



कार्यालय नगर पालिका परिषद करेली जिला-नरसिंहपुर (म0प्र0)
(Main Road, Kareli Phone : 07793-270046 Email : cmokareli@mpurban.gov.in)

General ws 2021-2022



क्र0 1568 / न0पा / 2021
प्रति,

करेली, दिनांक 27/09/2021

आयुक्त महोदय,
संचालनालय, नगरीय प्रशासन एवं विकास
म.प्र.भोपाल

विषय:- नगरीय निकायों के लेखाओं की संपरीक्षा चार्टर्ड अकाउंटेंट के द्वारा कराये जाने के संबंध में।

संदर्भ:- आपका पत्र क्र0 ऑडिट / लेखा-4(क) / 2021 / 10082, भोपाल, दिनांक 23.06.2021

—00—

उपरोक्त विषयांतर्गत संदर्भित पत्र के परिप्रेक्ष्य में NPJS & Associates Chhindwara के द्वारा निकाय के वित्त वर्ष 2020-21 के लेखाओं की संपरीक्षा रिपोर्ट निकाय में उपलब्ध कर दी गई है, संपरीक्षा रिपोर्ट (आडिट प्रतिवेदन वर्ष 2020-21) आपकी ओर सादर प्रेषित है।

मुख्य नगरपालिका अधिकारी
नगरपालिका परिषद करेली

पृ0क्र0 / न0पा / 2021
प्रतिलिपि:-

करेली, दिनांक

- 1569 - 1. संयुक्त संचालक (वित्त) संचलनालय, नगरीय प्रशासन एवं विकास, भोपाल की ओर सादर सूचनार्थ प्रेषित।
- 1570 - 2. संयुक्त संचालक, नगरीय प्रशासन एवं विकास, जबलपुर संभाग जबलपुर की ओर सादर सूचनार्थ प्रेषित।
- 1571 - 3. संयुक्त संचालक, स्थानीय निधि संपरीक्षा, जबलपुर की ओर संदर्भित पत्र के संबंध में सादर सूचनार्थ।
- 1572 - 4. महालेखाकार, आडिट शाखा, ग्वालियर की ओर सादर सूचनार्थ।
- 1573 - 5. परियोजना अधिकारी, जिला शहरी विकास अभिकरण नरसिंहपुर की ओर सादर सूचनार्थ।
- 1574 - 6. NPJS & Associates Chhindwara की ओर सूचनार्थ।

मुख्य नगरपालिका अधिकारी
नगरपालिका परिषद करेली



KARELI NAGAR PALIKA

AUDIT REPORT FOR THE FINANCIAL YEAR 2020-21

NPJS AND ASSOCIATES

CHARTERED ACCOUNTANTS



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INDEPENDENT AUDITOR'S REPORT

To the Stakeholders of KARELI NAGAR PALIKA

1. Report on the Financial Statements

We have audited the accompanying financial statements of KARELI NAGAR PALIKA ("the ULB"), which comprise the Receipt & Payment Account, Income & Expenditure Account and Balance Sheet for the year then ended, and other explanatory information.

2. Management's Responsibility for the Financial Statements

The ULB's Management is responsible for the matters with respect to 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 provisions of Municipal Corporation Act, 1956 and accounting principles generally accepted in India, including the Municipal Accounting Manual ("the Manual") and Accounting Standards applicable to the Urban Local Bodies. This responsibility also includes maintenance of adequate accounting records in accordance with the Municipal Accounting Manual for safeguarding of the assets of the ULB and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error .

3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the Municipal Accounting Manual, the accounting and auditing standards and matters which are required to be included in the audit report as per the letter issued by Directorate, Urban Administration & Development, M.P.,





Bhopal in this regard. The Commissioner/CMO has not directed us to perform audit of any other section in his office in addition to the above scope.

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards requires 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 the 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 financial control relevant to the ULB's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the ULB's officers, 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 on the financial statements.

4. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the report attached below, the Receipt & Payment Account, Income & Expenditure Account and Balance Sheet annexed to this report give true and fair view of financial transactions affected by ULB and recorded these transactions in cash book for the financial year ending as on 31st March, 2021.

5. Basis for Qualified Opinion

The details which form the basis of qualified opinion are reported in the Annexure 1 and Annexure 2 annexed to this report.





6. **Emphasis of Matters**

We draw attention to the following matters reported in Annexure - 2, annexed to this report.

- a) Accounts prepared as per the Manual in lieu of accounting standards for local bodies as issued by Institute of Chartered Accountants of India.
 - b) Revenue department's records related to recovery of revenue taxes and other revenue dues has minor differences with accounting records maintained by accounting department.
 - c) Non-maintenance or incomplete registers as prescribed under manual and mentioned at point 3 of annexure 2.
 - d) GST Regular registration has not been taken yet although they are regularly collecting GST on shop rent and not paying the same to the department.
 - e) Professional Tax deducted from employees salary but not deposited by the ULB.
- Our opinion is not modified in respect of these matters.

7. **We further report that:**

- a) We have sought and, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion proper books of account as required by Municipal Accounting Manual have been kept by the ULB so far as appears from our examination of those books.
- c) The Receipt & Payment Account, Income & Expenditure Account and Balance Sheet deal with by this Report are in agreement with the books of account.
- d) Except for the matter described in the Basis for Qualified Opinion paragraph above, the Receipt & Payment Account, Income & Expenditure Account and Balance Sheet comply with the Municipal Accounting Manual and Accounting Standards applicable to the Urban Local Bodies.
- e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the ULB.





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- f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the ULB and the operating effectiveness of such controls, refer to our separate Report in 'Annexure 1'.

Date: 24/08/2021

UDIN: 21421786AAAAV5341

For NPJS & Associates

Chartered Accountants



CA Jitendra Singh
(Partner)

MRN – 421786



Report on Internal Financial Controls over Financial Reporting

1. Report on the Internal Financial Controls of the ULB ("the ULB")

We have audited the internal financial controls over financial reporting of KARELI NAGAR PALIKA ("the ULB") as of March 31, 2021 in conjunction with our audit of the financial statements of the ULB for the year ended on that date.

2. Management's Responsibility for Internal Financial Controls

The ULB's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the ULB. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to ULB's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required in accordance with the Municipal Corporation Act, 1956 including the Municipal Accounting Manual and accounting principles generally accepted in India applicable to the Urban Local Bodies.

3. Auditors' Responsibility

Our responsibility is to express an opinion on the ULB's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.





Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the ULB's internal financial controls system over financial reporting.

4. Meaning of Internal Financial Controls Over financial Reporting.

A ULB's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A ULB's internal financial control over financial reporting includes those policies and procedures that

- a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the ULB;
- b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the ULB are being made only in accordance with authorizations of management and officers of the ULB; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the ULB's assets that could have a material effect on the financial statements.





5. Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

6. Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2021:

- a) The ULB did not have an appropriate internal financial control system over financial reporting since the internal controls adopted by the ULB did not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud when performing risk assessment
- b) The ULB did not have an appropriate internal control system for tax and user charges collection, tax demand evaluation, which could potentially result in the ULB recognizing revenue without establishing reasonable certainty of ultimate collection.
- c) The ULB did not have an appropriate internal control system for inventory with regard to receipts, issue for production and physical verification. Further, the internal control system for identification and allocation of overheads to inventory was also not adequate. These could potentially result in material misstatements in the ULB's trade payables, consumption, inventory and expense account balances.
- d) The ULB did not have an appropriate internal control system for fixed asset with regard to purchase, construction, transfer and physical verification. Further, the internal control system for identification and allocation of overheads to fixed asset was also not adequate. These could potentially result in material misstatements in





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the ULB's grants, payable to contractors, tax and other statutory dues, fixed assets, capital work in process and accumulated depreciation account balances.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the ULB's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, because of the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the ULB has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2021 based on the criteria established by the ULB.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2021 financial statements of the ULB, and these material weaknesses do not affect our opinion on the financial statements of the ULB.

Date: 24/08/2021

For NPJS & Associates
Chartered Accountants



CA Jitendra Singh
Partner

MRN – 421786



Annexure '2'

The Annexure referred to in paragraph 6 of Our Report:

1. Audit of Revenue

- 1) The auditor is responsible for audit of revenue from various sources.

We have verified the revenue from various sources which was recognized and entered in the books of account produced before us for verification.

- 2) He is also responsible to check the revenue receipts from the counter files of receipt book and verify that the money receipt is duly deposited in respective bank account.

The counter foils or revenue receipts were made available to us for verification. It was informed to us that the revenue/tax collector/officer directly deposits the amount collected with main cashier at the cash counter, who in turn deposit this amount directly to the bank account. A register is being maintained by revenue/tax collector/officer from which collected amount move into cashier cash book. A detailed statement containing outstanding demand and tax collected during the year was provided to us by the concerned department duly certified by the concerned officer.

- 3) Percentage of revenue collection increase or decrease in various heads in property tax, samekitkar, shikshaupkar, nagriyavikasupkar, and other tax compared to previous year shall be part of report.

Details are given in Annexure C attached to this report.

However, there is a difference in receivables outstanding as on 31/03/2021 according to ULB Vasuli Patrak and records maintained in Tally. Details for the same is provided in the table below:-

Sl. No.	Type of Tax	Balance as per Vasuli Patrak as on 31/03/2021 (A)	Balance as per Tally Records as on 31/03/2021 (B)	Difference (A-B)
1	Sampatti Kar	41,80,952.00	48,50,871.00	(6,69,919.00)
2	Samekit Kar	27,43,467.00	28,86,676.00	(1,43,209.00)
3	Nagar Vikas Upkar	13,39,511.00	17,08,584.00	(3,69,073.00)
4	Siksha Upkar	10,51,885.00	12,87,206.00	(2,35,321.00)





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5	Shop Rent	1,91,310.00	3,05,965.00	(1,14,655.00)
6	Water Tax	36,60,595.00	45,71,372.00	(9,10,777.00)
Total		1,31,67,720.00	1,56,10,674.00	(24,42,954.00)

- 4) Delay beyond 2 working days shall be immediately brought to the notice of commissioner/CMO.

No such instances were noticed during the test check of entries conducted by us except the circumstances like public holidays, government or local holidays etc.

- 5) The entries in Cash book shall be verified:

We have verified the entries in cash book on test check basis and no major discrepancy was noticed by us. However due to quantum of transactions and inherent limitation of audit we cannot provide our absolute assurance on the entries of the cash book. It is generally recommended that entries of the cash book should be duly supported by necessary documentary evidences and authorizations.

- 6) The auditor shall specifically mention in the report the revenue recovery against the quarterly and monthly targets any lapses in revenue recovery shall be a part of the report.

No details with respect to quarterly & monthly targets set for the FY 2019-20 & the revenue recovery against such targets were made available to us. Hence, it was not possible for us to report the revenue recovery against the quarterly and monthly targets.

During our verification of revenue registers we observed outstanding from past several years, below mentioned are few cases.

In case of Water Tax-

Water tax register is not maintained properly as it does not contain important details such as outstanding balance, since when dues are pending, interest charged on pending dues, legal action initiated against such pending dues. List of few pendency's of taxes from long time has been listed below:





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Ward Name	Consumer Name	Connection no.	old	Current	Total
Laxminarayan ward	Mahengu/ ramju chadhar	119	10,670.00	600.00	11,270.00
Hanuman Ward	Mersingh / Chidami Thakur	46	10,350.00	600.00	10,950.00
Niranjan Ward	Ramkunwar / Nanhelal Sharma	53	9,630.00	600.00	10,230.00
Jai Prakash Ward	Khemkaran Paithiya	55	9,450.00	600.00	10,050.00
Hanuman Ward	Girja Bai / Prabhudayal Rai	25	9,300.00	600.00	9,900.00
Niranjan Ward	Parvinder Punjabi	11	9,080.00	600.00	9,680.00
Total			58,480.00	3,600.00	62,080.00

In case of property tax

Property tax register is not maintained properly as it does not contain important details such as outstanding balance, since when dues are pending, interest charged on pending dues, legal action initiated against such pending dues.

Unique ID of Properties has not been provided in Revenue Register for Identification purpose.

List of few pendency's of taxes from long time has been listed below:

Ward Name	Consumer Name	Property Tax			
		Outstanding	Current	Surcharge	Total
Ram Ward	Satyanarayan chitr mandir	4,09,985.00	16,696.00	1,02,496.00	5,29,177.00
Mahendra Ward	Babulal Parihar	1,23,762.00	5,388.00	30,941.00	1,60,091.00
Laxminarayan Ward	Vijay aanu/Bhola shah	1,11,850.00	2,661.00	27,963.00	1,42,474.00
Mahendra Ward	Vishwas/ Babulal Parihar	96,117.00	2,478.00	24,029.00	1,22,624.00
Laxminarayan Ward	Gopal Prasad Sahani	68,825.00	3,642.00	17,206.00	89,673.00
Laxminarayan Ward	Prabhat Uttamchand Lunawat	64,330.00	5,925.00	16,083.00	86,338.00
TOTAL		8,74,869.00	36,790.00	2,18,718.00	11,30,377.00





In case of Shop Rent

In case of shop rent registers also few relevant details were missing, such as Year since outstanding, Interest charged and pending legal actions long time pendency's. List of few long time pending cases were listed below.

S.no.	Name	Ward	Current	Outstanding	Total	Premises
1	Kassi Thakur	Ram Ward	3,264.00	18,150.00	21,414.00	Community Hall
Grand Total			3,264.00	18,150.00	21,414.00	

- 7) The auditor shall verify the interest income from FDR's and verify that interest is duly and timely accounted for in cash book.

We have verified the interest income from FDR's and noticed that interest income is not recognised in books of accounts on accrual basis. The same is recorded at the time of FDR maturity.

- 8) The case where, the investments are made on lesser interest rates shall be brought to the notice of the Commissioner/CMO.

All FDR's have been verified as provided to us & were in the possession of ULB. Detail of the same is provided in sub point 3 of point 4.

2. Audit of Expenditure:

- 1) The auditor is responsible for audit of expenditure under all the schemes.

We have verified the expenditure under various heads which was recognized and entered in the books of account produced before us for verification.

- 2) He is also responsible for checking the entries in cash book and verifying them relevant vouchers.

We have verified the entries in cash book on test check basis which were supported by relevant vouchers/note sheets. However, considering the bulk quantum of entries and the weak internal control procedures, the discrepancies





in the entries of cash book cannot be ruled out. Test checked vouchers revealed below mentioned instances.

- i. In the case of payment under construction contracts, running bills or demand for part payment were not presented by the concerned contractor. This unable us to verify whether contractor is registered under GST or not and rate at which TDS should be deducted.
- ii. ULB have not deposited GST to the Government which were collected on the shop rent, also return for the same has not been submitted. Non compliances of the relevant provision attract statutory penalty.

- 3) He should also check monthly balance of the cash book and guide the accountant to rectify errors, if any.

No issue of any difference in test check totalling amount was noticed in course of our verification.

- 4) He shall verify that the expenditure for a particular scheme is limited to the funds allocated for that particular scheme any over payment shall be brought to the notice of the Commissioner / CMO.

Details relating to deviation of expenditure, if any, of particular scheme is specified at sub point 4 of point 6.

- 5) He shall also verify that the expenditure is accordance with the guideline, directives, acts and rules issue by Government of India/ State Government.

