



INDEPENDENT AUDITOR'S REPORT

To,
The Commissioner,
Municipal Council Balotra,
Rajasthan

Report to Financial Statement

We have audited the accompanying financial statements of **Municipal Council, Balotra, 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

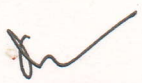
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the ULB in accordance with the Rajasthan Municipal Accounts Manual. This responsibility includes the design, implementation and maintenance 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.




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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 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, 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:



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- 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.

For, Gattani & Associates

Chartered Accountants

FRN No. 103097W

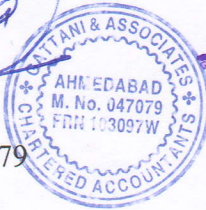
Amit Kabra
CA Amit Kabra

Partner

Membership No. 047079

Date : 09.09.2017

Place: Ahmedabad

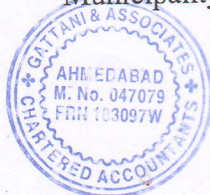



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Annexure A to Auditor's Report (2016-17)

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.





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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 otherthan 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 CardNo.should be given at suitable place along with details of bank account where NEFT paymentis 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.




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- 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.*

For, Gattani & Associates

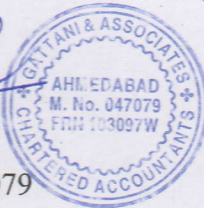
Chartered Accountants

FRN No. 103097W

Amit Kabra
CA Amit Kabra

Partner

Membership No.047079



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Date : 09.09.2017

Place: Ahmedabad

Balance Sheet of Municipal Council of Balotra

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	3,786,957,845	3,847,769,767
Earmarked Funds	2	51,124,365	45,544,252
Reserve & Surplus	3	87,110,665	-
Total Reserve & Surplus (A)		3,925,192,875	3,893,314,019
GRANT/ CONTRIBUTION FOR SPECIFIC PURPOSE (B)	4	16,909,000	101,533,150
LOANS			
Secured Loans	5	180,976,670	187,862,670
Total Loans (C)		180,976,670	187,862,670
CURRENT LIABILITIES & PROVISIONS			
Sundry Deposits	6	89,523,913	120,955,622
Sundry Creditors	7	51,691,151	64,184,044
Statutory Liabilities	8	1,859,053	2,391,807
Other Liabilities	9	6,151,040	-
Total Current Liabilities and Provisions (D)		149,225,157	187,531,473
TOTAL LIABILITIES (A+B+C+D)		4,272,303,702	4,370,241,313
II - ASSETS			
FIXED ASSETS			
Gross Block	10	4,794,503,792	4,537,584,969
Depreciation Fund	11	725,666,396	426,098,317
Net Block		4,068,837,396	4,111,486,652
Total Fixed Assets (A)		4,068,837,396	4,111,486,652
INVESTMENTS			
General Fund Investments	12	23,645,061	11,156,215
Specific Fund Investments	13	51,124,365	45,544,252
Total Investments (B)		74,769,426	56,700,467
CURRENT ASSETS, LOAN & ADVANCES			
Sundry Debtors/ Receivables	14	3,140,000	3,140,000
Cash & Bank Balances	15	125,414,775	198,646,717
Loans, Advances & Deposits	16	142,106	267,477
Total Current Assets, Loans &Advances(C)		128,696,881	202,054,194
TOTAL ASSETS(A+B+C)		4,272,303,702	4,370,241,313

Notes to Accounts and Accounting Policies

For Gattani & Associates

Chartered Accountants

Firm Regn. No. -103097W

Amit Kabra
Amit Kabra

(Partner)

Membership No.-047079



Date: - 09.09.2017

Place: - Ahmedabad

For and Behalf on Nagar Palika

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(Executive Officer)

