

**AGARWAL &
DHANDHANIA**
CHARTERED ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To,
The Executive Officer,
Municipal Board Sumerpur,
Rajasthan.

Report to Financial Statement

We have audited the accompanying financial statements of **Municipal Board, Sumerpur, Rajasthan** which comprise the Balance Sheet as at March 31, 2020, 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 Surplus of Income over Expenditure is overstated and Liabilities are understated.*
- b) Liabilities or recovery on account of pending cases and/or notices filed against or by municipal board by/against third parties is not ascertainable and hence not considered. Financial impact of such cases has not been ascertained and hence we are unable to comment on correctness or otherwise of Income, Expenditure, Assets or Liabilities to this extent. Contingent Liabilities, if any, arising out of these cases has not been estimated by the municipal board nor has been disclosed in notes to accounts.*
- c) Closing Stock of Stores has not been determined by the municipality and hence not considered in the accounts. To this extent both, Surplus of Income over Expenditure and Assets are understated.*



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

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

- a) in the case of the Balance Sheet, of the state of affairs of the ULB as at March 31, 2020; 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.



Alok Dhandhanias
Partner, Agarwal & Dhandhanias
Chartered Accountants
FRN No. 125756W
Membership No. 111062
Surat, the 14 February 2022

Annexure A to Auditor's Report (2019-20)

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.*



Alok Dhandhanias
Partner, Agrawal & Dhandhanias
Chartered Accountants
FRN No. 125756W
Membership No. 111062

Surat, the 14 February 2022

FINANCIAL STATEMENT FOR THE YEAR 2019-2020

NAGAR PALIKA, SUMERPUR

BALANCE SHEET AS ON 31.03.2020

LIABILITIES		SCHEDULE	CURRENT YEAR (AMOUNT IN Rs.)	PREVIOUS YEAR (AMOUNT IN Rs.)
I	RESERVE & SURPLUS			
A	MUNCIPAL GENERA FUND	1	31,07,70,031.01	27,56,85,852.00
B	EAMARKED FUNDS	2	1,96,62,744.04	2,40,68,355.04
	TOTAL (I)		33,04,32,775.05	29,97,54,807.04
ii	GRANT CONTRIBUTATION			
A	GRANT CONTRIBUTATION FOR SPECIFIC PURPOSE	3	15,33,90,097.00	16,26,31,803.00
	TOTAL (II)		15,33,90,097.00	16,26,31,803.00
	TOTAL GRANT (II)		48,38,22,872.05	46,23,88,610.04
III	CURRENT LIABILITIES & PROVISIONS			
	LOAN LIABILITIES			
	UNSECURED LOANS	4	2,10,98,038.00	2,10,98,038.00
	CURRENT LIABILITY			
	SUNDRY DEPOSITS	5	1,94,95,350.00	2,19,90,499.00
	OTER CURRENT LIABILITY	6	3,19,70,245.00	2,78,87,507.00
	TOTAL CURRENT LIABILITIES & PROVISIONS		7,25,63,633.00	7,09,76,044.00
	TOTAL LIABILITIES (I)+(II)+(III)		55,63,86,505.05	53,33,62,654.04
ASSETS		SCHEDULE	CURRENT YEAR (AMOUNT IN Rs.)	PREVIOUS YEAR (AMOUNT IN Rs.)
I	FIXED ASSETS			
	GROSS BLOCK	7	54,07,92,838.00	56,42,38,144.00
	LESS: DEPRECIATION FUND	8	4,84,54,896.30	10,64,96,945.00
	NET BLOCK		49,23,37,941.70	45,77,41,199.00
	CAPITAL WORK IN PROGRESS	9	10,94,532.00	10,94,532.00
	NET FIXED ASSETS		49,34,32,473.70	45,88,35,731.00
	CURRENT ASSETS			
B	CASH AND BANK BALANCES	10	5,60,86,066.35	7,27,21,955.04
C	SHORT TERM LOANS & ADVANCES	11	12,27,614.00	11,12,117.00
D	OTHER ASSETS	12	49,47,500.00	
	Difference in Trial Balance		6,92,851.00	6,92,851.00
	TOTAL		6,29,54,031.35	53,33,62,654.04
	TOTAL ASSETS		55,63,86,505.05	53,33,62,654.04