As explained to us, ULB follows the necessary guidelines, directives, acts and rules issued by Government of India and State Government. However, ULB didn't provided such directives with written confirmation and hence it was not possible for us to verify the expenditures in accordance with such guidelines etc.

- 6) During the audit financial propriety shall also be checked. All the expenditure shall be supported by financial and administrative sanctions accorded by





competent authority and shall be limited to the administrative and financial limits of the sanctioning authority.

We have verified the expenditure on test check basis and it was found that such expenditure were duly supported by financial and administrative sanctions accorded by competent authority. ULB follows the hierarchy of sanctions and approvals depending upon the nature of the transactions and financial limits.

- 7) All the cases where appropriate sanctions have not been obtained shall be reported and the compliance of audit observation shall be ensured during the audit. Non- compliance of audit paras shall be brought to the notice of Commissioner / CMO.

No such instances were noticed during test check of such entries conducted by us.

- 8) The auditor shall be responsible for verification of scheme wise/ project wise Utilization Certificate (UC's). UC's shall be tallied with the Receipt & Payment Account, Income & Expenditure Account and Balance Sheet and creation of Fixed Asset.

Utilization certificates of various schemes for verification of scheme wise project/ wise Utilization Certificate (UCS) were provided to us by the ULB.

We are unable to verify the details of capitalization of expenditure since there is neither any proof available nor completion of work from respective department. There is no cross check mechanism exist to ensure the completion of project except payment of final bill. It is suggested that a proper internal control system should be framed to identify the fixed asset and its recognition in fixed asset register and books of account of the ULB.

- 9) He shall verify that all temporary advances of other than employees have been fully recovered.

Details regarding temporary advances were not provided to us by the ULB and hence we cannot comment on the same.





3. Audit of Book Keeping

- 1) The auditor is responsible for audit of the books of accounts as well as stores.

As per the information and explanation provided to us by the management of the ULB and on perusal of books of accounts, it was noticed by us that the ULB has not maintained all the required books of accounts as prescribed under MP MAM.

Following records were not provided to us:

1. Fixed Asset Registers
2. Advance Registers
3. Loan Registers
4. Investment Registers
5. Register of Advances to employees

- 2) He shall verify that all the books of accounts and stores are maintained as per Accounting Rules applicable to the Urban local Bodies. Any discrepancies shall be brought to the notices of Commissioner / CMO.

As stated in point no. 1 above, as the books stores are not provided for verification, so it was not possible for us to verify whether the same is maintained as per Accounting Rules applicable to the urban local Bodies.

- 3) The auditor shall verify advance register and see that all the advance to employees are timely recovered according to the condition of advance. All the case of non-recovery shall be specifically mentioned in audit report.

As per the information and explanation provided to us by the management of the ULB, no specific condition related to advances are placed. Although advances are provided to the employees but no records maintain in the advance register however recovery has been made by the deduction from their salaries, as explained by the ULB.

- 4) Bank reconciliation statement (BRS) shall be verified from the records of ULB and the bank concerned. If bank reconciliation Statement are not prepared the auditor will help in the preparation of BRS's





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Bank Reconciliation is provided to us by the ULB. The balance as on 31st March 2021 between cashbook total and bank total as follows:

S.No.	Bank Name	Bank Account No. / FDR No.	Scheme	Closing Balance as per Cash book as on 31/03/2021	Closing Balance as per Pass book as on 31/03/2021	Difference**
1	State Bank of India	10694669170	Grant & Municipal Fund	6,45,99,704.00	6,45,99,704.00	-
2	Central Bank of India	3601171280	PMAY	4,54,32,541.00	4,54,32,541.00	-
3	Central Bank of India	3845619188	DDAY	1,014.00	1,014.00	-
4	Madhya Gramin Bank	203671100005849	Municipal Fund	1,43,46,533.13	1,41,73,624.62	1,72,908.51
5	JSK Bank	663008019353	Sanchit Nidhi	17,43,778.90	17,43,778.90	-
6	Allahabad Bank	50431504722	CM Urban Infrastructure	1,19,68,354.00	1,19,68,354.00	-
7	Bank of Baroda	38980100005721	Municipal Fund	1,07,80,993.88	1,07,80,993.88	-
FDR						
8	JKS Bank	42428	Sanchit Nidhi	16,00,000.00	16,00,000.00	-
9	JKS Bank	42396	Sanchit Nidhi	13,09,887.00	13,09,887.00	-
10	JKS Bank	34069	Sanchit Nidhi	23,57,069.00	23,57,069.00	-
11	Madhya Gramin Bank	804304	Sanchit Nidhi	2,51,380.63	2,51,380.63	-
12	Union Bank of India	8567171	Sanchit Nidhi	25,15,269.00	25,15,269.00	-
13	Central Bank of India	210927	Jal Awardhan Yojna	1,24,48,255.00	1,24,48,255.00	-
14	Madhya Gramin Bank	820135	Jal Awardhan Yojna	65,35,028.00	65,35,028.00	-
15	Union Bank of India	262634	Jal Awardhan Yojna	53,62,842.00	53,62,842.00	-
16	Union Bank of India	650097	Jal Awardhan Yojna	1,14,25,846.00	1,14,25,846.00	-
17	Union Bank of India	650098	Jal Awardhan Yojna	37,52,333.00	37,52,333.00	-
18	Bank of Baroda	364137	Jal Awardhan Yojna	63,86,444.00	63,86,444.00	-
TOTAL				20,28,17,272.54	20,26,44,364.03	1,72,908.51

****Note:- Amount of Rs.172909 recorded in Cashier Cash Book on 31/03/2021 however amount actually deposited into bank on 03/04/2021**

- 5) He shall be responsible for verifying the entries in the Grant register. The receipts and payment of grants shall be duly verified from the entries in cash book.
Grant registers were available to us. Hence verification of the same have been done from the entries in cash book. The payments out of grants were verified on test check basis and found to be correct. A summarised statement of grants maintained by the ULB has been provided to us and same has been provided in the point 6(1) of this report.
- 6) The auditor shall verify the fixed assets register from other records and discrepancies shall be brought to the notices of Commissioner / CMO.





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Fixed asset registers were not provided to us for verification. Therefore we are not able to verify the same and comment upon whether it is complete and correctly balanced.

- 7) The auditor shall reconcile the account of receipt and payment especially for project funds.

ULB does not maintain separate cash books for different schemes and projects and hence we cannot comment on reconciliation with Receipt & Payment.

4. Audit of FDR

- 1) The auditor is responsible for audit of all fixed deposits and term deposits.

We have verified fixed deposits maintained by the ULB and provided to us for verification, the detail regarding the same is tabled below:-

S.NO.	BANK NAME	FDR NO.	CURRENT VALUE AS PER ULB RECORDS	CURRENT VALUE AS PER TALLY RECORDS	Difference
1	Central Bank of India	3549116158	1,24,48,255.00	1,24,48,255.00	-
2	Bank of Baroda	38980300001804	63,86,444.00	63,86,444.00	-
3	Union Bank of India	447803030108675	37,52,333.00	37,52,333.00	-
4	Union Bank of India	447803030108673	1,14,25,846.00	1,14,25,846.00	-
5	Union Bank of India	447803230000305	53,62,842.00	53,62,842.00	-
6	Union Bank of India	447803030106410	25,15,269.00	25,15,269.00	-
6	Madhya Gramin Bank	203671230005587	65,35,028.00	65,35,028.00	-
7	JSK Bank	163003781595	16,00,000.00	16,00,000.00	-
8	JSK Bank	34069	23,57,069.00	23,57,069.00	-
9	JSK Bank	42396	13,09,887.00	13,09,887.00	-
10	Madhya Gramin Bank	804304	2,51,381.00	2,51,381.00	-
GRAND TOTAL			5,39,44,354.00	5,39,44,354.00	





- 2) It shall be ensured that proper record of FDR's are maintained and renewals are timely done.

Proper records of FDRs are maintained. However, FDR's register is not maintained by the ULB instead statements of the same has been furnished.

- 3) The case where FDR'S / TDR are kept at low rate of interest than the prevailing rate shall be immediately brought to the notice of Commissioner/ CMO.

Investments are made by the ULB at competitive rate. No instance found where FDR's are kept at low rate of interest than the prevailing rate.

- 4) Interest earned on FDR/TDR Shall be verified from entries in the cash book.

Interests on FDRs' are booked on receipt basis, as on the maturity and realization of invested amount is recorded in the cash book.

5. Audit of Tenders / Bids

- 1) The auditor is responsible for audit of all tenders / bids invited by the ULB.

Tender related documents were provided to us on test check basis. On verification of produced documents we can conclude that procedure of tendering was followed by the ULB.

Bid were invited online where the tender amount exceeding Rs. One Lakh and for value less than one lakh, manual bids were asked.

- 2) He shall check whether competitive tendering procedures are followed for all bids.

Tender related documents were provided to us on sampling basis, and except few minor irregularities we found them complete and appropriate. Competitive tendering procedures were followed for all bids.

- 3) He shall verify the receipts of tender fee / bid processing fee / performance guarantee both during the construction and maintenance period.

Tender related documents were provided on test check basis, and we have verified the receipts of tender fee / bid processing fee / performance guarantee etc. No major irregularities were found during our verification in the produced documents.

- 4) The bank guarantees, if received in lieu of bid processing fee / performance guarantee shall be verified from the issuing banks.

Bank guarantees were produced before us for verification on test check basis. No major instances were noticed by us for possible irregularities.





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5) The conditions of BG shall also be verified; any BG with any such condition which is against the interests of the ULB shall be verified and brought to the notice of Commissioner ICMO.

Bank guarantees were produced before us for verification on test check basis. No major instances were noticed by us for possible irregularities.

6) The cases of extension of BG shall be brought to the notice of Commissioner / CMO. Proper guidance to extend the BC's shall also be given to ULB

No such bank guarantees were produced before us for verification. Therefore, it is not possible for us to comment on the conditions/extensions of BG.

7) The contract closure shall also be verified by the auditor.

No contract closure documents were made available to us for verification.

6. Audit of Grants and Loans

1) The auditor is responsible for audit of grants given by Central Government and its utilization.

Verification had been conducted for grants received from the Central/state government. Details of grant receipt and its utilisation as per accounting records are as follows:

S.No.	Grants	Opening Balance	Received	Utilized	Closing Balance as per Grant Register	Closing Balance as per tally data
1	14th Finance Commission	1,53,50,386.00	1,00,000.00	1,53,42,789.00	1,07,597.00	1,07,597.00
2	15th Finance Commission	-	3,04,91,000.00	1,27,42,271.00	1,77,48,729.00	1,77,48,729.00
3	Basic Amenities	79,34,638.00	70,88,000.00	94,65,813.00	55,56,825.00	55,56,825.00
1	Passenger Tax	8,61,249.00	26,34,000.00	33,01,738.00	1,93,511.00	Revenue Income
2	Road Development	18,39,902.00	28,13,000.00	33,12,300.00	13,40,602.00	13,40,602.00
3	State Finance Commission	56,77,044.00	48,77,000.00	65,32,631.00	40,21,413.00	40,22,217.00
4	Octroi Compensation	35,18,915.00	3,06,40,291.00	3,24,80,738.00	16,78,468.00	Revenue Income
5	Stamp Duty	86,049.00	22,04,000.00	11,18,344.00	11,71,705.00	Revenue Income
6	Fire Vehicle	22,49,020.00	7,50,980.00	-	30,00,000.00	30,00,000.00
7	Export Tax	2,65,000.00	2,54,000.00	4,75,947.00	43,053.00	Revenue Income
8	Water Supply	-	1,50,85,000.00	1,28,59,504.00	22,25,496.00	22,25,496.00





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Details of Grant's not found in Grant Register						
1	Swacch Bharat Mission	3,60,970.00	-	-	-	3,60,970.00
2	Model Road	7,88,089.00	-	-	-	7,88,089.00
3	Water Programme Grant	4,36,57,289.55	-	-	-	4,36,57,289.55
4	Adhoshanrachna Vikas Fund	1,41,88,701.00	13,00,000.00	35,20,347.00	-	1,19,68,354.00
5	Vishesh Nidhi	75,00,000.00	-	-	-	75,00,000.00
6	School Building Grants	9,32,981.00	-	-	-	9,32,981.00
7	MP LAD	37,87,168.00	18,28,824.00	-	-	56,15,992.00
8	PMAY	96,23,254.00	4,75,70,000.00	1,17,60,713.00	-	4,54,32,541.00
Total		11,86,20,655.55	14,76,36,095.00	11,29,13,135.00	3,70,87,399.00	15,02,57,682.55

However, we have reconcile grant receipt as per UADD records with ULB grant register and also with Tally records resultantly some variations found between them, details for the same are as follows:

S.No.	Grants	As per UADD Records	As per Grant Register	As per Tally Records
1	15th Finance Commission	3,04,91,000.00	3,04,91,000.00	3,04,91,000.00
2	Basic Amenities	70,88,000.00	70,88,000.00	70,88,000.00
3	Passenger Tax	26,34,000.00	26,34,000.00	25,66,000.00
4	Road Development	32,51,000.00	28,13,000.00	-
5	State Finance Commission	48,77,000.00	48,77,000.00	48,77,000.00
6	Octroi Compensation	3,06,40,291.00	3,06,40,291.00	3,06,40,291.00
7	Stamp Duty	23,22,000.00	22,04,000.00	18,55,000.00
8	Export Tax	2,54,000.00	2,54,000.00	2,54,000.00
9	Water Supply	-	1,50,85,000.00	1,50,85,000.00

2) He is responsible for audit of grants received from State Government and its utilization.

Verification had been conducted for the total grants received from the State/Central government. Details for the same are provided in table above.

3) He shall perform audit of loans provided for physical infrastructure and its utilization. During his audit the auditor shall specifically comment on the revenue





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mechanism i.e. whether the asset created out of the loan has generated the desired revenue or not. He shall also comment on the possible reasons for non-generation of revenue.

As per information provided by the ULB and according to our verification, ULB has accorded loan from Allahabad Bank under CM Infrastructure Phase II for the purpose of :-

Financial Institution	Allahabad Bank
Account No.	-
Fund	CM Infrastructure Fund Phase III
Object of Loan	- CC Road, Drainage
Sanction Amount	2.89 Crores

BANK	RECEIPT DATE	INSTALLEMENT	STATUS
Allahabad Bank	14/02/2017	27,00,000.00	Utilized
Allahabad Bank	17/02/2017	33,00,000.00	Utilized
Allahabad Bank	19/02/2018	2,16,00,000.00	Utilized
Allahabad Bank	16/03/2021	13,00,000.00	Unutilized
TOTAL		2,89,00,000.00	

However, Loan has not been recorded in the Tally records, In Addition there was no document or information provided to verify whether the asset created out of the loan has generated the desired revenue or not. We cannot comment on the possible reasons for non-generation of revenue.

- 4) The auditor shall specifically point out any diversion of funds from capital receipts/ grants/ bans to revenue expenditure.

As per the information made available to us, and as per our verification, instances of diversion of funds from one grant account to another have not been noticed. However, due to inherent limitation of internal controls over financial reporting possibilities of fund diversion cannot be ruled out completely.





