5,43,024 | 4,94,161 |
| Depreciation During the Year | | 41,28,181 | 37,52,634 |
| Total Expenditure - II | | 2,77,17,710 | 2,73,09,749 |
| Surplus\ (Deficit) before adjustment of prior period items and Depreciation | | -9,02,588 | 1,22,15,159 |
| Less: Prior Period Items | | | |
| Less: Prior Period adjustment of Depreciation | | | |
| Less: Transfer to Reserve Fund | | | |
| NET SURPLUS\ DEFICIT | | -9,02,588 | 1,22,15,159 |

Notes to Accounts and Accounting Policies

For K.K Chanani & Associates

Chartered Accountants
Firm Regn. No. 322232E

Krishna Kumar Chanani
(Partner)
Membership No. 056045



For and Behalf on Nagar Palika

अधिकाारी अधिकाारी
नगर पालिका सलुम्बर
(Executive Officer)

Date: - 21.01.2019

Place: - Kolkata

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

| PARTICULARS | 2016-17 | 2015-16 |
|--|--------------------|--------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| Schedule - 1 | | |
| MUNICIPAL (GENERAL) FUND | | |
| Opening balance | | |
| Add : - Addition during the year | 4,31,93,902 | 3,09,78,743 |
| Less:- Deduction during the year | 1,56,35,671 | - |
| Add: Excess of Income over Expenditure | 12,89,011 | - |
| | -9,02,588 | 1,22,15,159 |
| Total | 5,66,37,974 | 4,31,93,902 |
| Schedule - 2 | | |
| EARMARKED FUND | | |
| Gratuity Fund | 6,18,139 | 6,18,139 |
| General Provident Fund | 37,06,671 | 37,06,671 |
| Special Fund - Other | 3,19,36,040 | 1,41,87,859 |
| Total | 3,62,60,850 | 1,85,12,669 |
| Schedule - 3 | | |
| GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE | | |
| Special Grant for 13/14th Financial Commission | 1,67,37,058 | 2,03,57,058 |
| Special Grant from B R G F | - | 37,89,671 |
| Special Grant from CM BPL Avas Yojna | - | 92,65,000 |
| Special Grant from CM Sharee Kambel Yojna | - | 23,92,500 |
| Special Grant from IDSMT Yojna | - | 1,19,276 |
| Special Grant from MP MLA Fund | 17,88,177 | 7,93,189 |
| Special Grant from Swach Bharat Mission | 29,06,750 | 23,63,000 |
| Special Grant from Rain Basera Grant | - | 1,82,500 |
| Special Grant for Swarna Jayanti Sahari Roj gar Sch. | 41,31,767 | 49,13,750 |
| Special Grant from S.F.C. | 4,02,72,512 | 3,36,54,679 |
| Other Grants | - | 6,000 |
| Total | 6,58,36,264 | 7,78,36,623 |
| Schedule - 4 | | |
| SUNDRY DEPOSITS | | |
| Security & Amanat Payable | 35,23,058 | 33,84,435 |
| Total | 35,23,058 | 33,84,435 |



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

| PARTICULARS | 2016-17 | 2015-16 |
|------------------------------|--------------------|--------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| Schedule - 5 | | |
| SUNDARY CREDITORS | | |
| Creditors For supplies | - | - |
| Other Creditors | - | - |
| Total | - | - |
| Schedule - 6 | | |
| STATUTORY LIABILITIES | | |
| Income Tax (TDS) Payable | -68,297 | -13,436 |
| Commercial Tax Payable | -5,719 | 18,471 |
| Salary Payable | - | - |
| Labour Cess Deduction | 2,18,846 | 86,793 |
| Total | 1,44,830 | 91,828 |
| Schedule - 7 | | |
| OTHER LIABILITIES | | |
| Royalty Payable | 11,649 | 23,429 |
| Employee Liabilities | 27,10,301 | 17,00,631 |
| Total | 27,21,950 | 17,24,060 |
| Schedule - 8 | | |
| GROSS BLOCK | | |
| Immovable Assets | | |
| Parks & Garden A/c | 27,88,990 | 11,62,382 |
| Office Building | 1,69,84,687 | 1,34,99,899 |
| Infrastructure Assets | | |
| Roads & Bridge | 1,02,58,232 | 83,67,193 |
| Sewerage & Drainage | 55,92,177 | 46,38,151 |
| Public Lighting | 77,07,489 | 65,89,053 |
| Others | 37,10,637 | 36,10,837 |
| Moveable Assets | | |
| Plant & Machinery | 5,25,266 | 5,25,266 |
| Furniture & Fixture | 21,750 | 21,750 |
| Office Equipment | 7,705 | 7,705 |
| Total | 4,75,96,933 | 3,84,22,236 |