For Agrawal & Dhandhanja
Chartered Accountants
Firm Regn. No. 125756W
Alok Dhandhanja
(Partner)
Membership No. 111062



Date: - 14-02-2022
Place: - Surat

For and Behalf on Nagar Palika

(Executive Officer)
अधिसाषी अधिकारी
नगरपालिका, सुमेरपुर

FINANCIAL STATEMENT FOR THE YEAR 2019-20

NAGAR PALIKA, SUMERPUR

INCOME AND EXPENDITURE STATEMENT FOR THE PERIOD 01-04-2019-31-03-2020			
PARTICULARS	SCHEDULE	CURRENT YEAR (AMOUNT IN Rs.)	PREVIOUS YEAR (AMOUNT IN Rs.)
INCOMES			
INCOMES FROM TAXES	13	8168196.00	44,74,777.00
ASSIGNED COMPENSATION	14	143660000.00	14,57,99,712.00
RENTAL INCOME	15	8334725.00	5,26,458.00
FEES AND CHARGES	16	30415147.00	3,10,88,787.00
RECEIPT FROM SALES	17	54609702.00	83,11,276.00
INTEREST INCOME	18	1427454.00	16,12,346.00
OTHER INCOME	19	910488.00	1,21,361.00
TOTAL INCOME		247525712.00	19,19,34,717.00
EXPENDITURE			
ESTABLISHMENT EXPENSES	20	85353748.00	9,25,71,258.00
ADMISTRATIVE EXPENSES	21	16419720.00	1,24,43,754.00
OPERATION AND MAINTAENCE EXPENSES	22	51516064.00	2,48,33,663.00
INTEREST AND FINANCIAL CHARGES	23	3771013.69	
PROGRAM EXPENSES	24	6926091.00	44,96,748.00
TOTAL EXPENDITURE		163986636.69	13,43,45,423.00
SURPLUS /(DEFICIT) BEFORE ADJUSTMENT OF PRIOR PERIOD ITMES AND DEPRECIATION		83539075.31	5,75,89,294.00
LESS : PRIOR PERIOD ITMES			
LESS : PERIODIC ADJUSTMENT OF DEPRECIATION		48454896.30	4,74,17,327.00
NET SURPLUS AND DEFICIT		35084179.02	1,01,71,967.00

For Agrawal & Dhandhania

Chartered Accountants

Firm Regn. No. 125756W

Alok Dhandhania

(Partner)

Membership No. 111062



Date: - 14-02-2022

Place: - Surat

Place: - Surat

For and Behalf on Nagar Palika

(Executive Officer)
अधीक्षक अधिकारी
नगरपालिका, सुमेरपुर

Particulars	Current Year (2019-20)	Previous Year (2018-19)
Schedule-1 (MUNCIPAL GENERAL FUND)		
Opening Balance	275685852.00	226435087.00
Add: Addition during the year	35084179.01	49250765.00
Less: Deduction during the year		
Add: Excess of Income over expenditure		
SPECIAL FUND UTILIZATION		
MUNCIPAL CORPORATION FUND		
TOTAL	310770031.01	275685852.00
Schedule-2 (EMARKED FUND)		
GPF & GRATUITY FUND	19662744.04	24068955.04
TOTAL	19662744.04	24068955.04
Schedule-3 (GRANT CONTRIBUTATION FOR SPECIFIC PURPOSE)		
14 Finance Commission Grant 320-10-20	51531870.00	54744322.00
5 State Finance Commission Grant	42017862.00	45447071.00
C.M. B.P.L. Awas Yogna A/c 412-30-04	1671431.00	1671431.00
Day Nulm Anudan Scheme	1877934.00	1877934.00
IHHT GRANT	3004000.00	3004000.00
I.H.S.D.P. Project A/c 320-20-03	7512129.00	7512129.00
MLA FUND	-1290672.00	-1290672.00
Nideshalay Lsthanay Nikay	27116000.00	27116000.00
Other Grant	2002619.00	2002619.00
Prime Minister Jal Savalamban Yojana	1358205.00	1358205.00
SBM SCHEME	21422945.00	18893945.00
S.J.S.R.Y. 320-20-02	294819.00	294819.00
DIN DAYAL NULM	843000.00	
CM BUDGET DECLARATION 2018-19	-2333045.00	
ANAPURNA	-3639000.00	
TOTAL	153390097.00	162631803.00
Schedule-4 (UNSECURED LOANS)		
LOANS FROM RUIDP	21098038.00	21098038.00
TOTAL	21098038.00	21098038.00
Schedule-5 CURRENT LIABILITY		
Earnest Money	2774771.00	1300766.00
Securites Deposit	16720579.00	20689733.00