Income and Expenditure Account of Municipal Council of Balotra

For the Year Ending 31 March 2017

PARTICULARS	Schedule	2016-17	2015-16
		(Amount in Rs.)	(Amount in Rs.)
INCOME			
Income From Taxes	17	35,712,022	19,465,371
Assigned Compensations	18	126,121,000	114,655,000
Rental Income from Municipal Properties	19	2,796,586	3,960,896
Fees and User Charges	20	100,564,541	52,670,094
Revenue Grants, Contributions and Subsidies	21	81,627,082	55,915,634
Income from Corporation Assets and Investment	22	8,978,358	10,840,998
Miscellaneous Income	23	25,539,460	98,134,813
Total Income - I		381,339,049	355,642,806
EXPENDITURE			
Establishment Expenses	24	143,149,596	99,383,637
General Administrative Expenses	25	79,172,374	107,325,640
Public Works	26	8,409,393	35,481,711
Interest & Financial Exp.	27	2,263	-
Miscellaneous Expenses	28	11,695,710	14,937,796
Depreciation During the Year		299,568,079	112,272,842
Total Expenditure - II		541,997,415	369,401,626
Surplus\ (Deficit) before adjustment of prior period items and Depreciation		-160,658,366	-13,758,820
NET SURPLUS\ DEFICIT		-160,658,366	-13,758,820

Notes to Accounts and Accounting Policies

For Gattani & Associates

Chartered Accountants

Firm Regn. No. -103097W

Amit Kabra
Amit Kabra

(Partner)

Membership No.-047079

Date: - 09.09.2017

Place: - Ahmedabad



For and Behalf on Nagar Palika

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(Executive Officer)
नगर पालिका

Schedule forming part of Balance Sheet of Municipal Council of Balotra
As on 31 March 2017

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 1		
MUNICIPAL (GENERAL) FUND		
Opening balance	3,947,616,211	3,861,528,587
Add : - Addition during the year	-	-
Less:- Deduction during the year	-	-
Add: Excess of Income over Expenditure	-160,658,366	-13,758,820
Total	3,786,957,845	3,847,769,767
Schedule - 2		
EARMARKED FUND		
Gratuity Fund	673,925	575,820
General Provident Fund	50,450,440	44,968,432
Total	51,124,365	45,544,252
Schedule - 3		
RESERVE & SURPLUS		
Special Funds (Utilised)	87,110,665	-
Total	87,110,665	-
Schedule - 4		
GRANT/CONTRIBUTION FOR SPECIFIC PURPOSE		
Special Grant for 13/14th Financial Commission	10,468,000	-
Special Grant from S.F.C.	1,130,000	8,846,391
Special Grant for Sewearge Project (UIDSSMT)	-	84,212,007
Special Grant for CM Jal Sawavlamban Yojna	4,789,000	-
Special Grant for Swacch Bharat Mission	522,000	8,247,589
Special Grant for MP/MLA Grant	-	227,163
Total	16,909,000	101,533,150
Schedule - 5		
SECURED LOANS		
Loan from RUIDFCO	180,976,670	187,862,670
Total	180,976,670	187,862,670




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Schedule forming part of Balance Sheet of Municipal Council of Balotra
As on 31 March 2017

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 6		
SUNDRY DEPOSITS		
Security & Amanat Payable	73,850,275	69,718,950
From Contractors	15,673,638	51,236,672
Total	89,523,913	120,955,622
Schedule - 7		
SUNDARY CREDITORS		
Creditors For supplies	3,610,785	-
Other Creditors	48,080,366	64,184,044
Total	51,691,151	64,184,044
Schedule - 8		
STATUTORY LIABILITIES		
Income Tax (TDS) Payable	641,765	2,391,807
Commercial Tax Payable	571,503	-
Salary Payable	-	-
Labour Cess Deduction	374,671	-
Service Tax	271,114	-
Total	1,859,053	2,391,807
Schedule - 9		
OTHER LIABILITIES		
Royalty Payable	492,977	-
Employee Liabilities	5,535,828	-
Recoveries Payable	69,090	-
Government Dues Payable	53,145	-
Total	6,151,040	-





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Schedule forming part of Balance Sheet of Municipal Council of Balotra
As on 31 March 2017