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

| PARTICULARS | 2016-17 | 2015-16 |
|---|--------------------|--------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| Schedule - 9 DEPRECIATION FUND | | |
| Opening Balance | 37,52,634 | - |
| Add:- Depreciation provided during the year | 41,28,181 | 37,52,634 |
| Less:- Depreciation for the previous year | - | - |
| Total | 78,80,815 | 37,52,634 |
| Schedule - 10 GENERAL FUND INVESTMENT | | |
| P.D Account with Interest | 8,57,69,138 | 7,17,45,062 |
| Total | 8,57,69,138 | 7,17,45,062 |
| Schedule - 11 SPECIFIC FUND INVESTMENT | | |
| Employee's GPF Accounts | 37,06,671 | 37,06,671 |
| Gratuity P.D A/c | 6,18,139 | 6,18,139 |
| Total | 43,24,810 | 43,24,810 |
| Schedule - 12 CASH & BANK BALANCES | | |
| Cash in Hand | 57,357 | 1,66,777 |
| Balances in Saving & Current a/cs | 3,52,57,503 | 3,38,37,266 |
| Total | 3,53,14,860 | 3,40,04,043 |



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

| PARTICULARS | 2016-17 | 2015-16 |
|---|--------------------|--------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| Schedule - 13 | | |
| INCOME FROM TAXES | | |
| House Tax | 18,660 | 11,677 |
| Urban Development Tax | 53,815 | 74,315 |
| Total | 72,475 | 85,992 |
| Schedule - 14 | | |
| ASSIGNED COMPENSATION | | |
| Octroi Compensations | 1,47,57,000 | 1,64,63,000 |
| Total | 1,47,57,000 | 1,64,63,000 |
| Schedule - 15 | | |
| RENTAL INCOME FROM MUNICIPALE PROPERTIES | | |
| Income from Rent and Teh Bazari | 7,45,850 | 4,56,746 |
| Rent from lease of lands | 20,35,318 | 23,50,688 |
| Total | 27,81,168 | 28,07,434 |
| Schedule - 16 | | |
| FEES AND USER CHARGES | | |
| Copy Fees | 1,008 | 20,677 |
| License Fees Construction and Development Work | - | 11,453 |
| Fees for Certificate or Extract | 3,60,918 | 3,38,981 |
| Fees for Grant of Permit | 7,94,761 | 9,28,993 |
| Development Charges | 10,74,457 | 13,90,694 |
| Regularisation Fees | 29,58,010 | 51,36,745 |
| Penalties and Fines | 28,410 | 43,364 |
| Other Fees | 9,000 | - |
| Total | 52,26,564 | 78,70,907 |