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Other Audit Observations

1. Non recovery of taxes

Urban Local Bodies (ULB) earns revenue from their own resources through taxes, rent, fees, issue of licenses etc. In test check of Nagar Palika Parishad as of 31 March 2021 a sum of Rs 1.31 Crores (as shown in Table Below) plus Interest & Penalties were outstanding against the taxpayers, although the ULBs had powers under section 165 of Madhya Pradesh Municipalities Act, 1961 to approach a Magistrate to seek orders for recovery by distress and sale of any movable property of attachment and sale of immovable property belonging to defaulters, however they had not invoked these power to recover the outstanding taxes. Failure to invoke its powers resulted in non-recovery of outstanding taxes and resource crunch, leading to hindrance in development works.

Non Recovery of dues

(Amount in Lakhs)

Sl. No.	Type of Tax	Due amount recoverable on 01/04/2020	Received From Previous Dues	Un-Recovered Due for More than a Year	Current Due	Current Received	Total Recovery	Un-Recovered due of Current Year	Total un-recovered amount
1	Sampatti Kar	49,39,274	17,33,630	32,05,644	22,68,571	12,93,263	30,26,893	9,75,308	41,80,952
2	Samekit Kar	25,11,717	5,28,750	19,82,967	10,62,000	3,01,500	8,30,250	7,60,500	27,43,467
3	NagarVikas Upkar	14,73,573	4,71,007	10,02,566	7,53,679	4,16,734	8,87,741	3,36,945	13,39,511
4	Siksha Upkar	11,41,023	2,69,873	8,71,150	4,81,463	3,00,728	5,70,601	1,80,735	10,51,885
5	Shop Rent	4,02,435	4,08,555	-6,120	4,90,494	2,93,064	7,01,619	1,97,430	1,91,310
6	Water Tax	36,52,990	7,75,470	28,77,520	17,01,300	9,18,225	16,93,695	7,83,075	36,60,595
	Total	1,41,21,012	41,87,285	99,33,727	67,57,507	35,23,514	77,10,799	32,33,993	1,31,67,720
Total Un-Recovered amount									1,31,67,720

For NPJS & Associates

Chartered Accountants



CA. Jitendra Singh
Partner
MRN – 421786

Date: 24/08/2021



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Reporting on Audit Paras for Financial Year 2020-21

Name of ULB: KARELI NAGAR PALIKA

Name of Auditor: NPJS & Associates, Chartered Accountants

<u>S. no.</u>	<u>Parameters</u>	<u>Description</u>	<u>Observation in brief</u>	<u>Suggestions</u>
2	Audit of Expenditure:	Verification of Expenditures are as per guidelines, directives, and rules under all schemes and entries of expenditures in cash book, Diversion of Funds, financial propriety of expenditures, scheme project wise utilisation certificate.	Observations were listed in brief in point no. 2 of annexure 2 of audit report attached	Vouchers should be adequately supported with proper documents. TDS should be correctly deducted and deposited on time.
3	Audit of Book keeping	Verification of books of accounts and stores are maintained as per accounting rules, advance register and check timely recovery, Bank reconciliation statement, grant register, fixed asset register	Observations were listed in brief in point no. 3 of annexure 2 of audit report attached	Required books of accounts as prescribed under MP MAM Should be maintained
4	Audit of FDR/TDR	Verify fixed deposits and term deposits and their maintenance	Observations were listed in brief in point no.	ULB should maintain Fixed Deposit Register






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			4 of annexure 2 of audit report attached	
5	Audit of Tenders and Bids	Verify Tenders/Bids invited by ULB and competitive tendering procedures followed	Observations were listed in brief in point no. 5 of annexure 2 of audit report attached	Procedure for Tenders opening and Performance review should be carefully monitored.
6	Audit of Grants & Loans	Verification of Grant received from Government and its utilisation	Observations were listed in brief in point no. 6 of annexure 2 of audit report attached	Grant register should be updated and balanced regularly with its Utilization Certificate.
7	Verify whether any diversion of funds from capital receipt /grants /Loans to revenue expenditure and from one scheme /project to another.		Observations related to diversion of funds has been pointed out in point no. 6 (iv) of annexure 2 of report attached	
8	a) Percentage of revenue expenditure (Establishment, salary, Operation&	458.51% (6,76,40,869 / 1,47,52,338) x 100		



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	Maintenance) with respect to revenue receipts (Tax & Non Tax).			
	b) Percentage of Capital expenditure wrt Total expenditure.	50.76%		
		$(6,97,37,766 / 13,73,78,635) \times 100$		
9	Whether all the temporary advances have been fully recovered or not.		Cases of outstanding advances have been outlined in point no. 3 (3) of report attached.	ULB should impose strict action to collect such amount or make necessary adjustment after prior approval of relevant authority.
10	Whether bank reconciliation statements is being regularly prepared		BRS prepared by the ULB	NA



Kareli Nagar Palika Parishad(M.P.)

BALANCE SHEET as at 31st March 2021

	Particulars	Schedule No.	Current Year (Rs.)		Previous Year (Rs.)	
A	SOURCES OF FUNDS					
A1	Reserves and Surplus					
	Municipal (General) Fund	B-1	44,67,93,409		44,05,40,280	
	Earmarked Funds	B-2	60,56,496		52,99,789	
	Reserves	B-3	4,60,25,518		3,89,32,534	
	Total Reserves and Surplus			49,88,75,423		48,47,72,603
A2	Grants,Contribution for Specific Purpose	B-4	15,02,57,683	15,02,57,683	12,37,59,404	12,37,59,404
A3	Loans					
	Secured loans	B-5	-		-	
	Unsecured loans	B-6	-		-	
	Total Loans			-		-
	TOTAL SOURCES OF FUNDS [A1 - A3]			64,91,33,105		60,85,32,007
B	APPLICATION OF FUNDS					
B1	Fixed Assets	B-11				
	Gross Block		55,21,29,835		51,51,99,232	
	Less:Accumulated Depreciation		20,38,94,084		17,22,84,775	
	Net Block		34,82,35,751		34,29,14,457	
	Capital Work-in-Progress		8,49,09,038		8,30,69,075	
	Total Fixed Assets			43,31,44,789		42,59,83,532
B2	Investments					
	Investment- General Fund	B-12	5,39,44,354		5,58,41,891	
	Investment-Other Funds	B-13	-		-	
	Total investment			5,39,44,354		5,58,41,891
B3	Current assets,loans & advances					
	Stock in hand (inventories)	B-14	20,600		20,600	
	Sundry Debtors (Receivables)	B-15				
	Gross amount outstanding		1,61,68,230		1,68,89,603	
	Less: Accumulated Provision against bad and doubtful receivables		-		-	
	Sundry Debtors (Receivables) - Net		1,61,68,230		1,68,89,603	
	Prepaid expenses	B-16	-		-	
	Cash and Bank Balances	B-17	14,88,72,920		11,24,32,434	
	Loans, advances and deposits	B-18	-		-	
	Total Current Assets		16,50,61,750		12,93,42,637	
B4	Current Liabilities and Provisions					
	Deposits received	B-7	15,35,074		14,19,958	
	Deposit Works	B-8	-		-	
	Other liabilities (Sundry Creditors)	B-9	14,82,713		12,16,096	
	Provisions	B-10	-		-	
	Total Current Liabilities		30,17,787		26,36,054	
B5	Net Current Assets (B3-B4)			16,20,43,963		12,67,06,584
C	Other Assets	B-19		-		-
D	Miscellaneous Expenditure (to the extent not Written off)	B-20		-		-
	TOTAL APPLICATION OF FUNDS [B1+B2+B5+C+D]			64,91,33,105		60,85,32,007
	Notes to the Balance Sheet - Attached					

FOR AND BEHALF OF
MUNICIPAL COUNCIL
KARELI

For NPJS & Associates
Chartered Accountants



CA Jitendra Singh
(Partner)

M.No. 421786

UDIN: 21421786AAAAV5341

Sneha Awasthi
CHIEF MUNICIPAL OFFICER

Diksha Patel
ACCOUNTS OFFICER

Date : 24/08/2021

Kareli Nagar Palika Parishad
INCOME AND EXPENDITURE STATEMENT
For the period from 1 April 2020 to 31 March 2021

	Item/ Head of Account	Schedule No.	Current Year (Rs)	Previous year (Rs)
A	INCOME			
	Tax Revenue	IE-1	69,71,012	60,69,156
	Assigned Revenues & Compensations	IE-2	3,50,61,291	4,49,25,926
	Rental Income From Municipal Properties	IE-3	9,52,868	80,04,682
	Fees & User Charges	IE-4	45,52,143	19,33,770
	Sale & Hire Charges	IE-5	2,98,045	4,79,427
	Revenue Grants, Contribution & Subsidies	IE-6	8,31,20,579	4,92,04,149
	Income From Investments	IE-7	37,68,548	6,22,825
	Interest Earned	IE-8	17,52,622	14,55,451
	Other Income	IE-9	5,86,378	1,83,424
	Total - INCOME		13,70,63,485	11,28,78,810
B	EXPENDITURE			
	Establishment Expenses	IE-10	4,67,65,344	4,40,06,151
	Administrative Expenses	IE-11	2,02,49,020	44,09,780
	Operations & Maintenance	IE-12	1,83,49,856	1,99,27,672
	Interest & Finance Charges	IE-13	13,041	6,402
	Programme Expenses	IE-14	8,02,698	3,19,707
	Revenue Grants, Contribution and Subsidies	IE-15	1,22,64,382	1,30,63,609
	Provisions and Write Off	IE-16	-	-
	Miscellaneous Expenses	IE-17	7,56,707	5,10,009
	Depreciation	B-11	3,16,09,309	3,03,72,084
	Total - EXPENDITURE		13,08,10,357	11,26,15,412
C	Gross surplus/ (deficit) of income over expenditure before prior period items (A-B)		62,53,129	2,63,398
D	Add/Less: Prior period Items (Net)	IE-18	-	-
E	Gross surplus/ (deficit) of Income over expenditure after prior period items (C-D)		62,53,129	2,63,398
F	Less: Transfer to Reserved Fund		-	-
G	Net balance being surplus/ (deficit) carried over to Municipal Fund (E-F)		62,53,129	2,63,398

FOR AND BEHALF OF
MUNICIPAL COUNCIL
 KARELI

For NPJS & Associates
 Chartered Accountants

Sneha Awasthi
 CHIEF MUNICIPAL OFFICER

Diksha Patel
 ACCOUNTS OFFICER



CA Jitendra Singh
 (Partner)
 M.No. 421786

UDIN: 21421786AAAAV5341

Date : 24/08/2021

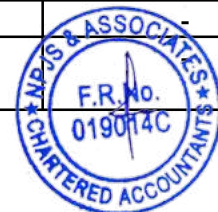
Kareli Nagar Palika Parishad(M.P.)
As on 31.03.2021

Schedule B-1: Municipal (General) Fund (Rs)

Account Code	Particulars	Water Supply, Sewerage and Drainage	Road Development and	Bustee Services	Commercial Projects	General Account
31010	Balance as per last amount	-	-	-	-	44,05,40,280
	Additions during the year	-	-	-	-	-
31090	Surplus for the year	-	-	-	-	62,53,129
	Transfers	-	-	-	-	-
	Total (Rs)	-	-	-	-	44,67,93,409
	Deductions during the year	-	-	-	-	-
31090	Deficit for the year	-	-	-	-	-
	Transfers	-	-	-	-	-
310	Balance at the end of the current year	-	-	-	-	44,67,93,409

Schedule B-2: Earmarked Funds (Special Funds/Sinking Fund/Trust of Agency Fund)

Account Code	Particulars	Sanchit Nidhi	Ghar Ghar Toilet	Special Fund 3	General Provident Fund	Pension Fund
	(a) Opening Balance	52,99,789	-	-	-	-
	(b) Additions to the Special Fund		-	-	-	-
	· Transfer from Municipal Fund	7,56,707		-	-	-
	· Interest/Dividend earned on Special Fund Investments	-	-	-	-	-
	· Profit on disposal of Special Fund Investments	-	-	-	-	-
	· Appreciation in Value of Special Fund Investments	-	-	-	-	-
	· Other addition (Specify nature)	-	-	-	-	-
	Total (b)	7,56,707	-	-	-	-
	(c) Payments Out of Funds	-	-	-	-	-
	[1] Capital expenditure on	-	-	-	-	-
	· Fixed Asset	-	-	-	-	-
	· Others	-	-	-	-	-
	[2] Revenue Expenditure on	-	-	-	-	-
	· Salary, Wages and allowances etc	-	-	-	-	-
	Contributions	-	-	-	-	-
	[3] Other:	-	-	-	-	-
	· Loss on disposal of Special Fund investments	-	-	-	-	-
	· Diminution in Value of Special Fund investments	-	-	-	-	-
	· Transferred to Municipal Fund	-	-	-	-	-
	Total (c)	-	-	-	-	-
311	Net Balance of Special Funds [(a+b)-(c)]	60,56,496	-	-	-	-



Kareli Nagar Palika Parishad(M.P.)
As on 31.03.2021

Schedule B-3: Reserves

Account Code	Particulars	Opening Balance (Rs)	Additions During the Year (Rs)	Total (Rs)	Deductions During the Year (Rs)	Balance at the End of Current Year (Rs)
1	2	3	4	5(3+4)	6	7(5-6)
31210	Capital Contribution	3,89,32,534	3,87,02,293	7,76,34,827	3,16,09,309	4,60,25,518
31211	Capital Reserve					
31220	Borrowing Redemption Reserve			-		-
31230	Special Funds (Utilised)			-		-
31240	Statutory Reserve			-		-
31250	General Reserve	-		-	-	-
31260	Revaluation Reserve			-		-
	Total Reserve funds	3,89,32,534	3,87,02,293	7,76,34,827	3,16,09,309	4,60,25,518



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Schedule B-4: Grants & Contribution for Specific Purposes						
Particulars	Grants from Central Government	Grants from State Government	Grants from other Government	Grants from Financial Institutions	Others Specify	Total
Account Code	32010	32020	32030	32040	32080	
(a) Opening Balance	2,40,56,209	9,97,03,195		-		12,37,59,404
(b) Additions to the Grants						-
Grant received during the year	1,51,85,000	10,18,87,870		-	-	11,70,72,870
Interest/Dividend earned on Grant investments	-	-	-	-	-	-
Profit on disposal of Grant investments	-	-	-	-	-	-
Appreciation in Value of Grant investments	-	-	-	-	-	-
Other addition (Specify nature)	-	-	-	-	-	-
Total(b)	1,51,85,000	10,18,87,870	-	-	-	11,70,72,870
Total (a+b)	3,92,41,209	20,15,91,065	-	-	-	24,08,32,274
(C) Payment out of funds						-
Capital expenditure of Fixed Assets	-	-	-	-	-	-
Capital Expenditure of Other	3,57,59,057	18,50,907	-	-	-	3,76,09,964
Revenue Expenditure on			-	-	-	-
Salary, Wages, allowances etc	-	-	-	-	-	-
Rent	-	-	-	-	-	-
Other	-	4,12,03,914	-	-	-	4,12,03,914
Loss on disposal of Grant investments	-	-	-	-	-	-
Diminution in Value of Grant investments	-	-	-	-	-	-
Non- Current Assets		1,17,60,713				1,17,60,713
Grants Refunded	-	-	-	-	-	-
Grant Adjustments	-	-	-	-	-	-
Total (C)	3,57,59,057	5,48,15,534	-	-	-	9,05,74,591
Net balance at the year end (a+b)- (C)	34,82,152	14,67,75,531	-	-	-	15,02,57,683



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Schedule B-5: Secured Loans

Account Code	Particulars	Current Year (Rs)	Previous year (Rs)
33010	Loans from Central Government		
33020	Loans from State Government		
33030	Loans from Govt. bodies & Associations		
33040	Loans from international agencies		
33050	Loans from banks & other financial institutions		-
33060	Other Term Loans		
33070	Bonds & debentures		
33080	Other Loans		
	Total Secured Loans	-	-

Notes:

- *The nature of the Security shall be specified in each of these categories;
- *Particulars of any guarantees given shall be disclosed;
- *Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption;
- *Rate of interest and original amount of loan and outstanding can be provided for every Loan under each of these categories separately;
- *For loans disbursed directly to an executing agency, please specify the name of the Project for which such loan is raised.

