

FINANCIAL STATEMENT

[Under Double Entry Accounting System]

MUNICIPAL

BODY

DEGANA

2015-16

Prepared by:

K K CHANANI & ASSOCIATES

Chartered Accountants

5/1 Clive Row, 3rd Floor, Room No. 78

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MUNICIPAL BODY DEGANA

2015-16

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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 Commissioner,
Nagar Palika Degana,
Rajasthan**

Report to Financial Statement

We have audited the accompanying financial statements of **Nagar Palika Degana, Rajasthan** which comprise the Balance Sheet as at March 31, 2016, the Income and Expenditure Statement and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the ULB's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ULB's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, non-payment short or non-deduction and mismatching of TDS, RVAT, Royalty and Labour cess and Patrakar Kalyan Khosh and pension contribution, provident fund contribution and other employee benefit scheme and/or loan has not been ascertained and hence not considered. To this extent Surplus of Income over Expenditure is overstated and Liabilities are understated.*
- b) 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.*
- c) All expenses except salary and audit fee are accounted for on cash basis. Similarly, all incomes are accounted for on cash basis. Even interest liability on loan borrowed from RUDIFCO not taken into account. 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.*

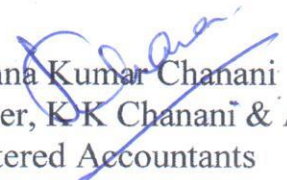


in our opinion and to the best of our information and according to the explanations given to us, the financial statements give a true and fair view in conformity with the Rajasthan Municipal Accounts Manual:

- a) in the case of the Balance Sheet, of the state of affairs of the ULB as at March 31, 2016;
- b) in the case of the Income and Expenditure Statement, of the surplus for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows 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, Income and Expenditure Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, Income and Expenditure Account and Cash Flow Statement 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 30th September, 2016



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Annexure A to Auditor's Report (2015-16)

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 salary and audit fee 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.
3. Earmarked Funds though have been created by the Municipality for Gratuity and Provident Fund, *but no contribution to these funds have been made during the period covered by the audit*
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, there is a system of physical verification of stores to be conducted by the Municipality at reasonable intervals in . *But no such verification has been carried out during the period under audit*
In our opinion and according to the information and explanations given to us, the procedures and system of physical verification of stores followed by the Municipality are reasonable.
In the absence of physical verification during the period covered by audit we are unable to comment upon material discrepancies 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.
- 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.

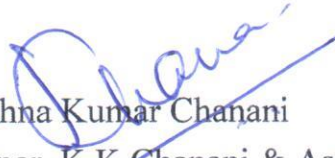
11. *The Municipality has not at all deposited undisputed statutory dues including tax deducted at source, works contract tax, cess and royalty payable to the Government, ESI, PF, Patrakar Kalyan Khosh etc during the year The aggregate amount not deposited are as follow:*

Undisputed Stautory Dues	Period	Amount
C P F Payable	2015-16	18,738.00
Gratuity Payable	2015-16	43,900.00
Pension Payable	2015-16	97,550.00
PF Loan Payable	2015-16	45,000.00
Income Tax (TDS) Payable	2015-16	48,972.00
Sales Tax Payable	2015-16	72,994.00
Labour Cess Payable	2015-16	20,675.00
Patrakar Kalyan Kosh	2015-16	1,639.00
Royalty Payable	2015-16	10,865.00
Income Tax (TDS) Payable(Employee)	2015-16	Not Deducted

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
14. To the best of our knowledge and according to information and explanation given to us, year-end and reconciliation procedures have been carried out


