



# **Maheshwari Vivek & Associates**

CHARTERED ACCOUNTANTS

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## **AUDITORS REPORT**

To  
The Municipal Commissioner  
Nagar Nigam  
Gorakhpur.

We have audited the attached Balance Sheet of **GORAKHPUR NAGAR NIGAM, GORAKHPUR**, as at 31<sup>st</sup> March, 2017 and Income and Expenditure Account for the year ending on that date.

Preparation of Financial Statement is the responsibility of the management. Management is responsible for its accuracy and completeness. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion and subjects to our details observation in the enclosed Annexure to this report and Schedule No. 21 pertaining to Notes to Balance Sheet, we report that-

*In the case of Balance sheet, it gives a true and fair view of the state of affairs of the Nagar Nigam as at 31<sup>st</sup> march, 2017.*

*In the case of income and Expenditure Account for the year ending 31.03.2017, it gives a true and fair view of the **deficit**.*

For Maheshwari Vivek & Associates  
Chartered Accountants



(CA. Vivek Maheshwari)  
Partner

Date: 21-02-2018  
Place: Gorakhpur

**ANNEXURE TO THE AUDITORS REPORT**  
**READ WITH AND FORMING PART OF THE REPORT**

**BOOKS OF ACCOUNTS**

We have examined books of accounts maintained by Gorakhpur Nagar Nigam. It is primarily maintained on single entry system but later digitalized on Double Entry System, using Tally software.

All the figures have been taken as per the books and records maintained by the Gorakhpur Nagar Nigam.

**SIGNIFICANT ACCOUNTING POLICIES AND REVENUE RECOGNITION**

Books are maintained on DEAS, as prescribed by the directorate of Local Bodies under the reform program suggested under JNNURM/UIDSSMT. Provisions for establishment liabilities towards gratuity & leave encashment have not been made in the Balance Sheet. Further all income except for Property Tax, Water Tax, Sewer Tax, Taxi Stand, Tax on Advertisement & Rent from Building & Shop have been accounted for on Cash Basis. Provisions for contingent liabilities and contractual obligations, if any, have not been provided.

**FIXED ASSETS**

Fixed Assets register has not been maintained by the Municipal Corporation. Details of Assets appearing in the attached Balance Sheet were compiled on the basis of information received and certified by various departments.

**LAND (Code-410-10)**

We have observed that value of land has been mentioned in schedule B-11. Land value has been taken in the balance sheet on the basis of circle rate published by District Magistrate, as and when DEAS was implemented in F/Y 2009-10

**BUILDINGS & OTHER CONSTRUCTION (Code-410-20)**

In absence of the details of old buildings, owned by Nagar Nigam Gorakhpur upto 1.4.2009; notional value @ Rs.1.00 has been adopted as per the guidelines suggested by the directorate at the time of implementation of DEAS in F/Y 2009-10

The addition/construction during the year has been taken on cost.

**ROADS (Code-410-30)**

Valuation of roads, streets and kharanja etc. been done by the construction department of Nagar Nigam Gorakhpur. There is no subsidiary record to check the same.

The addition/ construction during the year have been taken on cost.

### **BRIDGES (Code-410-30)**

In absence of the details of bridges owned by Nagar Nigam Gorakhpur, notional value @ Rs.1.00 has been adopted as per the guidelines suggested by the directorate during implementation of DEAS in F/Y 2009-10

### **SEWERAGE AND DRAINAGE (Code-410-31)**

In absence of the details of sewerage and drainage owned by Nagar Nigam Gorakhpur, notional value @ Rs.1.00 has been adopted as per the guidelines suggested by the directorate during implementation of DEAS in F/Y 2009-10

The addition/construction during the year have been taken on cost.

### **PUBLIC LIGHTINGS (Code-410-33)**

Value of public lighting has been taken on the basis of details provided by Sheet Light Department. The details are lacking date of installation / acquisition. The valuation has been made on present average cost of poles, cable and fittings. There was no subsidiary records for verification of quantity and valuation.

The addition /construction during the year have been taken on cost.

### **PLANT & MACHINERY (Code-410-40)**

Value of plant & machinery as shown in Balances Sheet is provided by Health Department of Gorakhpur Nagar Nigam. Subsidiary records were not produced for our verification.

The addition / construction during the year have been taken on cost.