Schedule B-6: Unsecured Loans

Code No.	Particulars	Current Year (Rs)	Previous year (Rs)
33110	Loans from Central Government	-	-
33120	Loans from State Government	-	-
33130	Loans from Govt. bodies & Associations	-	-
33140	Loans from international agencies	-	-
33150	Loans from banks & other financial institutions	-	-
33160	Other Term Loans	-	-
33170	Bonds & debentures	-	-
33180	Other Loans	-	-
	Total Un-Secured Loans	-	-

Note: Rate of interest and original amount of loan and outstanding can be provided for every Loan under each of these categories separately.



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Schedule B-7: Deposits Received

Account Code	Particulars	Current Year (Rs)	Previous year (Rs)
34010	From Contractors	14,14,574	12,99,458
34020	From Revenues	1,20,500	1,20,500
34030	From Staff		
34080	From other		
	Total deposits received	15,35,074	14,19,958

Schedule B-8: Deposits Works

Account Code	Particulars	Opening balance as the beginning of the year (Rs)	Additions during the current year (Rs)	Utilization/ expenditure (Rs)	Balance outstanding at the end of the current year (Rs)
34110	Civil Works				-
34120	Electrical works	-	-	-	-
34180	Others	-	-	-	-
	Total of deposit works	-	-	-	-

Schedule B-9: Other Liabilities (Sundry Creditors)

Account Code	Particulars	Current Year (Rs)	Previous year (Rs)
35010	Creditors	5,771	5,771
35011	Employee Liabilities	9,02,603	8,50,412
35012	Interest Accrued and Due		
35013	Outstanding liabilities	-	-
35020	Recoveries Payable	2,14,426	-
35030	Government Dues Payable	3,59,913	3,59,913
35040	Refunds Payable	-	
35041	Advance Collection of Revenues	-	-
35080	Others	-	-
	Total Other Liabilities (Sundry Creditors)	14,82,713	12,16,096

Schedule B-10: Provisions

Account Code	Particulars	Current Year (Rs)	Previous year (Rs)
36010	Provision for Expenses		
36020	Provision for Interest		
36030	Provision for Other Assets		
	Total Provision	-	-



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Schedule B-11: Fixed Assets

Account Code	Particulars	Gross Block				Accumulated Depreciation				Net Block	
		Opening Balance	Additions during the period	Deductions during the period	Cost at the end of the year	Opening Balance	Additions during the period	Deductions during the period	Total at the end of the year	At the end of current year	At the end of Pervious year
1	2	3	4	5	6	7	8	9	10	11	12
	Land Buildings										
41010	Land	10	-	-	10	-	-	-	-	10	-
4101003	Lakes and Pond	-	-	-	-	-	-	-	-	-	-
41020	Buildings	1,35,27,179	17,82,974	-	1,53,10,153	51,48,567	4,41,448	-	55,90,015	97,20,138	83,78,612
41025	Heritage Buildings	14,260	-	-	14,260	-	-	-	-	-	14,260
	Infrastructure Assets										
41030	Roads and Bridges	15,69,28,754	1,16,05,620	-	16,85,34,374	7,80,32,853	68,22,903	-	8,48,55,756	8,36,78,618	7,88,95,901
41031	Sewerage and drainage	63,49,675	38,35,900	-	1,01,85,575	39,02,540	7,43,352	-	46,45,892	55,39,683	24,47,135
41032	Water ways	30,81,72,856	1,39,38,076	-	32,21,10,932	6,70,49,364	2,09,87,604	-	8,80,36,968	23,40,73,964	24,11,23,492
41033	Public Lighting	1,45,09,189	35,93,918	-	1,81,03,107	1,15,94,401	12,38,565	-	1,28,32,966	52,70,141	29,14,788
41034	Bridges	7,37,923	-	-	7,37,923	4,33,383	39,132	-	4,72,515	2,65,408	3,04,540
	Other Assets										
41040	Plants & Machinery	8,01,536	3,13,220	-	11,14,756	4,34,782	85,612	-	5,20,394	5,94,362	3,66,754
41050	Vehicles	1,08,57,738	-	-	1,08,57,738	45,32,686	8,13,472	-	53,46,158	55,11,580	63,25,052
41060	Office & other equipment	7,47,519	6,79,361	-	14,26,880	5,23,582	2,05,328	-	7,28,910	6,97,970	2,23,937
41070	Furniture, Fixtures, electrical appliances	15,54,148	4,99,230	-	20,53,378	6,16,584	1,84,295	-	8,00,879	12,52,499	9,37,564
41080	Other fixed assets	9,98,445	6,82,304	-	16,80,749	16,033	47,598	-	63,631	16,17,118	9,82,412
	Total	51,51,99,232	3,69,30,603	-	55,21,29,835	17,22,84,775	3,16,09,309	-	20,38,94,084	34,82,21,491	34,29,14,447
412	Capital Work in Progress	8,30,69,075	18,39,963	-	8,49,09,038					8,49,09,038	8,30,69,075

Note:

- Additions include fixed asset created out of Earmarked Funds and Grants transferred to Urban Local Body's fixed block as referred to in Schedule B-2 and B-4.
 - Gross Block means cost of acquisition of fixed asset. Opening Balance in Gross Block as on the first day of the year represents the closing balance of the previous year. For instance, the opening balance as on 1 April 2011 shall be equal to the closing asset balance as on 31 March 2011.
 - Land includes areas used as and for the purpose of public places such as parks, squares, gardens, lakes, museums, libraries, godowns etc.
 - Buildings include office and works buildings, commercial buildings, residential buildings, school and college buildings, hospital buildings, public buildings temporary structures and sheds, etc.
 - Roads and bridges include roads and streets, pavements, pathways, bridges, culverts and subways.
 - Sewerage and drainage include sewerage lines, storm-water drainage lines and other similar drainage system.
 - Waterworks include water storage tank, water wells, bore wells, Water pumping station, Water transmission & distribution system etc.
- No depreciation is to be charged on Land.



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Schedule B-12: Investments- General Funds

Account code	Particulars	With whom invested	Face value (Rs)	Current year Carrying Cost (Rs.)	Previous year Carrying Cost (Rs.)
42010	Central Government Securities		-	-	-
42020	State Government Securities		-	-	-
42030	Debentures and Bonds		-	-	-
42040	Preference Shares Equity Shares		-	-	-
42060	Units of Mutual Funds		-	-	-
42080	Other Investments		-	5,39,44,354	5,58,41,891
	Total of Investments General Fund		-	5,39,44,354	5,58,41,891

Schedule B-13: Investments- Other Funds

Account code	Particulars	With whom invested	Face value (Rs)	Current year Carrying Cost (Rs.)	Previous year Carrying Cost (Rs.)
42110	Central Government Securities		-	-	-
42120	State Government Securities		-	-	-
42130	Debentures and Bonds		-	-	-
42140	Preference Shares Equity Shares		-	-	-
42160	Units of Mutual Funds		-	-	-
42180	Other Investments		-	-	-
	Total of Investments General Fund		-	-	-

Schedule B-14 Stock in Hand (Inventories)

Account code	Particulars	Current year (Rs)	Previous year (Rs)
43010	Stores Loose	20,600	20,600
43020	Tools Others	-	-
	Total Stock in hand	20,600	20,600



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Schedule B-15 Sundry Debtors (Receivables)

Account code	Particulars	Gross Amount (Rs)	Provision for Outstanding revenues (Rs)	Net Amount (Rs)	Previous year Net amount (Rs)
43110	Receivables for property taxes				
	Less than 5 years	48,50,871	-	48,50,871	55,97,809
	More than 5 years		-	-	-
	Sub-total	48,50,871	-	48,50,871	55,97,809
	Less: State Government Cesses/Levies in Taxes-Control Accounts		-	-	
	Net Receivables of property Taxes	48,50,871	-	48,50,871	55,97,809
43120	Receivables of Other Taxes				
	Less than 3 years	58,82,466	-	58,82,466	56,37,760
	More than 3 years		-	-	-
	Sub-total	58,82,466	-	58,82,466	56,37,760
	Less: State Government Cesses/Levies in Taxes-Control Accounts		-	-	
	Net Receivables of Other Taxes	58,82,466	-	58,82,466	56,37,760
	Receivable of Cess Income				
	Less than 3 years	-	-	-	-
	More than 3 years		-	-	-
	Sub-total	-	-	-	-
43130	Receivables for Fees and User Charges				
	Less than 3 years	45,71,372	-	45,71,372	45,80,983
	More than 3 years		-	-	-
	Sub-total	45,71,372	-	45,71,372	45,80,983
43140	Receivables from Other Sources				
	Less than 3 years	8,63,521	-	8,63,521	10,73,051
	More than 3 years		-	-	-
	Sub-total	8,63,521	-	8,63,521	10,73,051
43150	Receivables from Government	-			-
	Sub-total	54,34,893	-	54,34,893	56,54,034
43180	Receivables Control Account	-			-
	Sub-total	-	-	-	-
	Total of Sundry Debtors (Receivables)	1,61,68,230	-	1,61,68,230	1,68,89,603

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Schedule B-16: Prepaid Expenses

Account code	Particulars	Current year (Rs)	Previous year (Rs)
44010	Establishment	-	-
44020	Administrative	-	-
44030	Operation & Maintenance	-	-
	Total Prepaid expenses	-	-

Schedule B-17: Cash and Bank Balances

Account code	Particulars	Current year (Rs)	Previous year (Rs)
45010	Cash Balance	1,72,909	-
	Balance with Bank - Municipal Funds		
45021	Nationalised Banks	17,43,779	71,24,391
45022	Other Schedule Banks	-	-
45023	Scheduled Co-Operative Bank		
45024	Post Office	-	-
	Sub- Total	17,43,779	71,24,391
	Balance with Bank - Special Funds		
45041	Nationalised Banks	-	-
45042	Other Schedule Banks	-	-
45043	Scheduled Co-Operative Bank	-	-
45044	Post Office	-	-
	Sub- Total	-	-
	Balance with Bank - Grant Funds		
45061	Nationalised Banks	14,69,56,232	10,53,08,044
45062	Other Schedule Banks	-	-
45063	Scheduled Co-Operative Bank	-	-
45064	Post Office	-	-
	Sub- Total	14,69,56,232	10,53,08,044
	Total Cash and Bank balances	14,88,72,920	11,24,32,434



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Schedule B-18: Loans, advances, and deposits

Account Code	Particulars	Opening Balance at the beginning of the year (Rs)	Paid during the current year (Rs)	Recovered during the year (Rs)	Balance outstanding at the end of the year (Rs)
46010	Loans and advances to employees	-	-	-	-
46020	Employees Provident Fund Loans	-	-	-	-
46030	Loans to Others	-	-	-	-
46040	Advance to Suppliers and Contractors	-	-	-	-
46050	Advance to Others	-	-	-	-
46060	Deposit with External Agencies	-	-	-	-
46080	Other Current Assets	-	-	-	-
	Sub- Total	-	-	-	-
461	Less: Accumulated Provisions against Loans, Advances and Deposits [Schedule B-18 (a)]	-	-	-	-
	Total Loans, advances, and deposits	-	-	-	-

Schedule B-18 (a): Accumulated provision against Loans, Advances, and Deposits

Account Code	Particulars	Current year (Rs)	Previous year (Rs)
46110	Loans to Others	-	-
46120	Advances	-	-
46130	Deposits	-	-
	Total Accumulated Provision	-	-

Schedule B-19: Other Assets

Account Code	Particulars	Current year (Rs)	Previous year (Rs)
47010	Deposit Works	-	-
47020	Other asset control accounts	-	-
	Total Other Assets	-	-

Schedule B-20: Miscellaneous Expenditure (to the extent not written off)

Account Code	Particulars	Current year (Rs)	Previous year (Rs)
48010	Loan Issue Expenses	-	-
48020	Deferred Discount on Issue of Loans	-	-
48021	Deferred Revenue Expenses	-	-
48030	Other	-	-
	Total Miscellaneous expenditure	-	-



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SUB SCHEDULE FORMING PART OF INCOME AND EXPENDITURE ACCOUNT

Schedule IE-1: Tax Revenue

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
11001	Property Tax	23,10,415	19,77,420
11002	Water Tax	17,01,390	15,28,020
11003	Sewerage Tax	10,62,000	8,08,280
11004	Conservancy Charge	-	-
11005	Lighting Tax	-	6,439
11006	Education Tax		
11007	Vehicle Tax		
11008	Tax on Animals	-	-
11009	Electricity Tax		
11010	Professional Tax		
11011	Advertisement Tax	-	7,200
11012	Pilgrimage Tax		
	Octroi & Toll		
11013	Export Tax	3,23,100	-
11060	Cess		
11080	Others Taxes	15,74,107	17,41,797
	Sub Total	69,71,012	60,69,156
11090	Less: Tax Remissions & Refund [Schedule IE - 1(a)]		
	Sub Total	69,71,012	60,69,156
	Total Tax Revenue	69,71,012	60,69,156

Schedule IE-1 (a): Remission and Refund of taxes

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
1109001	Property Tax		-
1109002	Octroi & Toll		-
	Cess Income		
1109003	Surcharge		-
1109004	Advertisement tax		-
1109011	Others		-
	Total refund and remission of tax revenues	-	-

Schedule IE-2:Assigned Revenues & Compensations

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
12010	Taxes and Duties Collected By Others	44,21,000	71,00,000
12020	Compensation in Lieu Of Taxes/Duties	3,06,40,291	3,78,25,926
12030	Compensation in Lieu Of Concession	-	
	Total Assigned Revenues & Compensations	3,50,61,291	4,49,25,926



Schedule IE-3:Rental Income From Municipal Properties

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
13010	Rent From Civic Amenities	9,52,868	80,02,705
13020	Rent From Office Buildings	-	-
13030	Rent From Guest Houses	-	-
13040	Rent From Lease of Lands	-	-
13080	Other Rents	-	1,977
	Sub Total	9,52,868	80,04,682
13090	Less: Rent remission and refunds	-	-
	Sub Total	9,52,868	80,04,682
	Total Rental Income From Municipal Properties	9,52,868	80,04,682