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




Kolkata, the 30th September, 2016

Nagar Palika Degana
Balance Sheet As on 31st March 2016


LIABILITIES	Schedule	31st March 2016	31st March 2015
		(Amount)	(Amount)
<u>RESERVE & SURPLUS</u>			
Municipal (General) Fund	1	3,241,087.70	-
Earmarked Funds	2	-	-
Reserve & Surplus	3	838,942.00	-
Total Reserve & Surplus (A)		4,080,029.70	-
<u>GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE</u>			
Grant/Contribution for Specific purpose	4	35,124,660.00	-
Total Grant/Contribution (B)		35,124,660.00	-
<u>LOANS</u>			
Unsecured Loans	5	1,000,000.00	-
Total Loans (C)		1,000,000.00	-
<u>CURRENT LIABILITIES & PROVISIONS</u>			
Sundry Deposits	6	1,027,398.00	-
Statutory Liabilities	7	383,473.00	-
Provisions	8	44,541.00	-
Total Current Liabilities and Provisions (D)		1,455,412.00	-
TOTAL LIABILITIES (A+B+C+D)		41,660,101.70	-
Notes to Accounts and Accounting Policies 22			
As per our Report of even date attached			
<div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 40%;"> <p>Krishna Kumar Chanani Partner, K K Chanani & Associates Chartered Accountants FRN NO. 322232E Membership No .056045</p> <p>Kolkata, the <u>30th</u> September, 2016</p> </div> <div style="width: 15%; text-align: center;">  </div> <div style="width: 40%; text-align: right;"> <p> Executive Officer Municipal Board Degana EO/Commissioner</p> <p> कैशियर नगर पालिका, डेगाना CAO/ Sr. A.O</p> </div> </div>			

Nagar Palika Degana
Balance Sheet As on 31st March 2016

ASSETS	Schedule	31st March 2016 (Amount)	31st March 2015 (Amount)
<u>FIXED ASSETS</u>			
Gross Block	9	1,067,757.00	-
Depreciation Fund	10	83,247.00	-
Net Block		984,510.00	-
Total Fixed Assets (A)		984,510.00	-
<u>INVESTMENTS</u>			
General Fund Investments	11	31,204,000.00	-
Specific Fund Investments	12	-	-
Total Investments (B)		31,204,000.00	-
<u>CURRENT ASSETS, LOAN & ADVANCES</u>			
Cash & Bank Balances	13	9,471,591.70	-
Total Current Assets, Loans & Advances (C)		9,471,591.70	-
TOTAL ASSETS(A+B+C)		41,660,101.70	-
Notes to Accounts and Accounting Policies 22			
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Nagar Palika Degana

Income and Expenditure Statement for the year ended on 31st March 2016

PARTICULARS	Schedule	31st March 2016	31st March 2015
		(Amount)	(Amount)
<u>INCOME</u>			
Assigned Compensations	14	6,000,000.00	
Rental Income from Municipal Properties	15	38,560.00	
Fees and User Charges	16	279,224.00	
Revenue Grants, Contributions and Subsidies	17	1,573,398.00	
Income from Corporation Assets and Investment	18	44,250.00	
Total Income		7,935,432.00	0.00
<u>EXPENDITURE</u>			
Establishment Expenses	19	1,820,502.00	
General Administrative Expenses	20	643,760.30	
Public Works	21	2,146,835.00	
Depreciation During the Year	10	83,247.00	
Total Expenditure		4,694,344.30	0.00
Surplus\ Deficit before adjustment of prior period items and Depreciation		3,241,087.70	0.00
Less: Prior Period Items		-	
Less: Prior Period adjustment of Depreciation		-	
NET SURPLUS\ (DEFICIT)		3,241,087.70	0.00
<p>Notes to Accounts and Accounting Policies 22</p> <p>As per our Report of even date attached</p> <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="width: 40%;"> <p>Krishna Kumar Chanani Partner, K K Chanani & Associates Chartered Accountants FRN NO. 322232E Membership No .056045 Kolkata, the <u>30th</u> September, 2016</p> </div> <div style="width: 20%; text-align: center;">  </div> <div style="width: 30%; text-align: center;"> <p>Executive Officer Municipal Board Degana</p> </div> <div style="width: 10%; text-align: center;"> <p>CAO/Sr. A.O. कैशियर नगरपालिका, डेगाना</p> </div> </div>			