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 10		
GROSS BLOCK		
Immovable Assets		
Land	1,377,000,000	1,377,000,000
Office Building	892,116,512	880,275,625
Residential Building	35,000,000	35,000,000
Shop Building	55,000,000	55,000,000
Infrastructure Assets		
Roads & Bridge	977,377,763	906,677,639
Sewerage & Drainage	1,194,165,685	1,035,675,681
Water ways	17,060,113	13,981,735
Public Lighting	221,982,352	219,551,302
Others	9,781,275	2,329,702
Moveable Assets		
Plant & Machinery	3,652,820	2,000,000
Vehicles	9,566,612	8,412,700
Furniture & Fixture	1,016,295	896,220
Office Equipment	584,365	584,365
Computers	200,000	200,000
Total	4,794,503,792	4,537,584,969
Schedule - 11		
DEPRECIATION FUND		
Opening Balance	426,098,317	313,825,475
Add:- Depreciation provided during the year	299,568,079	112,272,842
Less:- Depreciation for the previous year	-	-
Total	725,666,396	426,098,317
Schedule - 12		
GENERAL FUND INVESTMENT		
P.D Account with Interest	276,695	276,695
Non-Interest Bearing PD A/c	23,368,366	10,879,520
Total	23,645,061	11,156,215





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Schedule forming part of Balance Sheet of Municipal Council of Balotra
As on 31 March 2017

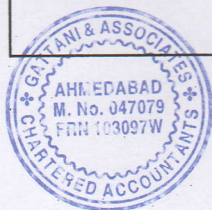
PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 13		
SPECIFIC FUND INVESTMENT		
Employee's GPF Accounts	50,450,440	44,968,432
Gratuity P.D A/c	673,925	575,820
Total	51,124,365	45,544,252
Schedule - 14		
SUNDRY DEBTORS / RECEIVABLES		
Receivables From Govt.	3,140,000	3,140,000
Total	3,140,000	3,140,000
Schedule - 15		
CASH & BANK BALANCES		
Cash in Hand	98,471	315,272
Balances in FDR a/cs	114,813,998	85,403,134
Balances in Saving & Current a/cs	10,502,305	112,928,311
Total	125,414,775	198,646,717
Schedule - 16		
LOANS, ADVANCES & DEPOSITS		
Building Loan	133,356	173,727
Advance to Staff	-	35,000
Advance to Others	8,750	58,750
Total	142,106	267,477




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Schedule forming part of Income and Expenditure Account of Municipal Council of Balotra
For the Year Ending 31 March 2017

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 17		
INCOME FROM TAXES		
House Tax	45,787	24,036
Urban Development Tax	2,029,206	18,060,632
Municipal Tax	33,637,029	1,380,703
Total	35,712,022	19,465,371
Schedule - 18		
ASSIGNED COMPENSATION		
Octroi Compensations	126,121,000	114,655,000
Total	126,121,000	114,655,000
Schedule - 19		
RENTAL INCOME FROM MUNICIPLE PROPERTIES		
Income from Rent and Teh Bazari	1,927,218	1,199,917
Rent from lease of lands	869,368	2,760,979
Total	2,796,586	3,960,896
Schedule - 20		
FEES AND USER CHARGES		
Copy Fees	35,276	44,676
Empanelment & Registration Charges	158,687	87,116
Fees for Certificate or Extract	1,229,116	277,074
Fees for Grant of Permit	2,390,173	4,416,989
Regularisation Fees	96,643,232	47,689,949
Penalties and Fines	108,057	154,290
Total	100,564,541	52,670,094
Schedule - 21		
REVENUE GRANT, CONTRIBUTION, SUBSIDIES		
Revenue Grant	81,627,082	-
Awasan Mandal Receipt	-	36,248,00
BRGF Reciepts	-	873,83
Dirty water Cleaning- Reciept	-	2,306,80
Electricity Anudan -(Govt.adjustment)	-	15,637,00
Special Anudan	-	850,00
Total	81,627,082	55,915,63




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Schedule forming part of Income and Expenditure Account of Municipal Council of Balotra
For the Year Ending 31 March 2017

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 22		
INCOME FROM CORP.ASSET/INVESTMENT		
Interest from Bank Accounts	8,973,358	10,032,625
Interest on Loans and advances to Employees	5,000	1,329
Personal Deposits Income	-	807,044
Total	8,978,358	10,840,998
Schedule - 23		
MISCELLANEOUS INCOME		
Income from Maintenance of Sewer	1,124,280	11,814
Sale of Forms & Publications	385,760	1,263,440
Sale of Land & Others	9,367,149	93,886,167
Deposits Forfeited	584,750	-
Recovery from Employees	249,355	-
Advertisement Incomes	1,820,500	1,432,917
Dead Cattle & Bone Contract	76,775	187,303
Others	11,930,891	1,353,172
Total	25,539,460	98,134,813
Schedule - 24		
ESTABLISHMENT EXP.		
Corporator (Parishad) Allowance	1,161,666	1,192,086
Leave Pension contribution	4,843,118	-
Medical Reimbursement	172,547	374,973
Salary and Other Payment	135,895,178	86,130,672
Other Terminal & Retirement Benefits	1,077,087	11,685,906
Total	143,149,596	99,383,637




