

**Bihar Municipal Accounting Manual 2014**

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## PREFACE

The Ministry of Urban Development & Housing Department, based on the Eleventh Finance Commission recommendations and the Guidelines issued by the Ministry of Finance, Government of India, the Comptroller and Auditor General of India (CAG) had constituted a Task Force to recommend budget and accounting formats for Urban Local Bodies (ULBs) in India. The CAG Task Force in its report, inter-alia, suggested adoption of accrual basis of accounting by ULBs.

To provide a generic framework of National Municipal Accounting and a simplified tool kit to the ULBs for recording the accounting entries, the MoUD, initiated the formulation of National Municipal Accounts Manual, based on the Task Force Report under the guidance of C&AG and developed a Model National Municipal Accounting Manual which was to be adopted and followed by the various State Governments after the required modification to make it State Specific.

Based on the National Municipal Accounting manual, The Urban & Housing Development Department, Govt. of Bihar has taken initiative to develop Bihar Municipal Accounting Manual which comprehensively details the accounting policies, procedures, guidelines designed to ensure correct, complete and timely recording of municipal transactions and produce accurate and relevant financial reports.

This initiative is expected not only to enhance the capacities of ULBs in municipal accounting leading to increased transparency and accountability in the utilization of public funds but also will help urban local bodies to play their roles more effectively and ensure better service - delivery.

We hope this Manual will facilitate and assist the Urban Local Bodies in providing Good Governance in the Local Bodies.

The Manual will be periodically reviewed and updated by the Director of Local Bodies, UD&HD Department based on the implementation experience. Clarification requests or queries in respect of these guidelines may be addressed through the Director of Local Bodies, UD&HD, GoB.

The manual has become very comprehensive as it tried to cover all the activities which are presently implemented by the UD&HD and those activities which are anticipated in the Bihar Municipal Act 2007. It is also proposed to develop a further simplified operational cum Training Manual for the Municipal Accounting for small ULBs which will only be based on the existing activities carried out by the ULBs..

Secretary  
Ministry of Urban & Housing Development Department

## FOREWARD

With the 74th Constitutional Amendment Act, the Urban Local Bodies in India have a constitutional status and are empowered to function as local self-governments to provide good urban governance.

In terms of the XIth Finance Commission recommendations and the Guidelines issued by the Ministry of Finance, Government of India, Comptroller and Auditor General of India (CAG) constituted a Task Force to recommend budget and accounting formats for Urban Local Bodies (ULBs) in India. The CAG Task Force issued a ‘Report on Accounting and Budget Formats for ULBs’ suggesting accrual basis of accounting and Budget and Accounting Formats, Significant Accounting Policies, Cost of important utilities and services and MIS reports. Further, it has been felt that to align the National Level perspectives of reforms in municipal finance and financial management with that of the State Governments, a generic framework of National Municipal Accounting was essential.

With this objective the Ministry of Urban Development, Government of India launched the formulation of this National Municipal Accounts Manual, based on the TASK Force Report. The Comptroller & Auditor General of India has facilitated and overseen the development of this manual. The Indo-USAID FIRE-D project and National Institute of Urban Affairs have supported the initiative. Based on this it was expected from the States that they would develop State specific Municipal Accounting Manual in the lines of the National Municipal Accounting Manual and in accordance with the State specific requirements .

The Government of Bihar has taken an initiative to develop Bihar Municipal Accounts Manual which comprehensively details the accounting policies, procedures, guidelines designed to ensure correct, complete and timely recording of municipal transactions and produce accurate and relevant financial reports. The manual is to be adopted and followed by all the Urban Local Bodies in the State.

It is hoped that this manual would provide a beacon to various municipal administrators and accountants and other stakeholders to provide good urban governance.

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Volume - I

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## Government of Bihar Urban Development and Housing Department

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### BIHAR MUNICIPAL ACCOUNTING MANUAL 2014

#### Notification

No.....In exercise of powers conferred by section 87 of Bihar Municipal Act 2007(As amended) the Governor of Bihar has been pleased to give assent to notify the following draft Bihar Municipal Accounting Manual 2014 for maintaining books of accounts on the basis of Accrual Based Double Entry Accounting System in Municipalities. Bihar Municipal Accounting Manual 2014 is hereby published for information to such persons, institutions related to it, who may furnish their objections/suggestions, if any, to the undersigned within a period of thirty days from the date of publication of these draft rules in the Bihar Gazette,

## BIHAR MUNICIPAL ACCOUNTING MANUAL 2014

NO.....URBAN DEVELOPMENT AND HOUSING DEPARTMENT,-In exercise of the power conferred by section 87 of Bihar Municipal Act, 2007 (as amended from time to time) the Governor of Bihar is pleased to make the following Manual.