Statement of Cash Flow As on 31st March 2016

S.NO	PARTICULARS	2015-16	2014-15
A.	<u>Cash flow From Operating Activities</u>		
a.	Surplus/(Deficit) over expenditure	3,241,087.70	
b.	Add : Non Cash Items Debited in Income & Expenditure A/c. Depreciation	83,247.00	
	Add : Non-operating Items debited in Income & Expenditure A/c	-	
	Less: Non-operating Items credited in Income & Expenditure A/c. Sale of Land , etc	-44,250.00	
	Rental Income	-38,560.00	
c.	Adjusted income over expenditure before changes in current assets and current liabilities and extra ordinary items.	3,241,524.70	
d.	Changes in current assets and current liabilities Add : Increase in sundry deposit	1,027,398.00	
	Add : Increase in Statutory Liabilities	383,473.00	
	Add : Increase in Provisions	44,541.00	
e	Add : Adjustment to Capital Contribution	838,942.00	
	Net cash generated from/ (used in) operating activities (A)	5,535,878.70	-
B.	<u>Cash flows from investing activities</u>		
a.	Add : Proceeds from sale of land & obsoletes	44,250.00	
b.	Add : Rental Income	38,560.00	
c.	Less: Increase in General funds investments	-31,204,000.00	
d	Less: Purchase of fixed assets	-1,067,757.00	
	Net cash generated from/ (used in) investing activities (B)	-32,188,947.00	-
C.	<u>Cash flows from financing activities</u>		
	Add : Unsecured Loans	1,000,000.00	
a.	Add : Grants utilised for specific purpose	35,124,660.00	
	Net cash generated from (used in) financing activities(C)	36,124,660.00	-
D.	<u>Net increase/ (decrease) in cash and cash equivalents (A + B + C)</u>	9,471,591.70	-
E.	<u>Change in Cash and Cash Equivalents</u>		
a.	Cash and cash equivalents at beginning of period	-	
b	Cash and cash equivalents at end of period	9,471,591.70	
	Net increase/ (decrease) in cash and cash equivalents(b-a)	9,471,591.70	

As per our Report of even date attached

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



Executive Officer
Municipal Board Degana

कैशियर
नगरपालिका, डेगना

Kolkata, the 30th September, 2016

Nagar Palika Degana
Schedule forming part of Financial Statements As on 31st March 2016
2015-16 **2014-15**

Schedule - 1

MUNICIPAL (GENERAL) FUND	Amount	Amount
Opening Balance	-	
Add Addition during the year	-	
Less Deduction during the year	-	
Less Transfer to Capital Contribution	-	
Add Excess of Income over expenditure	3,241,087.70	
Total	3,241,087.70	-

Schedule - 2

EARMARKED FUND	Amount	Amount
Gratuity Fund (As per Pass Book)	-	
General Provident Fund(As per Pass Book)	-	
Total	-	-

Schedule - 3

RESERVE & SURPLUS	Amount	Amount
Capital Contribution		
Opening Balance	-	
Add Addition during the year	838,942.00	
Less Withdrawal during the year	-	
Total	838,942.00	-

Schedule - 4

GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE	Amount	Amount
14th Finance Commission Grant	11,415,730.00	
Grant for Swatch Bharat Mission	2,825,728.00	
State Finance Commission Grant	20,883,202.00	
Total	35,124,660.00	-

Schedule-5

UNSECURED LOAN	Amount	Amount
RUDIFCO Loan	1,000,000.00	
Total	1,000,000.00	-




Executive Officer
Municipal Board Degana


कैशियर
नगर पालिका, डेगाना

Nagar Palika Degana(2015-16)

Schedule - 6

SUNDRY DEPOSITS	Amount	Amount
Security Deposits	1,028,074.00	
Sundry Creditor	-676.00	
Total	1,027,398.00	-

Schedule - 7

STATUTORY LIABILITIES	Amount	Amount
C P F Payable	18,738.00	
Gratuity Payable	43,900.00	
Pension Payable	97,550.00	
PF Loan Payable	45,000.00	
Income Tax (TDS) Payable	48,972.00	
Sales Tax Payable	72,994.00	
Labour Cess Payable	20,675.00	
Patrakar Kalyan Kosh	1,639.00	
Royalty Payable	10,865.00	
Salary Payable	23,140.00	
Total	383,473.00	-