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

| PARTICULARS | 2016-17 | 2015-16 |
|--|--------------------|--------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| Schedule - 17 | | |
| INCOME FROM CORP.ASSET/INVESTMENT | | |
| Interest from Bank Accounts | 3,04,714 | 24,18,167 |
| Total | 3,04,714 | 24,18,167 |
| Schedule - 18 | | |
| MISCELLANEOUS INCOME | | |
| Sale of Forms & Publications | 33,800 | 41,500 |
| Sale of Others | 35,61,900 | 97,51,000 |
| Others | 77,501 | 86,908 |
| Total | 36,73,201 | 98,79,408 |
| Schedule - 19 | | |
| ESTABLISHMENT EXP. | | |
| Corporator (Parishad) Allowance | 59,800 | 85,920 |
| Salary and Other Payment | 1,98,16,934 | 1,96,59,816 |
| Travelling Reimbursement | - | 32,816 |
| Other Terminal & Retirement Benefits | 8,20,799 | 89,352 |
| Total | 2,06,97,533 | 2,98,67,904 |



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

| PARTICULARS | 2016-17 | 2015-16 |
|---|------------------|------------------|
| | (Amount in Rs.) | (Amount in Rs.) |
| Schedule - 20 | | |
| GENERAL ADMINISTRATION EXP. | | |
| Advertisement Expenses | 1,13,876 | 1,09,137 |
| Audit fees | - | 69,000 |
| Court Expenses | 16,450 | 15,960 |
| Communication Expenses | 33,535 | 24,090 |
| Printing and Stationery | 53,385 | 93,044 |
| Travelling & Conveyance | 4,17,700 | 1,27,925 |
| Labour Supplier | 3,29,497 | 3,69,525 |
| Professional and other Fees | - | 1,80,000 |
| Other Administrative Expenses | - | 32,689 |
| Power & Fuel | 3,10,975 | 4,15,610 |
| Bulk Purchases | 2,24,010 | 2,63,620 |
| Hire Charges | - | 2,79,471 |
| Repairs & maintenance – Others | 3,57,012 | 5,53,396 |
| Total | 18,56,440 | 25,33,467 |
| Schedule - 21 | | |
| PUBLIC WORKS | | |
| Expenses against aid for Roads & Gutter | 4,92,532 | 6,56,920 |
| Total | 4,92,532 | 6,56,920 |
| Schedule - 22 | | |
| INTEREST AND FINANCE CHARGES | | |
| Bank Charges | - | 4,663 |
| Total | - | 4,663 |
| Schedule - 23 | | |
| MISCELLENOUS EXPENSES | | |
| Election Expenses | - | 66,586 |
| Own Programmes | 3,81,250 | 3,31,980 |
| Other Miscellaneous Expenses | 1,61,774 | 95,595 |
| Total | 5,43,024 | 4,94,161 |



MUNICIPAL BOARD
SALUMBER(2016-17)

SCHEDULE 24

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 Organization's/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 recognized 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.



MUNICIPAL BOARD
SALUMBER(2016-17)

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 Rs. 1/-



MUNICIPAL BOARD
SALUMBER(2016-17)

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 recognized 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.

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.



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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.
7. There is "Income Tax Payable" and "Sale Tax Payable" Balance is "Negative" which shown excess payment by municipal board.
8. There is "Employee Liabilities" e.g. and "Gratuity Payable" "LIC Insurance" Balance is "Negative" which shown excess payment by municipal board.
9. All funds account represents grant received and expenditure made towards such scheme whether capital or revenue expenditure as maintained and shown in cash book and information provided by ULB.
10. There is detailed listing of assets of individual head is not ascertainable.
11. The Closing Balance of Grants/Schemes are not provided Therefore, the same is considered as per the cashbook.
12. There is Balance mismatch account maintained for shown Difference in various Bank accounts which maintained in General Cash Book.

Signatories to Schedule 1 to 24

In confirmation and witness of facts

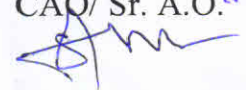

Krishna Kumar Chanani
Partner, K K Chanani & Associates
Chartered Accountants
FRN NO. 322232E
Membership No. 056045



For Municipal Board: Salumber, Rajasthan


अधिसापी अधिकारी
नगर पालिका सलुम्बर
EO/Commissioner

Kolkata, the 21th Jan. 2019


अधिसापी अधिकारी
नगर प्रालिका सलुम्बर
CAO/ Sr. A.O.