## BIHAR MUNICIPAL ACCOUNTING MANUAL, 2014

# Chapter One

## 1. Introduction

**This introductory chapter aims to...**

Provide a basic background of Local Government Institutions current accounting and financial system and Steps taken to improve the Accounting & Financial System and,

**By the end of this chapter, you should...**

Be aware of the basic background of the Local Government and objectives of good financial management processes; and, strategy for implementation of Good Accounting and Financial Management system in Local Government Institutions.

- 1.1 Local government institutions have always existed in India in one form or another since ancient times. The present form of urban local government owes its genesis to the British rule. The first municipal mechanism created during British rule was the Municipal Corporation introduced in Madras (Chennai) in 1688, which was **followed by Municipal Corporations in Bombay (Mumbai) and Calcutta (Kolkata) by 1762**. Subsequently, Lord Mayo's Resolution of 1870 called for the introduction of an elected President in the municipalities. The current form and structure of municipal bodies is based on Lord Ripon's Resolution on local self-government adopted in 1882. His Resolution of 18 May 1882 on local self-government dealt with the constitution of local bodies, their functions, finances and powers and laid the foundation of local self-government in modern India. Since then the structure of municipal bodies has essentially remained the same, even though the urban areas multiplied.
- 1.2 There are two types of local government: urban local government and rural local government. The Local government bodies are covered in the State List and are governed by the State Statutes or in the case of Union Territories by the Union Parliament.

## Present Scenario

- 1.3 Local Governments have now become an integral part of the National Government structure. The level of government that is closest to the citizens and in the best position, both to involve them in the decision making process for improving their living conditions and to make use of their knowledge and capabilities in the promotion of all round development.
- 1.4 The last few years saw many states delegating a significant number of functions to the local governments. This devolution of functions meant that the local governments have to strengthen their support processes and also look out for effective modes of financing the new functions.
- 1.5 The devolution of functions also called for proper assessment of the resources of the local governments. For this purpose, the aforesaid amendment recommended the formation of State Finance Commission (SFC) with a term of five years. The recommendations of SFC shall include amount of grants to the local governments, measures needed to improve the financial position of the Municipalities etc.

## Way Forward

- 1.6 The rapid urbanization and the consequent growth in the functioning of local governments calls for excellent support systems. Strengthening of the Financial Management and Accounting system of the local government Institutions therefore assumes paramount importance. As one of the steps in that direction, manual which is based on the National Accounting Manual shall give detail guidance on the Accounting, Budgeting and Financial Management system of the LGIs.

## Current System of Accounting

- 1.7 The accounts of the ULB have traditionally been maintained on cash based single entry system of accounting. Some of the major implications have been
  - Full picture of Assets & Liabilities are readily “not available” in one statement.
  - Inadequate managerial attention e.g. on speedier collection of receivables due to lack of information or delayed information.
  - Inadequate cash management. (several in operative bank accounts)
  - Expenses not matched with revenues of the period making determination of surplus/deficit for the period a difficult task.
  - Certain capital expenditures treated as revenue items e.g. roads, bridges, drainage etc.
  - Did not present a “proper” picture of the financial health of the ULB.
  - Inadequate managerial attention e.g. on movement of payables/liabilities
  - Inadequate information on “to what extent, the assets of the ULB have been used up”.

- 1.8 In view of the above and in terms of the recommendations of the CAG Task Force on Accounting Reforms for ULB and the NMAM released by the MOUD, Government of India, it has been decided to introduce Accrual Based Double Entry System at all ULB in India.
- 1.9 It is also essential and urgent for the Municipal in the State of Bihar that there be a restoration of transparency and accountability, in business and governance. Only the introduction and continuous practice of efficient accounting practices can adequately deal with issues of accountability. The Government of Bihar (GOB) has recognized the importance of promoting good urban governance and has initiated a series of measures in this direction with the aim of encouraging decentralization and improving transparency in the functioning of Municipalities of the State. Improvements in the accounting and budgeting ,Financial Management systems, improved record keeping and maintenance and capacity building among the personnel has been identified as some of the key measures for enhancing governance and transparency among the Municipality in the State. The accounts of the Municipalities of the State are currently being maintained on Cash Basis.
- 1.10 This is Bihar Municipal Accounts Manual issued by virtue of the powers granted under Section 87 of Bihar Municipal Act 2007 Bihar.

## **Applicability**

- 1.11 The manual is applicable to all Municipalities to whom the Bihar Municipal Act 2007 is made applicable. Accounting principles placed in the manual are primarily focused on the concept of accrual basis of accounting. The accounting principles adopted for preparation of the Financial Statements of the Municipalities shall be followed uniformly unless stated otherwise in the manual. The manual provides for integrating the budgeting and accounting systems to enable better control.