	TOTAL	19495350.00	21990499.00
Schedule-6(OTHER CURRENT LIABILITY)			
Employess Liabilities (A)			
PF Gratuity Pension	1006927.00	3209411.00	
Bank Loan	-39400.00		
TDS EMPLOYEE	-13837.00		
	953690.00	3209411.00	
Statutory Liability (B)			
Labour Cess	6327956.00	5281117.00	
Patkar Kalyan Kosh	194881	125839.00	
Entry Tax Payable	151250	151250.00	
TDS PAYABLE	3667635	3483232.00	
ROYALTY PUYABLE	11372491	9489198.00	
GST PAYABLE	440168	97546.00	
AUDIT RECOVERY	31024		
Rajasthan Sanvad	1348.00		
STAMP DUTIES	29080.00		
	22215833.00	18608182.00	
OTHER LIABILITY (C)			
BARSATI PANI REFUNDABLE	2472900	2472900.00	
HOLD PAYMENT	882784.00	882784.00	
BANK LOAN DEDUCTION	877488	877488.00	
HOUSE RENT DEDUCTION FROM JEMPLOYEES	237532	237532.00	
Lic Deduction From Employees	-274107.00	-289853.00	
Other Current Liability	62964	62964.00	
Sundry Creditors	2785861	70799.00	
Nps	1486975	1486975.00	
Raj Samwad	17935	17935.00	
Shasti Deduction	250390	250390.00	
TOTAL	8800722.00	6069914.00	
TOTAL (A+B+C)	31970245.00	27887507.00	
Schedule-8(Depreciation Fund)			
B/f From Earlier Period	0.00	0.00	
Add: Depreciation for the Period	48454896.30	0.00	
TOTAL	48454896.30	0.00	
SCHEDULE-9 CAPITAL IN PROGRESS			
CAPITAL WIP	1094532.00	1094532.00	
TOTAL	1094532.00	1094532.00	
Schedule-10(BANK ACCOUNT)			
13th FINANCE CASHBOOK			
ICICI BANK A/C 1839	159091.00 Dr	122292.00	
ICICI BANK A/C-1806	40764.00 Dr	3572402.00	



CM BPL AWAS YOJANA	2202449.00 Dr	2135237.00
ICICI BANK A/C 1376	4529477.00 Dr	
DAY NULM CASHBOOK		
ICICIBANK A/C 791	198330.00 Dr	814459.00
GENERAL CASHBOOK		
Bank of Baroda	100.00 Dr	100.00
HDFC Bank	474207.00 Dr	1080324.00
OBC Bank NSDP	41425.00 Dr	41425.00
Pali Urban Co-Operative Bank	786910.00	786910.00
SBBJ Saving A/c	457522.72 Dr	454019.41
KMB 76707	6000.00 Dr	6000.00
Union Bank of India	318682.00 Dr	308070.00
Axis Bank 917000814-8388	2139522.00 Dr	152123.00
HDFC-Nakad	135149.00 Dr	506119.00
Treasury A/c	15263011.59 Dr	27420795.59
PD GDF & Gratuity 4764	19662744.04 Dr	24068955.04
IHSDP A/c 498	7765833.00 Dr	7529586.00
SJSRY PD A/c	40000.00	40000.00
SBM CASHBOOK		
Icici Bank A/c 702	1717262.00	3683031.00
Cash in Hand	147587.00	107.00
TOTAL	56086066.35	72721955.04
Schedule-11(SHORT TERM LOAN & ADVANCES)		
Advance A/c 460-50-01	177613.00	62117.00
Executive Eng Jawal Nahar	1000000	1000000.00
Yashwant Parihar	50000	50000.00
New Pawan Contractor	1.00	
TOTAL	1227614.00	1112117.00
SCHEDULE-12(OTHER ASSET)		
100 DAYS WORK SCHEME	4917500.00	0.00
OTHER SUBSIDY	30000.00	0.00
TOTAL	4947500.00	0.00