Schedule-8

PROVISIONS	Amount	Amount
Audit fees Payable	44,541.00	-
Accounting fees payable	0.00	-
Total	44,541.00	-

Schedule - 9

FIXED ASSETS : GROSS BLOCK	Amount	Amount
Immovable Assets		
Office Building	63,000.00	
Infrastructure Assets		
Public Toilets	86,272.00	
Moveable Assets		
Sanitation and allied equipment		
Dust Bin	572,670.00	
Lifter Device	180,000.00	
Furniture		
Furniture & Fixture	121,650.00	
Office Equipments		
Computer	44,165.00	
Total	1,067,757.00	-



Executive Officer
Municipal Board Degana

केशियर
नगर पालिका, डेगाना.

Nagar Palika Degana(2015-16)

Schedule - 10

DEPRECIATION FUND	Amount	Amount
Opening balance	0.00	
Add:- Depreciation for the year (as per Annexure I enclosed)	83,247.00	
Total	83,247.00	-

Schedule - 11

GENERAL FUND INVESTMENT	Amount	Amount
P.D. A/c No 8443-106-6449(Not Bearing Interest)	31,204,000.00	
Total	31,204,000.00	-

Schedule - 12

SPECIFIC FUND INVESTMENT	Amount	Amount
Gratuity P.D A/c (As per Pass Book)	-	
Employee's GPF A/c (As per Pass Book)	-	
Total	-	-

Schedule - 13

CASH & BANK BALANCES	Amount	Amount
Cash in Hand	138,477.00	
Balances in Current A/C- Central Bank of India	9,333,114.70	
Total	9,471,591.70	-

Schedule - 14

ASSIGNED COMPENSATION	Amount	Amount
Octroi Compensations	6,000,000.00	
Total	6,000,000.00	-

Schedule - 15

RENTAL INCOME FROM MUNICIPLE PROPERTIES	Amount	Amount
Lease Rental	38,560.00	
Total	38,560.00	-

Schedule - 16

FEES AND USER CHARGES	Amount	Amount
Service Charge	4,460.00	
Marriage Registration Charges	4,000.00	
Birth Death Registration Fees	204.00	
DevelopmeOther Certificate Fee	27,808.00	
Regularisation fees-Building	12,075.00	
Agricultural Land Conversion Fee	217,141.00	
Penalty & Fines	6,583.00	
Road Damage Recovery Charges	6,953.00	
Total	279,224.00	-



Executive Officer
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Nagar Palika Degana(2015-16)

Schedule - 17

REVENUE GRANT,CONTRIBUTION,SUBSIDIES	Amount	Amount
14 th Finance Commission - Revenue	64,600.00	
State Finance Commission -Revenue	1,508,798.00	
Total	1,573,398.00	-

Schedule - 18

INCOME FROM CORP.ASSET/INVESTMENT	Amount	Amount
Sale of Forms & Publications	44,250.00	
Total	44,250.00	

Schedule - 19

ESTABLISHMENT EXP.	Amount	Amount
Salary and D.A.	1,270,838.00	
Medical Allowance	3,400.00	
Parshad Allownce	330,550.00	
Other Allowance	52,502.00	
Pension Contricution	120,250.00	
Gratuity Contribution	42,962.00	
Total	1,820,502.00	-

Schedule - 20

GENERAL ADMINISTRATION EXP.	Amount	Amount
Audit fees	44,541.00	
Accounting Charges	0.00	
Water Expense	8,020.00	
Telephone & Postage	15,811.00	
Printing & stationary	67,084.00	
Computer Stationery	6,360.00	
Computer Operator	113,072.00	
Advertisement Expenses	153,370.00	
Other Contingencies	17,420.00	
Repair & Maintainance-Office Building	115,041.00	
Repairs and Maintainance - Others	2,300.00	
Contract Vechile	76,447.00	
Bank Charges	2,294.30	
Election Expenses	22,000.00	
Total	643,760.30	-