## **Accounting for Funds**

- 1.12 Fund accounting is a “method of accounting and presentation whereby assets and liabilities for achieving certain objectives are grouped according to the purpose for which they are to be used.” As per Section 73 of Bihar Municipal Act there shall be a fund to be called Municipal Fund and Keeping in view for further classification of receipt & expenditure ,Municipality shall keep under such Fund -general fund, water Supply fund, drainage and sewerage fund, Solid waste management fund, Road development and maintenance fund, slum services fund and enterprises fund. The concept of Funds brings accountability and better transparency. Such types of Funds are normally treated as a separate accounting entity and separate Books are maintained for the same. Hence, separate Financial Statements are prepared for each Fund. In such a case each Fund shall follow the principles and procedures given in this manual. In

addition Municipalities may have Special Funds to meet specific objectives. The treatment for these is provided in the Chapter 19 of this manual.

1.13 Irrespective of the method chosen for disclosure, the Accounting principles recommended in this manual shall be applicable uniformly across all Funds.

1.14 The Accounts Manual will also be applicable to all transactions in the Municipality related to the Transferred Institutions.

1.15 The codification structure and input forms recommended are amenable to computerization. However, the registers are designed keeping in mind that Municipalities will be implementing the recommended system mostly in a manual environment to begin with. Changes to the formats may be required for facilitating computerization.

## **Bihar Municipal Accounts Manual**

1.16 The Bihar Municipal Accounts Manual contains the required forms, formats, procedures, accounting entries, periodical statements, reconciliation procedures, etc. The recommended principles for accounting have also been included.

1.17 This Manual has been structured as follows:

### ***Part I - General***

- Chapter 1 - Introduction
- Chapter 2 - Definitions, Accounting Concepts & Accounting Conventions
- Chapter 3 - Significant Accounting Policies
- Chapter 4 - Codification Structure and Chart of Accounts
- Chapter 5 - General Accounting Procedures

### ***Part II - Accounting for Transactions***

#### ***Section1-Revenue***

##### ***Section1.01-Internal Revenue***

- \_ Chapter 6 - Property & Other Taxes
- \_ Chapter 7 - Water Supply
- \_ Chapter 8 - Rental , Fees and Other Income

##### ***Section1.02-Assigned Revenue***

- Chapter 9- Assigned Revenues

##### ***Section1.03-Grant***

- Chapter 10 – Capital & Revenue Grants, Contribution & Subsidy

#### ***Section2-Expenditure***

- Chapter 11- Public Works

- Chapter 12 - Stores
- Chapter 13 - Establishment Expenditure
- Chapter 14 –Health & Sanitation
- Chapter 15 - Other Revenue Expenditures

**Section3-Assets**

- Chapter 16 - Fixed Assets
- Chapter 17 – Investments
- Chapter 18 – Loans & Advances

**Section4-Liabilities**

- Chapter 19 – Special Funds
- Chapter 20 - Borrowings, Deposits and Other Liabilities

**Section5-Other Transactions**

- Chapter 21 - Lease & Hire Purchase
- Chapter 22 - Special Transactions
- Chapter 23 - Inter Unit Transaction
- Chapter 24 - Transferred Institutions

**Part III - Period-end Requirements**

- Chapter 25 - Period-end Procedures
- Chapter 26- Reconciliation Procedures
- Chapter 27 - Financial Statements
- Chapter 28 – Audit Requirements with Sample Audit Report

**Part IV – Others**

- Chapter 29 - Guidelines for preparation of Opening Balance Sheet
- Chapter 30 –Budgeting & MIS report

Annexure I: List of Forms & Format

1.18 All aspects in respect of which the Bihar Municipal Accounts Manual is silent, the provisions laid down in Acts, Rules, Instructions and Orders issued by the Government shall apply. In respect of all areas where the above are silent, recommendations made in NMAM shall apply as long as they do not contradict the provisions of the Acts, Rules, Instructions and Orders issued by the Government.

## Chapter Two

### 2. Definitions, Accounting, Concepts & Accounting Conventions

**This chapter on Definitions, Accounting Concepts & Accounting Conventions aims at...**

Making you aware of various Accounting terms, Concepts and Convention used in the Accounts manual and

Providing you definition/meaning of the various terms used in the manual

**By the end of this Chapter, you should...**

Be aware of the Accounting Concepts and Conventions and

Common understanding of the terms used to promote consistency and uniformity in their usage.

- 2.1 The various terms used in this Bihar Municipal Accounts Manual, the Accounting Concepts and Accounting Conventions under the Accrual System of Accounting are defined in this chapter. The objective of this chapter is to ensure a common understanding of the terms often used in the manual as well as to promote consistency and uniformity in their usage.

#### Definitions

- 2.2 The definitions/descriptions/meanings of the various terms used in this manual are as follows.

1. **Account** - A formal record of a particular type of transaction expressed in money or other unit of measurement and kept in a ledger.
2. **Accountant**- Any senior employee of the Municipality entrusted with the responsibility of accounting the incomes, expenditures and assets and liabilities of the Municipality, irrespective of the cadre to which the employee belongs.
3. **Accounting Entry**- A record of financial transaction in the books of account like Journal, Ledger, Cash Book, Bank Book, etc.
4. **Accounts Officer/Chief Accounts Officer**- In case of corporation towns the Controller of Municipal Finance and Accounts as per the section 36(1)(a)(ii) of the Bihar Municipal Act, 2007 and in case of other towns Municipal Finance Officer as per Section 36(1)(b)(ii) shall be accounts officer or Chief accounts officer of the Municipality. Such officer shall be head of the Accounts Department of the Municipality entrusted with the responsibility of accounting the incomes, expenditures, Assets and Liabilities of the Municipality, irrespective of the cadre to which the employee belongs.