Schedule IE-4: Fees & User Charges - Income head-wise

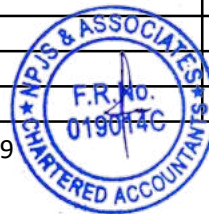
Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
14010	Empanelment & Registration Charges	2,78,170	17,855
14011	Licensing Fees	2,25,857	77,526
14012	Fees for Grant of Permit	-	-
14013	Fees For Certificate Or Extract	550	3,066
14014	Development Charges	-	4,88,810
14015	Regularisation Fees	-	27,475
14020	Penalties And Fines	4,91,925	55,963
14040	Other Fees	14,18,957	2,56,030
14050	User Charges	21,36,684	10,07,045
14060	Entry Fees	-	-
14070	Service / Administrative Charges	-	-
14080	Other Charges	-	-
	Sub Total	45,52,143	19,33,770
14090	Less: Rent Remission and Refunds	-	-
	Sub Total	45,52,143	19,33,770
	Total Income from Fees & User Charges	45,52,143	19,33,770

Schedule IE-5: Sale & Hire Charges

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
15010	Sale Of Products	-	-
15011	Sale of Forms & Publications	2,98,045	4,79,427
15012	Sale of Stores & Scrap	-	-
15030	Sale of Others	-	-
15040	Hire Charges for Vehicles	-	-
15041	Hire Charges for Equipments	-	-
	Total Income from Sale & Hire Charges - income head- wise	2,98,045	4,79,427

Schedule IE-6: Revenue Grants, Contribution & Subsidies

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
16010	Revenue Grants	5,15,11,270	1,88,32,065
16020	Reimbursement of Expenses	-	-
16040	Contribution Towards Fixed Assets	3,16,09,309	3,03,72,084
	Total Revenue Grants, Contribution & Subsidies	8,31,20,579	4,92,04,149



Schedule IE-7: Income From Investments - General Fund

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
17010	Interest on Investments	37,68,548	6,22,825
17020	Dividend	-	-
17030	Income from projects taken up on commercial basis	-	-
17040	Profit on Sale of Investments	-	-
17080	Others	-	-
	Total Income From Investments	37,68,548	6,22,825

Schedule IE-8:- Interest Earned

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
17110	Interest From Bank Accounts	16,99,149	14,55,451
17120	Interest On Loans And Advances To Employees	-	-
17130	Interest On Loans To Others	-	-
17180	Other Interest	53,473	-
	Total Interest Earned	17,52,622	14,55,451

Schedule IE-9:- Other Income

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
18010	Deposits Forfeited		
18011	Lapsed Deposits	-	-
18020	Insurance Claim Recovery	-	-
18030	Profit on Disposal of Fixed Assets		
18040	Recovery From Employees	-	-
18050	Unclaimed Refund/ Liabilities	-	-
18060	Excess Provisions Written Back	-	-
18080	Miscellaneous Income	5,86,378	1,83,424
18540	Other Income	-	-
	Total Other Income	5,86,378	1,83,424

Schedule IE-10:- Establishment Expenses

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
21010	Salaries, Wages And Bonus	3,93,50,446	3,61,24,232
21020	Benefits And Allowances	2,22,699	4,53,430
21030	Pension	69,29,293	67,30,007
21040	Other Terminal & Retirement Benefits	2,62,906	6,98,482
	Total Establishment Expenses	4,67,65,344	4,40,06,151

Schedule IE-11:-Administrative Expenses

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
22010	Rent, Rates and Taxes	-	-
22011	Office Maintenance	1,22,37,592	6,08,357
22012	Communication Expenses	1,21,022	1,22,393
22020	Books & Periodicals	-	10,000
22021	Printing and Stationery	14,28,531	5,34,673
22030	Travelling & Conveyance	16,31,098	1,25,130
22040	Insurance	1,31,800	61,462
22050	Audit Fees	-	54,000
22051	Legal Expenses	-	22,400
22052	Professional and Other Fees	19,18,049	9,60,816
22060	Advertisement And Publicity	6,46,707	9,76,470
22061	Membership & Subscriptions	-	-
22080	Other Administrative Expenses	21,34,221	9,34,079
	Total Administrative Expenses	2,02,49,020	44,09,780



Schedule IE-12:-Operations & Maintenance

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
23010	Power & Fuel	72,304	1,23,18,823
23020	Bulk Purchases	22,54,193	-
23030	Consumption of Stores	-	-
23040	Hire Charges	19,79,674	4,03,970
23050	Repairs & Maintenance - Infrastructure Assets	39,32,589	29,03,108
23051	Repairs & Maintenance - Civic Amenities	50,54,821	7,07,414
23052	Repairs & Maintenance - Buildings	9,15,901	1,06,857
23053	Repairs & Maintenance - Vehicles	19,40,806	9,97,875
23054	Repairs & Maintenance - Furniture	1,09,426	-
23055	Repairs & Maintenance - Office Equipments	49,425	15,933
23056	Repairs & Maintenance - Electrical Appliances	-	1,93,706
23057	Repairs & Maintenance - Heritage Building	-	-
23059	Repairs & Maintenance - Others	88,532	-
23080	Other Operating & Maintenance Expenses	19,52,185	22,79,986
	Total Operations & Maintenance	1,83,49,856	1,99,27,672

Schedule IE-13:- Interest & Finance Charges

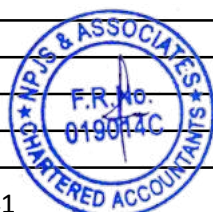
Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
24010	Interest on Loans From Central Government		
24020	Interest on Loans From State Government		
24030	Interest on Loans From Government Bodies & Associations		
24040	Interest on Loans From International Agencies		
24050	Interest on Loans From Banks & Other Financial Institutions	-	-
24060	Other Term Loans	-	-
24070	Bank Charges	13,041	6,402
24080	Other Finance Expenses		
	Total Interest & Finance Charges	13,041	6,402

Schedule IE-14:- Programme Expenses

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
25010	Election expenses	9,950	1,92,924
25020	Own Programs	7,92,748	1,26,783
25030	Share in Programs Of Others	-	-
	Total Programme Expenses	8,02,698	3,19,707

Schedule IE-15:- Revenue Grants, Contribution and Subsidies

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
26010	Grants [specify details]	1,22,64,382	1,30,63,609
26020	Contributions [specify details]	-	
26030	Subsidies [specify details]		
	Total Revenue Grants, Contribution and Subsidies	1,22,64,382	1,30,63,609



Schedule IE-16:- Provisions and Write Off

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
27010	Provisions for Doubtful Receivables		
27020	Provision for Other Assets		
27030	Revenues Written Off		
27040	Assets Written Off		
27050	Miscellaneous Expense Written Off		
	Total Provisions and Write Off	-	-

Schedule IE-17:- Miscellaneous Expenses

Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
27110	Loss on Disposal Of Assets		
27120	Loss on Disposal Of Investments		
29010	Transfer to General Activity Fund	7,56,707	5,10,009
29050	Public Health,Safety&Disease Control Activity	-	-
29110	Ward/Zone Development	-	-
27180	Other Miscellaneous Expenses		
	Total Miscellaneous Expenses	7,56,707	5,10,009

Schedule IE-18:- Prior Period Items (Net)

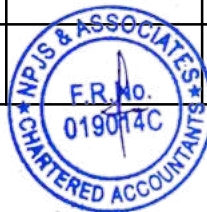
Account code	Particulars	Current Year (Rs.)	Previous year (Rs.)
18500	Income		
18510	Taxes Other - Revenues		
	Recovery of revenues written off		
18540	Other Income	-	
	Sub - Total Income (a)	-	-
28500	Expenses		
28550	Refund of Taxes		
28560	Refund of Other Revenues		
28580	Other Expenses		
	Sub - Total Income (b)	-	-
	Total Prior Period (Net) (a-b)	-	-



Kareli Nagar Palika Parishad

Cash Flow Statement 1-Apr-2020 to 31-Mar-2021

Particulars	Inflow	Outflow	Current Year Amount	Previous Year Amount
Cash flow from operating activities (A) :				
Gross Surplus/ (deficit) over Expenditure			62,53,129	2,63,398
Adjustment For				
Add:				
Depreciation	3,16,09,309	-	3,16,09,309	3,03,72,084
Interest & Finance Expenses	13,041		13,041	6,402
Less:	-		-	-
Profit on Disposal of assets	-	-	-	-
Dividend Income	-	-	-	-
Interest & Finance Income	-	17,52,622	(17,52,622)	(14,55,451)
Investment Income	-	37,68,548	(37,68,548)	(6,22,825)
Adjusted Income Over Expenditure before effecting changes in Current Assets and Current Liabilities and Extraordinary Items			3,23,54,308	2,85,63,607
Changes in Current Assets and Current Liabilities		-		
(Increase) / Decrease in Sundry Debtors	7,21,373	-	7,21,373	(2,00,512)
(Increase) / Decrease in Stock in hand	-	-	-	-
(Increase) / Decrease in Prepaid Expenses	-	-	-	-
(Increase) / Decrease in Other Current Assets	-	-	-	-
(Decrease) / Increase in Deposit Received	1,15,116	-	1,15,116	4,49,581
(Decrease) / Increase in Deposit Works	-	-	-	-
(Decrease) / Increase in Other Current Liabilities	2,66,617	-	2,66,617	(16,77,570)
(Decrease) / Increase in Provisions	-	-	-	-
Extra Ordinary Items (Specify)		-	-	-
Net Cash Generated from/ Used in Operating Activities (A)			3,34,57,414	2,71,35,106
Cash flow from investing activities (B) :				
(Purchase) of Fixed Assets & CWIP	-	(3,87,70,566)	(3,87,70,566)	(4,54,31,964)
Increase/ (Decrease) in Special Fund/ Grant	2,64,98,279	-	2,64,98,279	2,00,36,490
Increase/ (Decrease) in Earmarked Funds	-	7,56,707	7,56,707	5,10,009
Increase/ (Decrease) in Municipal Funds	-	-		(2,18,22,229)
Increase/ (Decrease) in Reserve Fund		-	-	-
Increase/ (Decrease) in Capital Contribution	70,92,984	-	70,92,984	1,49,33,143
(Purchase) of Investments	18,97,538	-	18,97,538	48,94,499
Add:	-	-	-	-
Proceed From Disposal of Assets	-	-	-	-
Proceed From Disposal of Investments	-	-	-	-
Investments Income Received	37,68,548	-	37,68,548	6,22,825
Interests Income Received	17,52,622	-	17,52,622	14,55,451
Net Cash Generated from/ Used in Investing Activities (B)			29,96,112	(2,48,01,777)



Cash Flow Statement
1-Apr-2020 to 31-Mar-2021

Particulars	Inflow	Outflow	Current Year Amount	Previous Year Amount
Cash flow from financing activities (C) :				
Add:				
Loans from Banks/ Other Received	-	-	-	-
Auto Sweep Investment in Bank				-
Less:		-	-	-
Loans Repaid during the period	-	-	-	-
Loans & Advances to employees	-	-	-	-
Loans to others		-	-	-
Finance Expenses	-	13,041	(13,041)	(6,402)
Net Cash Generated from/ Used in Financing Activities (C)			(13,041)	(6,402)
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)			3,64,40,485	23,26,927
Cash & Cash equivalents at the beginning of the year			11,24,32,434	11,01,05,508
Cash & Cash equivalents at the end of the year			14,88,72,920	11,24,32,434
Cash and Cash Equivalents at the End of the Period comprises of the following account balances at the end of year			-	-
i. Cash Balances			-	-
ii. Bank Balances			14,88,72,920	11,24,32,434
iii. Scheduled Co-Operative Banks			-	-
iv. Balance With Post Office			-	-
v. Balance With Other Banks			-	-
TOTAL			14,88,72,920	11,24,32,434

FOR AND BEHALF OF
MUNICIPAL COUNCIL
KARELI

Sneha Awasthi
CHIEF MUNICIPAL OFFICER

Diksha Patel
ACCOUNTS OFFICER

Date : 24/08/2021

For NPJS & Associates
Chartered Accountants



CA Jitendra Singh
(Partner)

M.No. 421786

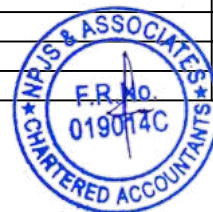
Kareli Nagar Palika Parishad

Narsinghpur

Receipts and Payments

1-Apr-2020 to 31-Mar-2021

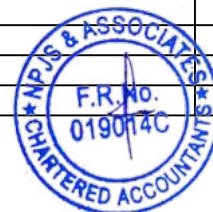
Receipts	Amount(Rs.)	Payments	Amount(Rs.)
Opening Balance		21010-00 - Consolidated Salaries, Wages & Bonus	2,49,87,484.00
Bank Accounts	11,24,32,434.49	21010-21 - Wages	1,41,83,234.00
11001-41 - Surcharge on Property and Water Tax	41,844.00	21020-22 - Dearness Allowance	47,699.00
11002-42 - Surcharge on Water - Domestic	90.00	21030-02 - Contributory Pension /Family Pension	14,24,100.00
11013-00 - Consolidated Export Tax	19,000.00	21030-44 - EPF	42,20,137.00
11013-13-Mad Pump	69,100.00	21030-45 - NPS	12,85,056.00
11080-08 Service Tax	90,984.00	21040-11 - Leave Encashment	87,636.00
11080-31 - Toll Tax	2,38,345.00	22011-00 - Consolidated Office Maintenance	1,24,019.00
11080-41 - Education Cess	452.00	22011-01 - Electricity Charges	45,17,178.00
12010-15 Mudrank Sulk	18,55,000.00	22012-01 - Telephone Expenses	1,347.00
12010-21 - Passenger Tax	25,66,000.00	22012-11 - Web, Internet	19,268.00
12020-01 - Compensation in Lieu of Octoi	3,06,40,291.00	22012-21 - Postage Expenses	2,700.00
13010-01 - Rent From Markets	4,46,873.00	22021-01 - Printing Expenses	20,690.00
13010-03 - Rent From Community Halls	7,700.00	22021-02 - Stationery	74,434.00
13010-07-Rent From Shop	1,000.00	22021-03 - Computer Stationery And Consumables	4,250.00
13010-38 Rain Basera	6,801.00	22021-21 - Flex	55,354.00
13013-13 - Export Tax	2,35,000.00	22030-05 - Travelling And Conveyance Staff	8,195.00
14010-00- Consolidat Empanelment&Registration Charge	50,000.00	22030-11 - Fuel, Petrol and Diesel Own Vehicles	10,23,835.00
14010-04-Panjiyan	50.00	22040-02 - Insurance Vehicles	21,244.00
14010-50 - Namankan Sulk	2,23,120.00	22052-11 - Legal Fee	1,28,000.00
14010-51 - Contractor Registration Fee	5,000.00	22052-21 - Consultancy Fees,Charges	85,500.00
14011-01 - Trade License Fees	2,750.00	22060-01 - Advertisement Expenses	2,53,096.00
14011-06 - Fees From Casual Vendors	2,23,107.00	22060-11 - Publicity Expenses	5,600.00
14013-00 - Consoli Fees for Certificate Or Extract	550.00	22060-31 - Cultural Events	10,560.00
14020-00 - Consolidated Penalties and Fines	87,925.00	22080-00 - Consolidated Other Administrative Expense	25,075.26
14020-04 - Others	2,000.00	22080-51 - Miscellaneous Expenses	12,84,073.00
14020-05 - COVID Chalan	3,70,900.00	23020-03 - Swachta	29,195.00
14020-06 - Senetizer	30,650.00	23040-01 - Hire Charges Of Machineries	30,600.00
14020-07 - Samwara Baithki Bajar	2,33,155.00	23040-02 - Hire Charges of Vehicls	1,73,000.00
14020-08 - Penalty Of Parking	450.00	23050-00 - Consoli Repairs&Maintenance Infra Asset	7,06,366.00
14040-04 - NOC	825.00	23050-05 - Boundary Wall	3,000.00
14040-05 - RTI	328.00	23050-21 - Water Ways	21,320.00
14040-12 - Road Cutting Charges	1,49,150.00	23050-35 - Motor Pump	19,163.00
14040-13 - Application Fees	20,860.00	23051-01 - Parks, Nurseries & Gardens	1,40,532.00
14040-14 - Miscellaneous Fees	3,27,896.00	23051-44 - Painting Work	49,412.00
14040-15 - Nal Connection(Sayojan()) Charges	6,33,520.00	23052-17 - Muktidham	13,313.00
14040-16 - Nal Connection Material	4,100.00	23053-04 - Trucks (Tractor)	78,024.00
14040-19 - Kachar Collection Sulk	1,38,341.00	23053-05 - Tankers	9,082.00
14040-20 - Kachra Shulk Bakaya	78,070.00	23053-07 - Ambulances	4,040.00
14040-21 - Navinikaran Shulk	55,622.00	23053-10 - R&M Chamber	4,660.00
14040-22 - Swakchha Sulk	500.00	23053-11 - Kachra Dibba	5,000.00
14040-44 - Audit Aapti Sulk	655.00	23053-13 - Vehicle MAIn. Oil	18,350.00
14040-50 - Dakhal Sulk	1,350.00	23053-14 - Elect. Vehicle	14,083.00
14040-51 - BPL Card Shulk	20.00	23054-09 - Others	11,426.00
14040-52 - Samgra ID	7,720.00	23055-02 - Computers	15,425.00
14050-09 - Charges for Supply of Water By Tankers	1,07,145.00	23080-03 - Workshop & Health Dept.	9,000.00
14050-10- Dakhal Shulk	5,85,610.00	24070-00 - Consolidated Bank Charges	13,040.75
14050-12 - Lease Nama Khasra Nakal	20,355.00	25010-00 - Consolidated Election Expenses	9,950.00
14050-13 - Vikash Fees	6,65,434.00	25020-00 - Consolidated Own Programme	4,348.00
14050-22 - Super Vision Charges	5,23,800.00	25020-01 - 26th Jan.	17,705.00
14050-28 - Karmkar	1,185.00	25020-02 - Covid	3,000.00
15011-01 - Sale of Tender Papers	2,97,060.00	25020-03 -cm Prog.	28,690.00
15011-02 - Sale of Ration Card & Other Forms	985.00	25020-04 - Covid CM Emp. Sahayata Kosh	84,880.00
17010-01 - Fixed Deposits	11,53,684.10	25020-07 - Coll. Karyakram	4,500.00
17110-00 - Consolidated Interest From Bank Accounts	7,78,338.00	26010-09 - Sambhal Yojna	1,95,000.00
17110-01 - Interest on FDR	53,473.00	26010-11 - PMAY	1,19,50,000.00
17110-02 - Interest	9,20,810.53	26010-20 - Karmkar Yojna	75,000.00