### **VEHICLE (Code-410-50)**

Value of vehicles is shown in Balance Sheet as per values provided by various Departments. Subsidiary records were not produced for our verification.

The addition/construction during the year have been taken on cost.

### **OFFICE & OTHER EQUIPMENTS (Code-410-60)**

Value of office & other equipments shown in Balance Sheet are as per details provided by Stores Department. Subsidiary records were not produced for our verification.

The addition/ construction during the year have been taken on cost.

### **FURNITURE & FIXTURES (Code-410-70)**

Value of furniture & fixtures shown in Balance Sheet is as per details provided by Stores Department. Subsidiary records were not produced for our verification.

The addition/construction during the year have been taken on cost.

## DEPRECIATION

Depreciation has been charged for the current year only, at the rate suggested by the Income Tax Act, 1961.

## CURRENT ASSETS, LOANS AND ADVANCES

### STOCK IN HAND (INVENTORIES) (CODE-431)

1. Value shown in the Balance Sheet is as per details provided by various departments.
2. Inventory register was provided to us for verification of balances shown in the Balance Sheet.

### SUNDRY DEBTORS (RECEIVABLES) (Code-431)

1. Value shown in Balance Sheet is as per details provided by various departments.
2. The sundry debtors shows details of House tax, Water tax, Sewer tax & Tax on Advertisement, Stamp Fees receivables but it is not supported by any individual house wise or area wise outstanding, as there is not list enclosed in support of given figures.
3. Rent receivable has been taken as per 'Property Register'.
4. Amount receivable against parking / Taxi Stand contracts has been provided by the Rent Department.
5. Receivables against Road Cutting charges have not been taken in Balance Sheet.
6. The Demand and Collection Register were not provided to us for verification of given figures in balance sheet.
7. No provision has been made for bad and doubtful debts.

### CASH AND BANK BALANCES (Code – 50)

- Cash in hand appearing in balance sheet is as per cash books maintained by the Accounts Departments. With regard to bank balances, we have checked from bank books and found the same as correct.

### LOANS, ADVANCES AND DEPOSITS (Code – 60)

1. Balances of loans, an advance appearing in the Balance Sheet is as per list provided by the Accounts Department. The list is including advances to staff for official purposes but adjustment is pending for the last few decades, also including advances to contractors and suppliers.
2. We have been informed that there are advances to staff for houses building etc. and the same is recovered from salary.

## LIABILITIES

### MUNICIPAL (GENERAL FUND) (Code – 310)

1. Capital Work and surplus (deficit) out of current year affairs/ financial activities is transferred to Municipal Fund at the end of year.

### OTHER:

1. The outstanding liabilities as on 31.03.2017 towards Salary Payables, various deductions, Sundry Creditors etc. has been worked out after screening the bills paid during the period between 1<sup>st</sup> April 2016 to 31<sup>st</sup> March, 2017.
2. Gorakhpur Nagar Nigam has adopted mercantile system of accounting but prepaid expenses for the unexpired period has not been accounted for.
3. The balances of sundry debtors for taxes etc. and advances to staff are subject to verification.

For Maheshwari Vivek & Associates  
Chartered Accountants



(CA. Vivek Maheshwari)  
Partner

Date: 21-02-2018  
Place: Gorakhpur

**Notes on Accounts forming part of Balance Sheet of Gorakhpur Nagar Niqam as on 31<sup>st</sup>**

**March, 2017:**

- The accounts have been prepared using historical cost convention and going concern concept, where revenue has been recognized on accrual concepts.
- All grants have been shown in Balance Sheet and Schedule showing balances outstanding against each grants.
- Outstanding payments have been shown in schedule B-9 under the head Other Liabilities (Sundry Creditors).
- Interest receivable has not been considered in the amounts receivable with respect to the Property Tax, Water Tax & Sewer Tax, as revenue will be recognized as and when received.
- Other Incomes like Birth & Death Certificates, Penalty, Fines etc. have been accounted for on receipt basis.
- Cash and Bank balances are reconciled.
- Sundry Debtors and Sundry Creditors are subject to confirmation.

**For Maheshwari Vivek & Associates**

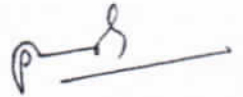
Chartered Accountants



(CA. Vivek Maheshwari)  
Partner



Accounts Officer



Municipal Commissioner

Date: 21-02-2018

Place: Gorakhpur