5. **Account Payable** - Amount owed by a Municipality on account of goods purchased or services received or in respect of contractual obligations. Also termed as trade creditor or sundry creditor.
6. **Accounting Period** -The period of time for which an operating statement is customarily prepared.
7. **Accounting Principle** - The general principles and procedures under which the accounts of a Municipality are maintained. An accounting principle is an adaptation or special application of a principle necessary to meet the peculiarities of a Municipality or the needs of its management. Thus, principles are required for the computation of depreciation, the recognition of capital expenditures, and the disposal of retirement's benefits.
8. **Account Receivable** - The person from whom amounts are due for goods sold or services rendered or in respect of contractual obligations. Also termed as debtor, trade debtor, sundry debtor. The words 'Receivables' and 'Debtors' are used interchangeably.
9. **Accounting Unit**- An accounting unit shall be defined as a Zone, Circle, Divisional or Ward office identified by the Municipality as an unit for maintenance of accounting records.
10. **Accounting Year**- The "Official Year" or "Year" means a year commencing on the first day of the Accounting period;
11. **Accrual**- Recognition of revenues Expenditures and costs as they are earned or incurred (and not as money is received or paid). It includes recognition of transactions relating to assets and liabilities as they occur irrespective of the actual receipts or payments.
12. **Accrual Accounting**- The method of accounting whereby revenues and expenditures are identified with specific periods of time, such as a month or year, and are recorded as incurred, along with acquired assets, without regard to the date of receipt or payment of Cash; distinguished from Cash basis.
13. **Accrued & Due**- In respect to an asset (or a liability) it means a claim which has become enforceable, which arises from the sale/rendering (purchase) of goods/services or otherwise and has become receivable (payable).  
In respect to an income (or an expenditure) it means the amount earned (incurred) in an accounting period, for which a claim has become enforceable, and it arises from the sale/rendering (purchase) of goods / services or otherwise and has become receivable (payable).
14. **Accrued But Not Due** - In respect to an asset (or a liability) it means a claim which has not yet become enforceable, which accumulates with the passage of time or arises from the sale/rendering (purchase) of goods /services which, on the date of period-end, have been partly performed and are not yet receivable (payable).

In respect to an income (or expenditure) it means the amount earned (incurred) in an accounting period, but for which no enforceable claim has become due in that period. It accumulates with the passage of time or arises from the sale/rendering (purchase) of goods/services goods which, at the date of accounting, have been partly performed and are not yet receivable (payable).

15. **Accumulated Depreciation** - The total of the yearly depreciation Charges on the depreciable assets from the date of purchase.
16. **Act** - The Bihar Municipal Act, 2007
17. **Advance** - Payment made on account of, but before completion of, a contract, or before acquisition of goods or receipt of service
18. **Administrator** - Any officer appointed by the State Government exercise the powers and perform the duties conferred or imposed on the Municipalities, the Empowered Standing Committee and the Chief Executive Officer, by or under this Act;
19. **Amortization** - The gradual and systematic writing off of an asset or an account over an appropriate period. The amount on which amortization is provided is referred to as amortizable amount. Depreciation accounting is a form of amortization applied to depreciable assets. Depletion accounting is another form of amortization applied to wasting assets. Amortization also refers to gradual extinction or provision for extinction of a debt by gradual redemption or sinking fund payments or the gradual writing off to revenue of miscellaneous expenditure carried forward.
20. **Annual Report** - A statement of the financial condition and operating results of a Municipality, prepared yearly for submission to interested parties; summarizing its operations for the preceding year and including a Balance Sheet, Income & Expenditure Statement, often a Receipts & Payments Statement, and the Auditor's Report, together with comments by the Head of Council /Empowered Standing Committee or the Chief Municipal Officer of the Municipality on the year's operations .
21. **Assets** - The assets of the council (both immovable and movable) held by the Municipality and those that are acquired in future, gifted by others or transferred by the Government and includes cash and bank balances, advances, investment and all receivables or outstanding dues to the council.
22. **Assessment List**- Any municipal assessment register referred to under The Bihar Municipal Act 2007/Rules, and includes any register subsidiary thereto.
23. **Assigned Revenues** - Assigned revenues are revenues in the nature of a share in the revenues of the State Government, to compensate for certain losses in revenue and arrangement of resources of the Municipalities to meet their administrative and Development Cost.
24. **Asset Replacement Fund** - A fund created for the purpose of replacement of an asset. The fund shall normally be equal to the amount of depreciation

provided on the Fixed Assets and shall be utilized only for the purpose of replacement of those Fixed Assets or for any other purpose as resolved by the Municipality.