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Schedule forming part of Income and Expenditure Account of Municipal Council of Balotra
For the Year Ending 31 March 2017

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 25		
GENERAL ADMINISTRATION EXP.		
Advertisement Expenses	13,114,331	4,405,238
Audit fees	210,000	171,000
Books and Newspaper	-	50,408
Contingencies Expenses	-	4,991,556
Court Expenses	190,990	330,849
Dress	-	757,198
Rent, Rates and Taxes	5,426,501	1,458,780
Communication Expenses	59,863	65,877
Printing and Stationery	1,636,569	762,724
Travelling & Conveyance	161,629	196,352
Insurance	313,153	194,004
Professional and other Fees	2,256,219	-
Membership & subscriptions	-	8,000
Power & Fuel	2,925,001	2,395,986
Bulk Purchases	1,054,325	7,743,627
Hire Charges	3,212,799	587,244
Repairs & maintenance –Infrastructure Assets	30,678,860	81,183,206
Board Expenses	1,192,106	-
Tree Expenses	4,770,084	-
Medicine & Finayal Expenses	367,650	885,950
Painting Expenses	589,680	-
Fire Bridged Expenses	2,621,015	234,331
Pipe Line Expenses	79,350	590,560
Dustbin & Wheel Beroz Expenses	4,827,800	-
Rain Basera Expenses	42,275	-
Other operating & maintenance expenses	3,442,174	312,750
Total	79,172,374	107,325,640
Schedule - 26		
PUBLIC WORKS		
Electricity Expenses (Govt. Entry)	-	15,637,000
Garbage Clearance Expenses	8,409,393	19,844,711
Total	8,409,393	35,481,711



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नगर परिषद, बालोतरा

Schedule forming part of Income and Expenditure Account of Municipal Council of Balotra
For the Year Ending 31 March 2017

PARTICULARS	2016-17	2015-16
	(Amount in Rs.)	(Amount in Rs.)
Schedule - 27		
INTEREST AND FINANCE CHARGES		
Bank Charges	2,263	-
Total	2,263	-
Schedule - 28		
MISCELLANEOUS EXPENSES		
Chara Dana Expenses	-	101,332
Election Expenses	35,000	88,000
Own Programmes	5,228,710	2,982,497
RUDF Contributions	6,432,000	11,765,967
Total	11,695,710	14,937,796



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नगर परिषद, बालोत्रा

MUNICIPAL COUNCIL
BALOTRA (2016-17)

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

- 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.




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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.

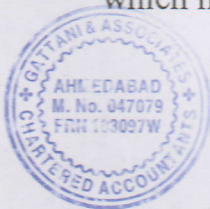
ii. Provision against receivables


- 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-imbursement 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.




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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. The Financials are prepared on the basis of Cash Books maintained by ULB and Information provided by Municipal Council.
6. "Patrakar Kalyan Kosh" Other Liabilities deduction but not payment made during the year.
7. There is "Bank contra" control account maintained for contra entries because some entries withdrawal from one bank and not deposited in another bank or deposited in another bank on other date and vice-versa.
8. Opening balance are taken from Audited Balance sheet of FY 2015-16 with necessary adjustment.
9. Grants or Schemes balance are provided by ULB as considered for accounting.
10. "Security Deposits" are not maintained Party-wise only Control Account is maintained.

Signatories to Schedule 1 to 29

In confirmation and witness of facts

For, Gattani & Associates
Chartered Accountants

FRN NO. 103097W

CA Amit Kabra

Partner

Membership No.: 047079

Date: 09.09.2017

Place: Ahmedabad,



For Municipal Council: BALOTRA, Rajasthan

EO/Commissioner

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CAQ/Sr.A.Q.
कमल बरिषद, बालोतरा