Receipts	Amount(Rs.)	Payments	Amount(Rs.)
18080-00 - Consolidated Miscellaneous Income	1,12,396.48	32020-00 - Consolidated Grants From State Govt.	3,61,028.28
18540-01 - Other Income	4,73,981.30	34010-01 - Earnest Money Depositi (EMD)	5,653.00
32010-29 - 14th Finance Commission	1,00,000.00	34010-11 - Security Deposit(SD)	6,71,697.00
32010-56 - Jal Awaradhan Yojna	1,50,85,000.00	35010-01 - 09 Prachi Infra LTD	1,16,68,466.00
32020-00 - Consolidated Grants From State Govt.	7,12,952.00	35010-03 - Abhi Enterp. Kareli	97,324.00
32020-01 - State Finance Commission	48,77,804.00	35010-04 - Capital Traders	73,990.00
32020-05 - Adhsanrachna Vikas Fund	13,00,000.00	35010-05 - Bharat Tractors Kareli	3,22,187.00
32020-14 - MP / MLA Grant for Specific Purpose	18,28,824.00	35010-06 - Powan Jain	1,72,197.00
32020-17 - Mool Bhoot Yojna	70,88,000.00	35010-07 - mm Narmada Cons. Kareli	9,94,646.00
32020-21 - MLA LAD (Local Area Development Fund)	18,55,000.00	35010-08 - Jb Cons, Kareli	48,71,867.00
32020-25 - Sambhal Yojna	2,29,000.00	35010-09 - Kunal Stores	1,00,234.00
32020-51 - Other Grants	20,70,310.00	35010-10 - Shantinath Elect.	47,598.00
32020-56 - Grant for PMAY	4,75,70,000.00	35010-101 - Patel Krishi Seva Kendra	71,785.00
32020-57 - Sadak Marammat	31,14,000.00	35010-102 - Gejet World Karteli	3,26,037.00
32020-67 - 15th Vitt	3,04,91,000.00	35010-103-News World	2,000.00
32020-77 - Grant for Vehicles	7,50,980.00	35010-104-Sadhna News	2,000.00
34010-01 - Earnest Money Depositi (EMD)	1,00,210.00	35010-105-DNN News	2,000.00
34010-11 - Security Deposit(SD)	93,000.00	35010-106-Sanchar Media Service	2,000.00
35020-37 - GST	407.00	35010-107-C Media Service	2,000.00
42080-02 - 14th FC /BOB/364311	25,12,402.00	35010-108-OM News Agency	2,490.00
42080-02 - 14th FC /CBI/177149	20,00,000.00	35010-109-Moti News Agency	4,825.00
43110-01 - Property Tax Receivable -Current Year	12,84,143.00	35010-110-Lakshya Services Kareli	94,731.00
43110-02 - Property Tax Receivable -Year 1	9,15,457.00	35010-110-Janlok Manthan Sandesh	3,500.00
43110-07 - Property Tax Receivable -Others	8,15,909.00	35010-111-Rajiv Kumar Sharma	46,08,224.00
43120-01 - Other Tax Receivable -Current Year	3,00,239.00	35010-112-Ruchi Enterp.	2,69,753.00
43120-02 - Other Tax Receivable -Year 1	4,79,305.00	35010-113-Gurunanak Mobile	10,654.00
43120-05 - Other Tax Receivable -Others	49,182.00	35010-114-Raghuvanshi Steel Fabrication	92,707.00
43120-21 - Education Cess	2,95,562.00	35010-115-The Oriental Insurance	43,573.00
43120-22 - Education Cess Bakaya	2,27,568.00	35010-116-EEko Green Prod.	14,74,936.00
43120-31 - Vikash Upkar Chalu	3,90,017.00	35010-117-Ramwati Bai	1,25,000.00
43120-32 - Nagari Vikas Upkar Bakaya	3,10,563.00	35010-118-Hemraj Tripathi	90,750.00
43130-01 - Water Supply Receivable -Current Year	8,86,341.00	35010-119-Sadhya Prakash/ Geet Govind	1,500.00
43130-02 - Water Supply Receivable -Year 1	6,42,600.00	35010-120-Brijesh Kumar Mishra	72,163.00
43130-05 - Water Supply Receivable -Others	1,81,970.00	35010-121-Nikhil Verma	1,24,653.00
43140-01 - Rent Receivable - Current Year	3,26,138.00	35010-122-Vikash Jain Kareli	18,000.00
43140-02 - Rent Receivable - Year 1	3,49,886.00	35010-123-Dainik Jagran	27,552.00
43140-05 - Rent Receivable - Others	24,000.00	35010-124-Vishwakarma & Com.	2,71,918.00
		35010-125-JDS Green World	93,960.00
		35010-126-Malak Printers	2,51,781.00
		35010-127-Sahara News	1,500.00
		35010-128-Prabhudayal Guptan & Asso.	61,200.00
		35010-129-Harsh Automobile	4,19,519.00
		35010-130-Kapi Traders	1,91,961.00
		35010-131-Hargovind Ramkrishna Brijpuriya	1,71,849.00
		35010-132-Nai Duniya	13,910.00
		35010-133-Kirti Traders	3,63,263.00
		35010-134-Anand Traders	15,000.00
		35010-135-Tarachand Prajapati	3,07,252.00
		35010-136-Santosh Kahar	34,633.00
		35010-137-Saroba Pump Indus.	2,38,604.00
		35010-138-Samarth Interp.	3,01,698.00
		35010-139-Sohal Egro Kareli	73,859.00
		35010-140-Hasthkal	3,36,731.00
		35010-141-Society for Education Welfare	3,01,350.00
		35010-142-Asha Jenrak Stores	1,09,539.00
		35010-143-Maheshwari & Goyal CA JBP	70,200.00
		35010-144-TATAAIG Gen Insu	65,643.00
		35010-145-Maa Rewa Krishi Kendra	8,12,941.00
		35010-146-Narendra Dev Sikhsha & Bal Kalyan Samiti	1,28,723.00



Receipts	Amount(Rs.)	Payments	Amount(Rs.)
		35010-147-Apurna Associates Jabl.	2,52,648.00
		35010-148-S. Mahendra Singh Chawda	1,23,480.00
		35010-149-S.S.Enterp.JBP	44,196.00
		35010-150-J.S.Nayak	4,41,587.00
		35010-151-Atul Traders	20,580.00
		35010-152-Ashirwad Bertan3	97,706.00
		35010-153-Shivansh Builders	3,59,692.00
		35010-154-T.C.Prajapati	2,75,597.00
		35010-155-Punam Interp.	7,24,829.00
		35010-156-Naresh Elect.	24,794.00
		35010-157-Mannat Steel	49,363.00
		35010-158-VIP Interp.	1,34,064.00
		35010-159-Sidharth Tech.	8,45,059.00
		35010-15-Maa Durga Welding Kareli	6,63,291.00
		35010-160-Moh.Alim & Asso.	54,000.00
		35010-161-Sachin Acharya	6,78,841.00
		35010-162-Yoginam Jabalpur	64,680.00
		35010-163-Dev Narayan Enter.	2,42,550.00
		35010-164-Nikhil Sahu	56,350.00
		35010-165-G.S.Bricks	2,68,984.00
		35010-166-Minor Website	73,500.00
		35010-167-Balaji Pipe & Tiles	28,420.00
		35010-168-Ruchi Paridhan	26,474.00
		35010-169-Essmar Infra Dev.	44,550.00
		35010-16-Hareram WeldingAnd Eng. Kareli	6,51,145.00
		35010-17-Patel Brot. Tendukheda	1,25,620.00
		35010-18-MPEB	66,68,587.00
		35010-19-Pradip Singh Patel Gotegaw	99,556.00
		35010-20- Maa Indust.	7,200.00
		35010-22-KGN Trav.	56,100.00
		35010-23-M/s Mayar	22,000.00
		35010-24-Vedika Cons. Kareli	35,00,113.00
		35010-25-Computer Point	1,68,758.00
		35010-26-Raghvendra Kumar Kareli	44,000.00
		35010-27-Kunal Cons.	23,81,548.00
		35010-28-Navbharat	9,450.00
		35010-29-Ankit Arts Naringhpur	4,73,606.00
		35010-30-Maa Gayatri Agency	4,17,318.00
		35010-34-Choice Enterp.	13,19,942.00
		35010-35-Abhishek Traders	14,00,805.00
		35010-36-Kriti Traders	6,37,136.00
		35010-37-Deepak News	5,368.00
		35010-38-Shri News Agency	4,100.00
		35010-39-Singhai News Agency	1,050.00
		35010-40-Bhoomi News Agency	5,383.00
		35010-42-Sachin Axcharya	11,030.00
		35010-43-Haribhoomi	16,742.00
		35010-44-Dainik Bhaskar	37,422.00
		35010-45-Pradesh Today	42,134.00
		35010-46-Jyoti Pushtak Bhandar	4,99,296.00
		35010-47-Yamuna Enterp.	1,48,568.00
		35010-48-Maa Narmada Mob.	6,62,879.00
		35010-49-Maa Ambe	6,120.00
		35010-50-Bhargav Afset	93,827.00
		35010-51-Evam Enterp.	3,19,137.00
		35010-52-Singhai Tent House Kareli	7,47,323.00
		35010-53-Shubham Elect.	1,53,932.00
		35010-54-Jatav Travels	29,400.00
		35010-54-M/S Bobby Buldiers	2,06,907.00
		35010-55-Pradeep Singh Patel	95,301.00
		35010-56-Rajesh Redimed	30,720.00
		35010-57-Bhagwandas Yadav	1,04,345.00



Receipts	Amount(Rs.)	Payments	Amount(Rs.)
		35010-58-Singhai Bro. Chindwada	10,263.00
		35010-59-Badkur Bro.	3,41,740.00
		35010-60-Pragya Janhit Sanstha	1,95,773.00
		35010-61-Deshbandhu	1,500.00
		35010-62-Relaiance Petrol Pump	6,71,372.00
		35010-63-A Singh Cons.	88,515.00
		35010-64-Durga Pump Servicing	1,40,456.00
		35010-65-Indrapal Singh Kareli	38,43,435.00
		35010-66-Hirah Enterp.	1,48,960.00
		35010-67-Jain Pushtak Bhandar Kareli	29,174.00
		35010-68-DollFin Infra. JBP	1,21,308.00
		35010-69-Asha/Lt. Rajjan Harijan	1,75,270.00
		35010-70-Maruti Enter. JBP	1,01,860.00
		35010-71-Suresh Banjara	5,000.00
		35010-72-Vishnu Namdev	5,000.00
		35010-73-Khabre Abhi Tak	2,000.00
		35010-74-Rajesh Nema	3,000.00
		35010-75-Bhartiya Katpees	17,700.00
		35010-77-71 News	2,000.00
		35010-78-Baba Khan Tralers	82,800.00
		35010-79-Prasar Media & Agency	2,000.00
		35010-80-Sajawat Kareli	3,74,628.00
		35010-81-Bala Ji Fertilizer	86,703.00
		35010-82-Sunil Kumar Jatav	10,000.00
		35010-83-Arihant Travels	75,200.00
		35010-84-Ramesh Maruya	5,000.00
		35010-85- 2 for Con. Betul	1,06,920.00
		35010-86-Mansi Electro.	8,800.00
		35010-87-Asif Khan	13,000.00
		35010-88-Saurav Dubey Minjar Website	93,100.00
		35010-89-Anil Tent House	41,846.00
		35010-90-JRR& CO.	58,500.00
		35010-91-Sabnam Sound & Service Kareli	19,000.00
		35010-92-24 News Channel	4,000.00
		35010-93-Raj Express	1,500.00
		35010-94-M.P. News Network	2,000.00
		35010-95-The Hitvad	1,500.00
		35010-96-Bharat Elect. Kareli	47,432.00
		35010-97-ASD Builders	25,08,674.00
		35010-98-Patrika	4,500.00
		35010-99-BSNL	4,427.00
		35013-00 - Telephone Bill Outstanding	6,242.00
		35013-02 - Electricity Bill Outstanding	22,063.00
		35020-22 - TDS - Contractors	9,98,057.00
		35020-36-Labour Cess	2,49,386.00
		35020-37-Gst	6,83,855.00
		41060-08 - Printer	11,000.00
		41070-00 - Consolidated Furniture & Appliances	15,450.00
		Closing Balance	
		45010-01 Cash	1,72,909.00
		Bank Account	14,87,00,010.61
Total	28,62,51,554.90	Total	28,62,51,554.90

FOR AND BEHALF OF
MUNICIPAL COUNCIL
KARELI

Sneha Awasthi
CHIEF MUNICIPAL OFFICER

Diksha Patel
ACCOUNTS OFFICER

Date : 24/08/2021

For NPJS & Associates
Chartered Accountants

 CA Jitendra Singh
(Partner)
M.No. 421786

NAGAR PALIKA PARISHAD –Kareli, Narsinghpur

FY 2020-21

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Background:

Urban Local Bodies (ULB) were maintaining its financial statements on cash based single entry system, and accordingly there was a limitation on the flow of information and several financial and accounting controls objective were not met.