25. **Auditor** - The person referred to under Section 90 and 91 of the Bihar Municipal Act, 2007, and includes any officer authorized by him to perform all or any of the functions of an auditor under this Act.
26. **Bad Debts** - Debts owed to the Municipalities, which are considered to be irrecoverable, e.g., arrears of taxes, fees and other revenue left uncollected and considered to be irrecoverable.
27. **Balancing** - In order to balance an account, the two sides, namely Debit and Credit are totaled up separately and the difference is ascertained. This difference is put on the side that is lower to balance the two sides of an account.
28. **Balance Sheet** - A statement of the financial position of a Municipality as at a given date, prepared under section 89 of The Bihar Municipal Act, 2007.
29. **Bank Book** - A book of original entry for recording transactions pertaining to Bank/ Treasury Accounts of the Municipality.
30. **Bank Reconciliation Statement** - A statement, which reflects the nature and amount of transaction, not responded either by the Municipality or the Bank as on a particular date. Such statement may also reflect errors/omission in the recording of transaction inter-se between the Municipality and the Bank.
31. **Books of Original Entry** - A record book, recognized by law or custom, in which transactions are successively recorded, and which is the source of postings to ledgers; a journal. Books of original entry include General and special journals, such as Cash and Bank Books.
32. **Budget** - A quantitative estimate of programmes and activities expressed in terms of money in respect of Assets, Liabilities, Revenues and Expenditures for the ensuing financial year. The Budget expresses the Municipality's goals in terms of specific financial and operating objectives.
33. **Budget Estimate** - The budget estimate prepared under section 82 of The Bihar Municipal Act 2007.
34. **Budget Grant** - The total sum entered on the expenditure side of a budget estimate under a major head and adopted by the Municipality, and includes any sum by which such budget grant is increased or reduced by transfer from or to other heads in accordance with the provisions of The Bihar Municipal Act 2007, and the rules and the regulations made there under.
35. **Capitalization** - An expenditure for a fixed asset or addition thereto that has the effect of enlarging physical dimensions, increasing productivity, lengthening future life, or lowering future costs.

36. **Capital Expenditure** - The payments made towards fixed assets creation and additions thereto including expenditure incurred for increasing the value or life of the existing asset.
37. **Capital Work in Progress** - Expenditure on capital assets which are in the process of construction or completion.
38. **Cash Book** - A book of original entry for Cash receipts and/ or disbursements/payments .
39. **Cash Flow Statement** - A Financial Statement prepared for an accounting period to depict the inflows and outflows of Cash and Cash equivalents of a Municipality. The Cash Flow Statement Reports cash flows classified by operating, investing and financing activities.
40. **Casting** - It means totaling of the amounts in the books of account.
41. **Chairperson** - The Mayor/Chairman of a Municipal Corporation/ Municipal Council.
42. **Chief Councilor**- (i) in relation to a Municipal Corporation, the Mayor, (ii) in relation to a Municipal Council, the Municipal Chairperson, and (iii) in relation to a Nagar Panchayat, the Municipal President.
43. **Chief Municipal Officer**- (i) in relation to a Municipal Corporation, the Municipal Commissioner, and (ii) in relation to the Municipal Council or the Nagar Panchayat, the Municipal Executive Officer.
44. **Chart of Accounts** - A systematically arranged list of accounts applicable to a specific Municipality, giving account names and numbers, if any.
45. **Code of Account** - A unique numeric or alphanumeric identification given to each Account to facilitate classification and ease of recording.
46. **Contingent Liability** – An obligation relating to an existing condition or situation which may arise in future depending on the occurrence or non-occurrence of one or more uncertain future events.
47. **Contra Entry** - An item on one side of an account which offsets fully or in part one or more items on the opposite side of the same account.
48. **Control Account** - Control account is an account in the general ledger that consists of related sub-accounts. The total of the related sub-accounts should total the balance in the related control account.
49. **Cost** - The amount of expenditure incurred on or attributable to a specified article, product or activity.
50. **Cost of Acquisition** - The cost of acquisition of a Fixed Asset comprises its purchase price and includes import duties and other non-refundable taxes or levies, Transportation and any other directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