Schedule - 21

PUBLIC WORKS	Amount	Amount
Medicine Phenyl etc	64,600.00	
Repair & Maintanance - Bridges and drain	271,928.00	
Repair & Mainatainance- Street Lighting	2,360.00	
Garbage Clearance	1,508,798.00	
Festival & Programme Expenditure	257,749.00	
Ren Basera Expenses	41,400.00	
Total	2,146,835.00	-



Executive Officer
Municipal Board Degana

केशियर
नगर पालिका, डेगाना

Nagar Palika Degana

YEAR

2015-16

ANNEXURE I TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2016

Calculation Of Depreciation

Particulars	Gross Value B/F	Depreciation B/F	Op WDV	Upto Sep	After Sep	Total	Dep Rate	Depreciation Current	Gross Value C/F	Depreciation C/F	Cl. WDV
Immovable Assets											
Office Building	-	-	-	-	63,000	63,000	10%	3,150	63,000	3,150	59,850
Infrastructure Assets											
Public Toilets	-	-	-	-	86,272	86,272	10%	4,314	86,272	4,314	81,958
Moveable Assets											
Sanitation and allied equipment											
Dust Bin	-	-	-	-	572,670	572,670	15%	42,950	572,670	42,950	529,720
Lifter Device	-	-	-	-	180,000	180,000	15%	13,500	180,000	13,500	166,500
Furniture											
Furniture & Fixture	-	-	-	-	121,650	121,650	10%	6,083	121,650	6,083	115,567
Office Equipments											
Computer	-	-	-	-	44,165	44,165	60%	13,250	44,165	13,250	30,915
	-	-	-	-	1,067,757	1,067,757		83,247	1,067,757	83,247	984,510



(Signature)

Executive Officer
Municipal Board Degana

कौशियर
नगर पालिका, डेगाना

Nagar Palika
DEGANA (2015-16)

SCHEDULE 22

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS(2015-16)

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 audit fees.. 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 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.




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3. Recognition of Expenditure

i. Expenditure

- a. Expenses on Salaries, bonus and other allowances are recognised as and when they are due for payment.
- b. All revenue expenditures are treated as expenditures in the period in which they are 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
- e. Retirement benefit viz. encashment of leave etc. are booked on payment basis i.e. as and 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.




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- 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/-
- 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 amortised by proportionate amount of depreciation charged on the revalued portion of the cost of the fixed assets.

5. Borrowing cost

Borrowing cost is recognised as revenue expenditure on actual basis

6. Inventories

Inventories are valued as follows:

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

7. Grants

- a. General Grants, which are of revenue nature, are recognised as income on actual receipt
- b. Grants, which are re-imburement 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.




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- c. Grant received towards capital expenditure is treated as a liability till such time the fixed asset is constructed or acquired. On construction/acquisition of fixed asset, the grant corresponding to the value of the asset so constructed/acquired is treated as a capital receipt and transferred to capital contribution.

8. Employee benefits

- a. Separate Funds are formed for meeting the provident and 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.

10. Opening Balances and Period of Account

This being the first year of nagar palika, opening balances are not available. Besides account for the period is for 10 months only

There may exist possibilities that certain assets and liabilities are identified after preparation of the first Balance Sheet. In such case, the value of assets or liabilities identified will be directly incorporated in the Balance Sheet of the concerning period through the account "Adjustments to Opening Balance Sheet"

II NOTES TO ACCOUNT

1. The value of fixed assets acquired have been depreciated as per rates specified in the Income Tax Act, 1961 on written down value method. The depreciation amount so obtained has been considered in determining Depreciation Fund.




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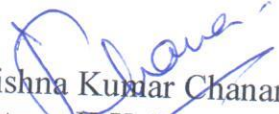

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2. Balance of the Deposits received from contractors/suppliers is on the basis of receipts issued against deposit and deduction made from payments to them.
3. Balance of Loan against Provident Fund given to employees are subject to their confirmation.
4. Balances of Debtors, Creditors and other parties are subject to confirmation.
5. 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.

Signatories to Schedule 1 to 22

In confirmation and witness of facts


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



For Nagar Palika Degana , Rajasthan


Executive Officer
Municipal Board Degana


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नगर पालिका, डेगाना

Kolkata, the 30th September, 2016

CAO/ Sr . A.O..