Schedule-13 (INCOME FROM TAXES)		
Nagriya Kar		
House Tax	1195552.00	4474777.00
Land Conversion	43584.00	
	6928060.00	
TOTAL	8168196.00	4474777.00
Schedule-14 (ASSIGNED COMPENSATION)		
OCTROI COMPENSATION	143660000.00	130500000.00
Other Revenue Grant		15199712.00
TOTAL	143660000.00	145799712.00
Schedule-15 (RENTAL INCOME)		
Rental Income	8334725.00	526458.00
TOTAL	8334725.00	526458.00
Schedule-16(FEES AND CHARGES)		
Suchikaran & Registration	149300.00	101680.00
License Fees		
Fees for Grant permit		
Fees for Other applicant form		417089.00
NOC Fees	10159252.00	44604.00
Fees for certificate or Extract		
Copy Application Fees	938450.00	9707.00
Certificate		386925.00
Development Charges		
Development Charges	8861875.00	11161537.00
Roading cutting Charges	1527931.00	883804.00
Regulation Fees		
Premium		1183275.00
Permission		4205004.00
Niyaman Fees		7281785.00
Penalties & Fine	514794	707480.00
Additional Charges		2752371.00
Compensation Fees		233865.00
Processing Fees	12500.00	
Other Fees		
Advertisement Fees	781685.00	350550.00
Others Fees 140-11-07	2458974.00	
MOBILE TOWER FEES	25000.00	
COMMERCIAL FEE	67680.00	
Bsup Fee	2981763.00	
Surcharge		210672.00



Transfer Fees		
Entry Fees		1026139.00
Property Transfer Fees A/c 140-40-08		132300.00
Bhu Upyog Parivatan A/c 140-15-02	1159146.00	
	776797.00	
TOTAL	30415147.00	31088787.00
Schedule-17(RECEIPT FROM SALES)		
Sale of Product		
Sale of Land Auction	54120452.00	1927504.00
Sale of Tender form	489250.00	1218652.00
Lease Rashi		5165120.00
TOTAL	54609702.00	8311276.00
Schedule-18(INCOME FROM CORPORATION ASSETS AND INVESTMENT)		
Interest Income	1427454.00	1612346.00
TOTAL	1427454.00	1612346.00
Schedule-19 (Other Income)		
Audit Recovery	129134.00	121361.00
Other Income	0.00	0.00
Safai Fess	6500.00	
Sewarage Application A/c	17600.00	
Tent Samiyana A/c 130-10-05	100200.00	
Agrimant 140-13-03	4950.00	
House Loan Deduction A/c 180-40-04	10000.00	
House Rent Deduction A/c 180-40	99435.00	
Khansha Bhumi A/c150-10-03	507669.00	
Skeptic Tank Charges	35000.00	
TOTAL	910488.00	121361.00
Schedule-20 (ESTABLISHMENT EXPENSES)		
Salary and Allowance	85158455.00	91151067.00
Medical Reimbrushment	39443.00	494992
Other Allowances to Employee	0.00	925199.00
Uniform	155850.00	
TOTAL	85353748.00	92571258.00
Schedule-21 (ADMINISTRATIVE EXPENSES)		
Communication Expense		