51. **Cost of Investment** - The amount of expenditure incurred on or attributable to the purchase/acquisition of an investment. The cost of an investment amongst others includes acquisition charges such as brokerage, fees and duties.
52. **Council** - The Council of a Municipal Corporation or a Municipal Council.
53. **Credit** - A book-keeping entry recording the reduction or elimination of an asset or expenditure, or the creation of or addition to a liability or item of net worth or revenue; an entry on the right side of an account; the amount so recorded.
54. **Current Assets** - Cash and other assets that are expected to be converted into Cash or consumed in rendering of services in the normal course of operations of the Municipalities normally within twelve months.
55. **Current Liability** - Liability including Loans, Deposits and Bank Overdrafts which fall due for payment in a relatively short period, normally not more than twelve months.
56. **Debenture** - A formal document constituting acknowledgement of a debt by a Municipality, usually given under its common seal and normally containing provisions regarding payment of interest, repayment of principal and security, if any. It is transferable in the appropriate manner.
57. **Debit** - The goods or benefit received from a transaction. A book-keeping entry recording the creation of or addition to an asset or an expenditure, or the reduction or elimination of a liability, or item of net worth or revenue; an entry on the left side of an account; the amount so recorded.
58. **Deferred Revenue Expenditure** - Expenditure for which payment has been made or a liability incurred but which is carried forward on the presumption that it will be of benefit over a subsequent period or periods. This is also referred to as Deferred Expenditure.
59. **Deficit** - The excess of expenditure over income of the Municipality for an Accounting Period under consideration.
60. **Deputy Chief Councilor**- (i) In relation to a Municipal Corporation, the Deputy Mayor, (ii) in relation to a Municipal Council, the Municipal Vice-Chairperson, and (iii) in relation to a Nagar Panchayat, the Municipal Vice-President.
61. **Depreciable Amount** - The historical cost or other amount substituted for historical cost of a depreciable asset in the Financial Statements, less the estimated residual value.
62. **Depreciable Asset** - An asset which is expected to be used during more than one accounting year, has a limited useful life, and is held by the Municipalities for use in the supply of goods and services, for rental to others, or for administrative purposes and not for the purpose of sale in the ordinary course of operations of the Municipality.

63. **Depreciation** - A measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, effluxion of time or obsolescence through technology and market changes. It is allocated so as to charge a fair proportion in each accounting period during the useful life of the asset. It includes amortization of assets whose useful life is predetermined and depletion of wasting assets.
64. **Depreciation Method** - The arithmetic procedure followed in determining a provision for depreciation expenditure) and maintaining the accumulated balance.
65. **Depreciation Rate** - A percentage which when applied to the depreciable amount will yield depreciation expenditure for a year.
66. **Designated Bank Account** – A treasury P/L Account shall be open for all transaction in Urban Local Bodies.
67. **Dividend Income** - An income received from investments by a Municipality in shares/units.
68. **Director of Local Bodies** – An officer appointed as such by the State Government, and includes an Additional Director, a Joint Director, a Deputy Director, or any other officer of the State Government authorized by it to perform the function of the Director of Local Bodies as referred under The Bihar Municipal Act 2007.
69. **Earmarked Funds** - Funds representing Special Funds to be utilized for specific purposes.
70. **Empowered Standing Committee** - The Empowered Standing Committee for Finance as referred under Section 21 of the Bihar Municipal Act, 2007.
71. **Expense** – An expenses other than capital expenditure, or, decrease in economic benefit during the accounting period in the form of outflows or depletions of assets or incurrence of liabilities and also includes payments and that are payable.
72. **Financial Statement** - The annual accounting reports prepared under the fund based double entry accrual accounting system, in accordance with the rules and consists of statements as referred under section 88 and 89 of The Bihar Municipal Act 2007.
73. **Finished Goods** - Goods held for sale in the ordinary course of business.
74. **Fixed Asset** - Asset held for the purpose of providing services and that is not held for resale in the normal course of operations of the Municipality.
75. **Fixed Deposit** - Deposit of surplus fund for a specified period and at specified rate of interest.

76. **Folio reference** - A page number or voucher or other number in a book or document of original or final entry, which refers to the disposition or source of an entry or posting.
77. **Forms** - Any forms prescribed in this manual.
78. **Fund** – A separate fund created for an activity for which separate Books of Accounts and Financial Statements are required to be prepared, as per orders of the State Government.
79. **Government** - The Government of Bihar.
80. **Grants** - Grants are assistance by government in Cash or kind to a Municipality for past or future compliance with certain conditions. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal transactions of the Municipality.
81. **Gross Block** - The total cost of acquisition/purchase of all the Fixed Assets of the Municipality.
82. **Immovable Properties** - Consist of properties, which cannot be relocated.
83. **Income** - Includes the money or money equivalent earned or accrued during an accounting period, increasing the total of previously existing net assets, and arising from exercise of any right, the provision of any type of services or rentals. Income includes not only the amount received or receipts but also the amount receivable under accrual accounting system.
84. **Income and Expenditure Statement** - A financial statement showing all items of income and expenditure extracted from ledger balances, showing the excess of income over expenses (or vice-versa) for an accounting period.
85. **Interest** - The service charge for the use of money being called Loan or capital, paid at agreed intervals by the user, and commonly expressed as an annual percentage of outstanding principal.
86. **Investments** - Assets held not for operational purposes or for rendering services, i.e., assets other than fixed assets or current assets (e.g. securities, shares, debentures, immovable properties).
87. **Inter unit transactions** - Transactions between one or more accounting units of the Municipalities.
88. **Infrastructure Assets** - Those assets with the characteristics of being, a part of a system or network, specialized in nature and do not have alternative uses, immovable, and subject to constraints on disposal.
89. **Journal Book** - The book of original entry in which transactions are recorded transactions not provided for in specialized journals.