With a view to bring more transparency in the process and the need for better financial recording and control systems, it is imperative for modern-day ULBs to function as effective and efficient institutions of public service delivery. Presently, ULBs are following the single entry cash based system of accounting, which leaves a lot to be desired for in this day of need for heightened transparency and accountability in ULB decision making.

Kareli Nagar Palika Parishad has decided to migrate its books of accounts from present cash based single entry system to Accrual Based Double Entry Accounting system and for this, assignment was given to a eligible firm to prepare its first ever balance sheet in the prescribed format and details as provided in the Madhya Pradesh Municipal Accounting Manual. Opening balance sheet and Annual financial statements are in progress till date. However, the Financial Statement for the FY 2020-21 has been prepared on the basis of the data provided by the various departments of the ULB. The financial statement presented herewith is the outcome of the accounting data entered into Tally software for the year. The quality and reliability of the financial statements presented herewith is dependent upon and subject to the quality and reliability of available accounting input supplied by the Nagar Palika Parishad.

A. Significant Accounting Policies :

Important accounting policies to be followed by the municipality in respect of accounting for its transactions and in the preparation and presentation of the Financial Statements are prescribed in the Madhya Pradesh Municipal Accounting Manual (MPMAM). All the policies disclosed below are as per MPMAM. All the policies are disclosed below as per MPMAM even though transactions pertaining to one or several prescribed accounting principles & policies might not have taken place during the year at the municipality during its regular course of activity. Where any of the accounting principles adopted by the municipality while preparing its financial statements is not in conformity with principles prescribed in the MPMAM and the effect of deviation from the accounting principles is material, the particulars of the deviation are disclosed together with prescribed accounting policies in case of specific deviation whereas general deviations and practical issues confirmed by the municipality while applying prescribed accounting principles due to initial year of accounting reforms have been disclosed by way of notes to accounts.

Basis of Accounting

The financial statements are prepared on a going concern basis and under historical cost basis under accrual basis of accounting, unless stated otherwise. The method of accounting is the double entry accounting system.



NAGAR PALIKA PARISHAD –Kareli, Narsinghpur

FY 2020-21

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1.0 Income

1.1. Property Taxes

- a) Revenue in respect of Property and Other Related Taxes e.g. Integrated tax, sanitation) including surcharge shall be recognized in the period in which they become due and demands are ascertainable.
- b) In case of new or changes in assessments, it can be accrued in the month in which the demand is served.

1.2. Water Supply and Sewerage

- a) Revenue in respect of Water Tax, Water Supply Charges, Meter Rent, Sewerage charge, Disposal charges shall be recognized in the period in which they become due, i.e., when the bills are raised.
- b) Revenue in respect of Connection Charges for Water Supply shall be recognized on actual receipt.
- c) Revenue in respect of Water Tanker Charges and Road Damage Recovery Charges, Penalties shall be recognized on actual receipt basis.
- d) Revenue in respect of Notice Fee, Warrant Fee, and Other Fees shall be recognized when the bills for the same are raised.

1.3. Solid Waste Management Fees

Revenue in respect of Solid Waste management fee and charges, where separately levied by the ULB (and not included under any other tax) shall be recognized in the period in which they become due, i.e., when the bills for the services are raised.

1.4. Rentals, Fees, and Other Sources of Income

- a) Revenues in respect of rents from municipal properties shall be accrued based on terms of lease/ rent agreement.
- b) Revenue in respect of renewal Trade License Fees shall be recognized on due basis. One time Trade License Fees shall be accounted on actual receipt basis.
- c) Revenues in respect of Profession Tax on Organizations / entities, where levied, recognized on actual receipt basis.
- d) Revenue in respect of advertisement fee shall be accrued based on terms of lease/ rent agreement.
- e) Other income, in respect of which demand is ascertainable and can be raised in regular course of operations of the ULB, shall be recognized in the period in which they become due, i.e., when the bills are raised.
- f) The 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 of the ULB, shall be recognized on actual receipt basis.
- g) Revenue in respect of Property Transfer Charges shall be recognized on actual receipt basis.
- h) Revenue in respect of collection charges or share in collection made by ULB or by any other agency on behalf of State Government shall be recognized on actual receipt from the state government.



NAGAR PALIKA PARISHAD –Kareli, Narsinghpur

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

- i) Revenue in respect of rent of equipment provided to the contractors, deducted from their bills, shall be recognized as and when the deductions are made.
- j) Revenue in respect of Hospital fees, maternity homes fees, diagnostic centre fees and dispensaries fees, Hospital training fees, Rent and/or hire charges in respect of ambulance, hearse, suction unit, vehicle and road roller, Sale of waste and scrap where applicable shall be recognized on actual receipt.

1.5. Common Accounting Principles Concerning Income Accounting

The following principal will apply uniformly on income from Property and Other Taxes, Water Supply and Rentals, Fees and Other Sources of Income:

- a) Interest element and Penalties, if any, in demand shall be reckoned only on receipt.
- b) Revenue in respect of Notice Fee, Warrant Fee and Other Fees charged shall be recognized when the bills for the same are raised.
- c) Refunds, remissions of taxes for the current year shall be adjusted against the income and if pertain to previous years then it shall be treated as prior period item.
- d) Write-offs of taxes shall be adjusted against the provisions made and to that extent recoverable gets reduced.
- e) Demands raised with retrospective effect will be treated as prior period income to the extent it pertains to earlier years.
- f) Demand raised arising out of change in self-assessment of properties will be treated as 'Change in Demand' and will be accounted for as income relating to previous year to the extent it pertains to earlier years.
- g) Any additional provision for demand outstanding required to be made during the year shall be recognized as expenditure and any excess provision written back during the year shall be recognized as income of the ULB.
- h) Refunds, remissions of all kind of incomes for the current year shall be adjusted against the income and if pertain to previous years then it shall be treated as prior period item.
- i) Write-offs of Other Incomes shall be adjusted against the provisions made and to that, extent recoverable is reduced.
- j) Any subsequent collection or recovery of all kinds of receivables which were already written off shall be recognized as a 'Prior Period Income'.
- k) In case collection of any income is under litigation, wherever applicable, no accrual entry will be passed and a disclosure of it will be made in the Notes to Accounts.
- l) Any additional provision for demand outstanding (net on overall basis) required to be made during the year shall be recognized as expenditure and any excess provision written back during the year shall be recognized as income of the ULB.



NAGAR PALIKA PARISHAD –Kareli, Narsinghpur

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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1.6. Provisions for Arrears of Income

The age-wise analysis of all receivables on account of taxes, fees, rental and charges shall be made on a regular basis, at the yearend and provision should be made at the following rates.

Service / Activity	< 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Property, and related taxes	Nil	25%	50%	75%	100%
Water, Sewerage, Solid Waste management fee and charges	Nil	25%	50%	75%	100%
Lease, Rentals	25%	25%	50%	75%	100%
All other accrued revenue	25%	50%	100%	100%	100%
Closed, sick industries, establishment	100%				

2.0 Assigned Revenues

All 'Assigned Revenues' like compensation in lieu of octroi, state finance commission, stamp duty, Surcharge on transfer of Immovable properties, shall be accounted during the year on actual receipt basis. However, at year-end, if the sanction orders for release of funds were issued and funds actually remitted, such amount will be accrued as income for the year by debit to the Assigned Revenue Receivable.

3.0 Grants

3.1. Revenue Grant

a) General purpose Grants, mainly from the state government are of a revenue nature e.g. maintenance of PHE water supply shall be recognized as incomes on actual receipt basis.

b) Grants received or receivable in respect of specific revenue expenditure shall be recognized as income in the accounting year in which the corresponding revenue expenditure is charged to the Income and Expenditure Account.

3.2. Capital Grant

a) Grants received towards capital expenditure (these are generally from State Government) shall be accounted on actual receipt basis.

b) Capital Grants received as a nodal agency or as implementing agency for an intended purpose, which does not, result in creation of assets with ownership rights for the ULB shall be treated as a liability till such time it is used for the intended purpose.

c) Grants in the form of non-monetary assets (such as fixed assets given at a concessional rate) shall be accounted for on the basis of the acquisition cost. In case a non-monetary asset is received free of cost, it shall be recorded at a nominal value (e.g. Rupee One).



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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

d) Income on investments made from 'Specific Grants received in advance' shall be recognized and credited to the Specific Grant, whenever accrued. Profit/loss, if any, arising on disposal of investments made from the 'Specific Grant received in advance' shall also be recognized and credited/debited to the Specific Grant.

4.0 Assets

4.1. Public Works

a) The cost of fixed assets shall include (i) cost incurred/amount spent in acquiring or installing or constructing fixed asset, (ii) interest on borrowings attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets, and (iii) other incidental expenses incurred up to that date of bringing the asset to use.

b) Any addition to or improvement to the fixed asset that results in increasing the utility or capacity or useful life of the asset shall be capitalized and included in the cost of asset. Expenditure in the nature of repairs and maintenance incurred to maintain the asset and sustain its functioning or the benefit of which is less than for a year, shall be treated as revenue expenditure in the year of incurrence.

c) Assets in the nature of civil works and equipment/machinery requiring erection/installation will be first be accumulated under respective 'capital work-in-progress account' prescribed in the chart of accounts. Upon completion of the civil works and installation of machinery the value will be transferred to the respective asset account under fixed assets. If the civil work of machinery installation as at the end of the year were under construction/erection/installation these shall be considered as "Capital Work-in- Progress". The value of each work-in-progress will include the direct cost on material, labour, stores, and advances to suppliers for material and others. Where an asset is created with borrowed funds the interest paid/accrued as on the day of the valuation will also be added to arrive at the total value of the work-in-progress.

d) The Earnest Money Deposit and Security Deposit received if forfeited shall be recognised as income when the right for claiming refund of deposit has expired.

e) Deposit received under Deposit works shall be treated as a liability till such time the projects for which money is received is completed. Upon completion of the projects, the cost incurred against it shall be reduced from the liability.

4.2 Fixed Assets

Fixed assets include Land including parks; Buildings; Roads and Bridges; Waterworks; Bore Wells; Laboratory Equipment; Sewerage and drainage; Public Lighting; Luminary & Electrical Fittings; Furniture, fixtures, fittings; Electrical appliances; Office & other equipment's; Computer Hardware, etc.; Vehicles; Health related assets; Cold Storage Equipment; Medical Equipment.

a) All Fixed Assets shall be carried at cost less accumulated depreciation. The cost of fixed assets shall include cost incurred/money spent in acquiring or installing or constructing 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 month.

b) Any addition to or improvement to the fixed asset that results in increasing the utility or useful life of the asset shall be capitalized and included in the cost of fixed asset.



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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

- c) Any Fixed Asset, which has been acquired free of cost or in respect of which no payment has been made, shall be recorded at nominal value of Re. 1/-.
- d) All assets costing less than Rs.5,000 (Rupees Five thousands) would be expensed/charged to Income & Expenditure Account in the year of purchase.
- e) An increase in net book value arising on revaluation shall be credited to a reserve account under the Municipal fund as 'Revaluation Reserve Account'. A decrease in net book value arising on revaluation of fixed assets is charged to Income and Expenditure accounts.
- f) Depreciation shall be provided at Straight Line Method at the prescribed rates.
- g) Depreciation shall be provided at full rates for assets, which are purchased/constructed before October 1 of an Accounting Year. Depreciation shall be provided at half the rates for assets, which are purchased/constructed on or after October 1 of an Accounting Year.
- h) Depreciation shall be provided at full rates for assets, which are disposed on or after October 1 of an Accounting Year. Depreciation shall be provided at half the rates for assets, which are disposed before October 1 of an Accounting Year.
- i) Assets recorded in the register but not physically available shall be written off after a period of five years.
- j) Expenditure in the nature of repairs and maintenance incurred to maintain the asset and sustain its functioning or the benefit of which is for less than a year, shall be charged off as Revenue Expenditure.
- k) Valuation of land will follow the following guidelines:
- Land acquired through purchase is recorded on the basis of aggregate of purchase price paid/ payable and other costs incidental to acquisition.
 - Leasehold lands acquired by the ULB are taken as a part of the municipal asset at a total value payable as lease charges over the entire lease period and amortized equally over the lease period.
 - Lands that are acquired free of cost from the government or provided by individuals or institutions under endowment for specific purposes are priced at Re. One. Where the ownership of the lands has not been transferred in favour of the ULB, but the land is in the permissive possession of the ULB, such lands should be included in the Register of Land with Re One as its value. However there should be a clear mention in the Register that in case the Government takes back the land at any point of time in future, reversal of entry shall be made in the Register of Lands. Cost of developing such vested lands, if any, should be booked under the subhead 'land'.
 - Cost of land improvements such as levelling, filling or any other developmental activity is capitalized as a part of the cost of land.
- l) All lands that are under encroachment and belonging to the ULB and where it is not possible to have the land evacuated, the Council would decide about the percentage of provision to be made on the cost of land. If the encroachment is for more than two years, provision equal to ninety percent (90%) of the carrying amount should be made.
- m) Parks and Playgrounds should be capitalized under two categories: (i) Land pertaining to Parks and Playgrounds including the cost of development of land that should be booked under 'Land', and (ii) other amenities to Parks and Playgrounds that should be capitalized under the sub-head 'Parks and Playgrounds'.
- n) However, any building /structures/ plant and machinery etc. constructed/ installed in the Parks and Playgrounds and used for other purposes should not be booked under the sub-head 'Parks and Playgrounds'. The same should be booked under the appropriate heads/ sub-heads of assets



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- o) Revaluation of assets is recommended only on an exceptional case. If and when revaluation of asset is carried out the value assigned upon revaluation of a class of assets shall not result in the net book value of that class being greater than the recoverable amount of the assets of that class. Revaluation reserve shall be reduced by transfer of equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.
- p) Statues and Heritage Assets - Statues and valuable works of art will be valued at the original cost and no depreciation shall be charged thereon. In case, however, the original cost is not available or the items have been gifted to the ULB by some other person/ authorities, the value should be taken at Re One. Heritage buildings declared through Gazette Notification should be booked under this head and should be valued at book value/cost of the material date. No depreciation should be charged on such buildings. However, in case of capital improvements after the building has been so notified, depreciation at the normal rate of buildings shall be charged. In case, however the book value /cost of the material date is not available or the items have been gifted to the ULB by some other person/ authorities, the value should be taken at Re One. Material date in this case would be the date of Gazette Notification.
- q) Intangible assets include computer software, which shall be valued at cost plus cost of staff time and consultants costs incurred, in implementing the software, if any. It shall be capitalized, only when the intangible asset is developed, and which can be used by ULB over a period of time to derive economic benefits from it. In case it is not so, the entire amount will be charged to revenue, in the year in which it is incurred. The intangible assets acquired shall be depreciated over a period of five years or useful life, whichever is earlier.
- r) Where ULB has taken a loan, or other borrowings for the construction of an asset or a group of assets, then the interest would be capitalized to that particular asset or the group of assets. If a particular loan cannot be identified for a specific asset, then capitalization would be made at weighted average rate. The weighted average rate will be applicable after taking into consideration the period of completion/ building of assets and the amount invested in relation thereto.
- s) Depreciation on assets on which government grant has been received, is calculated on the gross value of fixed asset i.e. without deducting the grant amount from asset value. The grant so received is charged to the income and expenditure statement in the same proportion as the depreciation charged on such assets.