Telephone & Mobile Charges	140058.00	249643.00
Postage	5745.00	10729.00
Printing & Stationary	300480	501704.00
Computer Expense		243854.00
Travelling & Conveyance		
Travelling & Oil Fuel	226065.00	3686421.00
Advertisement Expenses	6969667.00	3777792.00
Other Administrative Expenses		
Other Casual Expenses	7064600.00	3973511.00
Audit Fees	184000.00	
Insurance Expense		
Insurance Expense	185166.00	
Natural Calamities		
Natural Calamities	1343939.00	
TOTAL	16419720.00	12443754.00
Schedule-22(OPERATING AND MAINTAENCE EXPENSES)		
Electricity & Water		
Electricity Exp	6181180.00	2948223.00
Water	1281723.00	427847.00
Infrastructure Exp		
Road & Bridges	5459020.00	10000048.00
Nale Naliya Khuda Kachra	7449067.00	9602398.00
Repair & Maintaence	2589906.00	1855147.00
Garden Expenses	3162961.00	
Legal Fees		
Legal Fees	138850.00	
Books & Newspaper		
Newspaper Expense	31887.00	
Other Expenses		
Animal Foods	1296408.00	
Fire Expense	569512.00	
Medicines,Phenyel Expense	1843760.00	
Membership Fee	1225670.00	
Other Expenses	19667462.00	
Fire Brigade	618658.00	
TOTAL	51516064.00	24833663.00
Schedule-23 (Interest and Financial Charges)		
	1190.69	
Bank Charges	3760000.00	
Interest	9823.00	
Bhumi Lagan		
TOTAL	3771013.69	



Schedule-24 (Program Expenses)		
Program expense	6926091.00	4496748.00
TOTAL	6926091.00	4496748.00



MUNICIPALITY
SUMERPUR(2019-20)

SCHEDULE 25

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (2019-20)

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 contractual payments like accounting charges and audit fees. The method of accounting is the double entry system. However, initial opening balances has been derived based on transitional methodology devised for first time adoption of double entry accounting system which inter-alia includes certain estimates, assumptions and back calculation, instead of tracing the transactions since its inception.

2. Recognition of Revenue

i. Revenue

- a. Property Taxes, Duty / Surcharge on transfer of Immovable properties, Advertisement taxes and others are recognized in the period in which they are received
- b. 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



MUNICIPALITY
SUMERPUR(2019-20)

3. Recognition of Expenditure

i. *Expenditure*

- a. Expenses on Salaries, bonus and other allowances and borrowing costs are recognized as and when they are paid.
- b. All revenue expenditures and expenditure towards works contracts are treated as expenditures in the period in which they are paid.
- c. 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 and accounting charges.
- d. Retirement benefit viz encashment of leave etc. are booked on Payment 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 includes 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. 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.



MUNICIPALITY
SUMERPUR(2019-20)

5. 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.

6. 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.

7. 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

8. 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.



MUNICIPALITY
SUMERPUR(2019-20)

9. Correction to Opening Balances

There may exist possibilities that certain assets and liabilities are identified after preparation of draft Opening Balance Sheet as well as after preparation of the first Balance Sheet subsequent to Opening Balance Sheet. In such case, the value of assets or liabilities identified will be directly incorporated in the Opening Balance Sheet (where first Balance Sheet subsequent to the Opening Balance Sheet is not prepared) or through the account "Adjustments to Opening Balance Sheet" and/or through "Municipal General Fund " in the Balance Sheet for the period concerned.

II NOTES TO ACCOUNT

1. Balances of Debtors, Creditors and other parties are subject to confirmation. The balances of the Deposits received from contractors/suppliers is on the basis of receipts issued against deposit and deduction made from payments to them.
2. 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.
3. The Financials are prepared on the basis of Cash Books maintained by ULB and Information provided by Municipal Board.
4. There is "CM BUDGET DECLARATION 2018-19" Grant Balance are Negative.
5. There is "Grant from ANPURNA" Grant Balance are Negative.
6. Grant 14 finance Commission grant 19-20 direct payment not mention proper heads of expenses
7. Employee liabilities Bank Loan Extra & PF and Pension a/c payment as per accounting data.
8. Income tax payable extra payment as per accounting data.



Signatories to Schedule 1 to 25

In confirmation and witness of facts