90. **Joint Venture** - Joint Venture is a contractual arrangement whereby two or more parties undertake an economic activity to share expertise in a single defined project, which is subject to joint control.
91. **Lapsed Deposits** - Deposits unclaimed for more than such period or periods as defined in the Act or rules made there under.
92. **Lease** - A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period. A lease agreement also includes a Hire Purchase agreement.
93. **Ledger** - A compilation of all accounts used for accounting purposes.
94. **Liability** - The items for which the municipality is responsible to pay/repay and include loans, deposits and cess collected on behalf of the Government and kept in the accounts pending payment and all dues payable by the municipality.
95. **Long term investments** - Any investment falling outside the ambit of current investments are treated as long-term investments.
96. **Mortgage** - A lien on land, buildings, machinery, equipment, and other property, fixed or movable, given by a borrower to the lender as security for his loan; sometimes called a deed of trust.
97. **Movable Properties** - Consist of properties, which can be relocated.
98. **Municipal fund** - The main fund maintained by the Municipalities as referred in Section 73 of the Bihar Municipal Act 2007 .
99. **Municipal Accounts Committee** – A Municipal Accounts Committee constituted under section 98 of the Bihar Municipal Act 2007.
100. **Municipal Magistrate** -The Municipal Magistrate appointed under section 398 of The Bihar Municipal Act 2007.
101. **Municipality** - An institution of self-government constituted under section 11 & 12, read with article 243Q of the Constitution of India, and includes a Municipal Corporation, a Nagar Parishad and a Nagar Panchayat, referred to in section 13 of The Bihar Municipal Act 2007.
102. **National Municipal Accounts Manual** - The Accounting Manual issued by the Ministry of Urban Development, Government of India, as modified from time to time.
103. **Narration** - A brief description written below an Accounting Entry. It is normally written in brackets and starts with the word “Being”. It explains as to why the entry has been recorded and other related aspects of the entry.
104. **Net Assets** - The excess of the book value of the assets of an accounting unit over its liabilities to outsiders.
105. **Net Block** - Gross Block less Accumulated Depreciation of all the Fixed Assets of the Municipality.

- 106. Payments** - Amounts actually paid and accounted during the year.
- 107. Period End** - The last day of any Accounting Period, e.g. month, quarter, half-year, year-end.
- 108. Posting** - An act of entering separately the debit and credit aspect of transactions from the books of original entry in respective accounts maintained in the ledger.
- 109. Prepaid Expenses** - Payment for expenses in an accounting period, the benefit for which will accrue in the subsequent accounting period(s).
- 110. Provision for Expenditure** - An amount written off or retained by way of providing for depreciation or diminution in value of assets or retained by way of providing for any known liability the amount of which cannot be determined with substantial accuracy.
- 111. Provision for Unrealized Revenue** - A provision made for revenue considered doubtful of recovery.
- 112. Qualifying Fixed Asset** - A Qualifying Fixed Asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Ordinarily a period of twelve months is considered as substantial period unless a shorter or longer period can be justified on the basis of facts and circumstances of the case. In estimating the period, the time which an asset takes, technologically and commercially, to get it ready for its intended use or sale should be considered.
- 113. Receipts** - Amounts actually received and accounted during the year.
- 114. Receipts & Payments Statement** - A financial statement indicating the opening and closing cash balance with summarized cash inflow (actual receipts) and cash outflow (actual payments) during an accounting period. All non-cash related transactions are ignored while preparing this Statement.
- 115. Reconciliation** - It means adjusting the difference between two items (i.e. amounts, balances, accounts or statements) so that the figures agree.
- 116. Revenue Expenditure** - It means outlay benefiting only the current year. It is treated as expenditure to be matched against revenue.
- 117. Short term investments** - Those investments which are readily realizable, and are intended to be held for not more than twelve months from the date of investment.
- 118. Sinking Fund** - A fund created for the repayment of a liability or for the replacement of an asset.
- 119. Special Fund** - An amount set aside for a specific purpose represented by specifically earmarked assets.