5.0 Stores

- a) Expenditure in respect of material, equipment, etc., procured shall be recognized on accrual basis, i.e., on admission of bill by the ULB in relation to materials, equipment, etc., delivered. The cost of inventories shall include the purchase price including the expenditure incurred to bring the inventories to its present location and condition i.e. freight inward, duties and taxes, etc.
- b) Accounting of 'goods received and accepted' where bills are received after the balance sheet date shall be accounted based on the value as stated in the invoice. However, where the bills are not received up to the cutoff date the value used will be as stated in the purchase order.
- c) The stock as at the close of the year shall be valued at cost following the popularly known valuation method - FIFO 'First in first out'.
- d) Value of store, material disposed off/ sold shall be recognized on actual receipt basis. Inventories of consumable supplies such as stationery, fuel shall be treated as expenditure and charged to revenue at the time of purchase.



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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

6.0 Other Expenditures

6.1. Employees Related Transactions

- a) Expenses on Salaries and other allowances shall be recognized as and when they are due for payment (i.e. at the month end).
- b) Statutory deductions from salaries including those for income tax, profession tax, provident fund contribution, etc., shall be recognized as liability in the same period in which the corresponding salary is recognized as expense.
- c) Gratuity shall be calculated upon retirement of the employee and will be due then.
- d) Leave encashment will be recognized on actual payment basis.
- e) Pension is recognized on actual payment basis where Actuarial valuation is not adopted.
- f) Interest receivable on loans given to employees shall be recognized as revenue at the end of the period in which these have accrued.
- g) In respect of loans to employees, penal interest livable on default in repayment of principal or payment towards interest shall be recognized on accrual basis.
- h) Bonus, ex-gratia, overtime allowance, other allowances and reimbursements to the employees shall be recognized as an expense as and when they are due for payment.
- i) Separate Funds may be formed for meeting the pension and other retirement benefits including Gratuity and Leave encashment. State Governments will decide on this and define the modus operandi.
- j) Contribution due towards Pension and other retirement benefit funds shall be recognized as an expense and a liability. State Government will define the rate of contribution. One basis for such rate could be at the rate generally prescribed for state government employees on deputation.
- k) Actuarial valuation for liability of pensions may be considered by the ULBs. In that case it will be guided by the applicable state laws.
- l) Where applicable, formation of Trusts shall be considered for management of Provident Funds. In that case it will be the responsibility of the ULB to form the trusts and meet the shortfall of the fund if any. Provident Funds money shall be invested as per the guidelines applicable to any Employee Provident Fund. Employer's contribution to Contributory Provident Fund is recognized on due basis.

6.2. Other Revenue Expenditures

- a) Other Revenue Expenditures shall be treated as expenditures in the period in which they are incurred.
- b) Provisions shall be made at the year-end for all bills received up to a cutoff date.
- c) Any expenditure for which the payment has been made in the current period but the benefit and/or service is likely to arise in a future period shall be treated as an expenditure for the period in which its benefit arises and/or services are received.
- d) The expenditure for the current period shall include the proportionate value of the benefits and/or services arising in the current period even if the payment therefore has been made in the previous period.



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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

7.0 Borrowings or Loans received

- a) Interest expenditure on loan shall be recognized on accrual basis.
- b) Interest on borrowings directly attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets shall be capitalized.
- c) A provision shall be made for the interest accrued between the date of last payment of interest and the date of financial statements and shall be charged to the current period's Income and Expenditure Statement.
- d) The expenses incurred while issuing debentures or Bonds (Issue Expenses) shall be deferred and amortized in equal instalments over a period of 5 years or the tenure of the loan whichever is earlier. In case, the debentures and bonds are prematurely redeemed, the amount of issue expenses outstanding during the year shall be written-off and charged to the Income and Expenditure Statement as expense of the year when this happens. However, all other expenses in respect of raising loans other than those considered, as issue expenses shall be expensed off in the year in which they are incurred.

8.0 Investments

- a) Investment shall be recognized at cost of investment. The cost of investment shall include cost incurred in acquiring investment and other incidental expenses incurred for its acquisition e.g. brokerage.
- b) All long-term investments shall be carried / stated in the books of accounts at their cost.
- c) Short-term investments shall be carried at their cost or market value (if quoted) whichever is lower.
- d) Interest on investments shall be recognized as and when due. At period ends, interest shall be accrued proportionately.
- e) Dividend on investments shall be recognised on actual receipt.
- f) Profit/loss, if any, arising on disposal of investment (net of selling expense such as commission, brokerage, etc) from the Municipal Fund shall be recognized in the year when such disposal takes place.
- g) Income on investments made from Special Fund and Grants under specific Scheme shall be recognised and credited to Special Fund and Grants under Specific Scheme respectively, whenever accrued. Profit/loss, if any, arising on disposal of investments (net of selling expense such as commission, brokerage, etc) made from the Special Fund and Grants under specific Scheme shall be recognised and credited/debited to Special Fund Account and Grant under specific scheme Account respectively.

9.0 Special Funds

- a) Special Funds shall be treated as a liability on their creation.
- b) Income on investments made from Special Fund shall be recognised and credited to Special Fund, whenever accrued. Profit/loss, if any, arising on disposal of investments made from the Special Fund shall be recognised and credited/debited to Special Fund Account.
- c) Any expenditure of a revenue nature, which is incurred specifically on scheme/project for which a Special Fund has been created, shall be charged to that Special Fund.
- d) On completion of the construction of a fixed asset and/or on acquisition of a fixed asset out of a Special Fund, the amount equivalent to the cost of such fixed asset shall be transferred from the respective Special Fund to the Grant against Asset Account. Amount proportionate to



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SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

depreciation of the asset shall be credited to the Income and Expenditure Account every year. Depreciation on assets on which government grant has been received, is calculated on the gross value of fixed asset i.e. without deducting the grant amount from asset value. The grant so received is charged to the income and expenditure statement in the same proportion as the depreciation charged on such assets.

10.0 Lease and Hire Purchase

10.1. Leases can be of two types – finance lease and operating lease. In a finance lease, the lessor transfers substantially all the risks and rewards incident to ownership of an asset. An operating lease is a lease other than a finance lease.

10.2. When an ULB (as a lessee) have obtained an asset on lease, effecting the lease agreement as a **finance lease**, then it have assumed all the risks and rewards incident to ownership.

- a) In case of finance leases, the ULB would recognize the lease both as an asset and a liability.
- b) The lease item would be recognised as an asset at the cost value of the lease as per agreement or at any value as agreed between the lessor and the lessee.
- c) The principal amount payable on the lease, equivalent to the asset value only would be shown as a liability.
- d) Amount of lease payments would be apportioned between the finance charge and the principal repayment.
- e) The principal repayment would reduce the lease liability and the finance charges would be considered as an expense.
- f) The leased asset would be subject to normal depreciation like that considered for other assets in the same category, when they are not leased.

10.3. When an ULB (as a lessor) have granted an asset on lease, effecting the lease agreement as a **finance lease**, then it have relinquished all the risks and rewards incident to ownership.

- a) The ULB as a lessor would consider the lease in the balance sheet as receivable at the agreed value and recognise the transaction of relinquishing the rights as a disposal of asset, so held or as a sale of properties.
- b) Of the lease payments received, the ULB should recognise the finance income on a systematic and rational basis and recognise the same as an income for the year
- c) No depreciation can be provided by the ULB (as a lessor) when the lease is of a finance lease.

10.4. When an ULB (as a lessee) have obtained an asset on lease, effecting the lease agreement as a operating lease, then it have not assumed all the risks and rewards incident to ownership, as all such risks are still with the lessor.

- a) All lease payments should be recognised as an expense.
- b) No distinction between principal repayment and finance charges to be made.
- c) No depreciation to be provided on assets held under operating leases.

11.5. When an ULB (as a lessor) have granted an asset on lease, effecting the lease agreement as a operating lease, then it have not relinquished all the risks and rewards incident to ownership.



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- a) All leased assets under an operating lease would be recognised as an asset, still owned by the ULB, under the group fixed assets, but need to be separately disclosed.
- b) Lease Income should be recognised in the statement of Income & Expenditure on accrual basis.
- c) Depreciation to be provided on the leased assets in the same manner as provided for any asset of that class under direct control of the ULB.

10.6. Hire purchase in the books of ULB (when a buyer)

- a) The purchase price shall be capitalized as the cost of fixed assets.
- b) Hire Purchase (HP) instalments shall be apportioned between the finance charge and the reduction of the principal outstanding. The finance charge shall be allocated so as to produce a constant periodic rate of interest on the remaining balance of the liability;
- c) The total amount of interest portion out of the 'HP Payable' shall be accounted by debiting to a control account under current assets. This amount will be adjusted on accounting of finance charges.
- d) The depreciation principle for assets purchased under HP should be consistent with that for owned assets.

10.7. Hire purchase in the books of the ULB (when a seller)

- a) The sale price (including the interest portion) shall be accounted as receivable from HP agreement;
- b) HP instalments shall be apportioned between the interest income and the reduction of the principal amount receivable (the finance income to be allocated so as to produce a constant periodic rate of interest on the remaining balance of the receivable);
- c) The total amount of interest portion out of the 'HP Receivable' shall be accounted by crediting to a control account under current assets. This amount will be adjusted while accounting for finance charge.



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B. Notes to Accounts

Provision against receivables

In the absence of necessary details, we have not made any provision against receivables in the current year. The municipality is in the process of compiling the age wise records of all the receivables and necessary provision will be made in the books of accounts after the age wise receivables is finalized.

Contingent Liabilities

As per the information provided by the ULB and on the basis of documents reviewed by us in the preparation of the Opening Balance Sheet we did not come across any such information which needs to be disclosed as a contingent liability.

Use of Estimates

The preparation of financial statements in conformity with accounting guidelines as per MPMAM requires municipality to make estimates and assumptions that affect the reported balances of assets and liabilities and also disclosures relating to contingent liabilities as at the date of the financial statements and reported such estimates relied upon includes useful lives of fixed assets etc. Differences between actual result and estimates are recognized in the period in which the results are known/materialized.

Creation of Municipal General Fund

Preparation of Opening Balance Sheet as on 01.04.2016 was the starting point for conversion of the accounting system of municipality from cash to accrual basis and from single to double entry system, which required municipality to determine the value as on that date, of all the assets and liabilities belonging to the municipality. Under the accounting system followed by the municipality so far, no formal ledger was maintained and consequently no balances of assets and liabilities were carried over. Moreover, no concept of Equity/Propriety/Municipal Fund was there in existence. But for opening balance sheet purpose municipality identified assets and liabilities as on 01.04.2016 and excess or otherwise of opening balances of assets over opening balances of liabilities was recognized as Municipal General Fund as per relevant accounting guidelines provided in MPMAM. The opening balance of Municipal General Fund was taken into account for the purpose of further accounting.

Identification and Determination of Opening Balances of Assets and Liabilities

Under the accounting system, followed hitherto, by the municipality, no ledger accounts were being maintained with respect to fixed assets acquired /constructed by the municipality, instead all the capital expenditure incurred were directly charged to Receipts & Payments Statement, the only annual accounting statement prepared by the municipality and consequently no balance were carried forward in respect of assets currently under the control of and in active use by the municipality. Since the municipality has adopted accrual accounting for the first time



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as on April 1, 2016, there were often difficulties in compiling comprehensive information on the existence and valuation of assets. The opening financial statements have been prepared, as per the guidelines and formats provided in the MPMAM, the municipality has taken into account available historical cost less accumulated depreciation of all the assets that howsoever came into the knowledge of appropriate authority of municipality. Any asset which has been acquired free of cost or in respect of which no payment has been made from own fund is recorded at nominal values of Re. 1.

In case of liabilities, same environment, as stated above, was prevailing hitherto and all the capital / loan / deposit receipts directly and fully credited to receipts and payments statement in the year of receipts. The amount repaid if any was charged in the year of payment in an isolated way without updating the status of outstanding dues of lending institutions including interest and penal interest charged by them, at municipality level. Different items of liabilities incorporated in these financial statements are identified and determined from various documents / records which are subject to confirmation / reconciliation and consequent modifications if any.

These being the ground realities, there might be possibility that these financial statements may not cover assets / liabilities existing at the balance sheet date, if any, but unknown to the appropriate authority of the municipality.

These financial statements have considered the opening balances determined as above as on April 1, 2016. To that extent, these financial statements are not showing true and fair view of state of affairs as on reported date.

Depreciation on Fixed Assets

1. Depreciation could not be calculated for the year on fixed assets due to unavailability of the previous years Financial Statement by the ULB.

Other Disclosures

2. No separate accounts for the grants are maintained. In the year end it becomes very difficult to obtain expenditure from grants.
3. Debit / Credit balance in Loans & Advances are subject to confirmation / reconciliation and consequent modifications (if any)
4. Demand entry made on the basis of a document, which is submitted to Bhopal Directorate duly signed by the CMO of the ULB.
5. Uniformly 5 % of the daily income has been transferred to Reserve fund. Moreover, a separate register is being maintained by the ULB and actual transfer is being made by the ULB to a specific bank account in JSK having account No. 663008019353.
6. Taxes which are received in the form of Account payee cheque from the Assessee are recorded correctly in the cash book. However, it was noted that the cheque no. and the source of income is not mentioned in the cash book in various instances.
7. Capital Work in progress amounting to Rs. 8,49,09,038.00/- is standing in the books in the absence of details of assets completed & finalized, due to which those capital expenditures have not been transferred to Fixed Assets.



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8. Depreciation charged during the year has been recouped fully and shown under 16040- Contribution towards Fixed Assets.
9. Expense of Grant is not recorded separately, we suggest that a grant register should be made at ULB level so that grant position is correctly shown
10. Provisions on doubtful debtors has not been worked out and accounted in the books of accounts due to unavailability of age-wise debtors.
11. Stock Register is not updated. As a result store accounting could not be undertaken in tally.
12. Grant register not maintained properly by ULB, hence the amount transferred towards capital contribution on the basis of Grant Utilised during the year.
13. Only utilised value of Revenue Grant has been transferred to Income side of Income and Expenditure A/c, balance amount unutilised during the year has been shown in liability of Municipal Corporation.
14. Previous year figures were regrouped or rearranged were ever required.
15. The Municipal Council has not maintained a separate register for the security Deposit, Earnest Money Deposit, Retention Money, Drainage Deposit Waterworks Deposit, Tender Money Deposit, Performance Guarantee etc. Hence the liability in respect of unclaimed deposits disclosed in the Balance Sheet is only to the extent of availability of information from whatever records available in that respect.