120. **Straight Line Method (SLM)** - The method under which the periodic charge for depreciation is computed by dividing the depreciable amount of a depreciable asset by the estimated number of years of its useful life.
121. **State Municipal Vigilance Authority** -The State Municipal Vigilance Authority appointed under section 44 of the Act;
122. **Sub-Ledger** - One or more accounts that make up the Control Account. These sub-accounts are related to the control account and provide more detail of the Control Account. The total of the related sub-accounts will equal the related Control Account.
123. **Surplus** - The excess of income over expenditure of the Municipality for an Accounting Period under consideration.
124. **Trial Balance** - A list or abstract of the balances or of total debits and total credits of the accounts in a ledger, the purpose being to determine the equality of posted debits and credits and to establish a basic summary for Financial Statements.
125. **Useful Life** - The period over which a depreciable asset is expected to be used by the Municipality; or the number of production or similar units expected to be obtained from the use of the asset by the Municipality.
126. **Voucher** - A document which serves as an authorization for any financial transaction and forms the basis for recording the accounting entry for the transaction in the books of original entry, e.g., Cash/Bank Receipt Voucher, Journal Voucher, Cash/Bank Payment Voucher, etc.
127. **Work in progress** - Goods in the process of production for their sales or usage.
128. **Written Down Value (WDV)** - In respect of a fixed asset, means its cost of acquisition or substituted value less accumulated depreciation.
129. **Written Down Value (WDV) Method** - A method under which the periodic charge for depreciation of an asset is computed by applying a fixed percentage to its historical cost or substituted amount less accumulated depreciation (net book value). This is also referred to as "Diminishing Balance Method".
130. **Year** - The financial year i.e., the year beginning with the first day of April and ending with the following 31st March.
131. Words and expressions used but not defined in this manual but defined in Bihar Municipality Act, 2007 or Bihar Municipal Accounts Rule shall have the same meaning assigned to them in that Act/Rule.

## **Accounting Concepts & Accounting Conventions**

- 2.4 The Accounting Concepts and Accounting Conventions have been developed over the years from experience, reason, usage and necessity and are generally

accepted for accounting of transactions and preparation of Financial Statements.

2.5 Accounting Concepts are the necessary assumptions, conditions or postulates upon which the accounting is based. They are developed to facilitate communication of the accounting and financial information to all the readers of the Financial Statements, so that all readers interpret the statements in the same meaning and context.

2.6 The Accounting Concepts are as follows:

- a. Entity Concept;
- b. Dual Aspect or Accounting Equivalence Concept;
- c. Going Concern Concept;
- d. Money Measurement Concept;
- e. Cost Concept;
- f. Accounting Period Concept;
- g. Accrual Concept;
- h. Periodic Matching of Cost and Revenue Concept; and
- i. Realization Concept.

2.7 Accounting conventions are the customs or traditions guiding the preparation of accounts. They are adopted to make Financial Statements clear and meaningful. The Accounting Conventions are as follows:

- a. Convention of Disclosure;
- b. Convention of Materiality;
- c. Convention of Consistency; and
- d. Convention of Conservatism.

## **Accounting Concepts**

2.8 Each of the Accounting Concepts is discussed below:

### **2.1.1 Entity Concept**

2.9 For accounting purposes, an “organization” is treated as a separate entity from the “owners” or “stakeholders”. This concept helps in keeping private affairs of the owners and stakeholders separate from the business affairs. For example, a Municipality is a separate, independent and autonomous entity and is governed by a separate legislation and the regulations formed by it. The various stakeholders of the Municipality, including citizens, State Government, environmentalists, etc., are different from the Municipality. Thus, a separate Balance Sheet and Income & Expenditure Statement is prepared in respect of the operations of the Municipality. This concept is applicable to all forms of organizations.

### **2.1.2 Dual Aspect or Accounting Equivalence Concept**

- 2.10 This concept follows from the Entity Concept. All entities own certain assets. Such assets are acquired through contributions of those who have provided the funds for the purpose. Funds are made available either through the surpluses of the entity or loans or payables. In a sense, such providers of funds are claimants to the assets. At any point in time, the assets will be equal to the claims. Since the claims on the assets could be those of "outsiders" (i.e. liabilities) or "municipalities" (i.e. capital, reserves, etc.), it results in the accounting equation:

$$\text{Assets} = \text{Municipal Funds} + \text{Liabilities}$$

### **2.1.3 Going Concern Concept**

- 2.11 It is assumed that the organization will continue for a long time, unless and until it has entered into a state of liquidation. It is as per this concept, that the accountant does not take into consideration the market value of the assets while valuing them, irrespective of whether the market value is higher or lower than the book value. Similarly, depreciation on fixed assets is provided on the basis of expected lives of the assets rather than on their market values. Further, the financial statements are prepared at defined period-end to measure the performance of the entity during that period and not only on the closure or liquidation of the entity.

### **2.1.4 Money Measurement Concept**

- 2.12 In accounting, every transaction is recorded in terms of money. Events or transactions that cannot be expressed in terms of money are not recorded in the books of accounts. Receipt of income, payment of expenditures, purchase and sale of assets, etc., are monetary transactions that are recorded in the books of accounts. For example, the event of a machinery breakdown is not recorded as it does not have a monetary value. However, the expenditure incurred for the repair of the machinery can be measured in monetary value and hence is recorded.

### **2.1.5 Cost Concept**

- 2.13 As per this concept, an asset is ordinarily recorded at the price paid to acquire it, i.e., at its cost and this cost is the basis for all subsequent accounting for the asset. The cost concept does not mean that the asset will always be shown at cost. This basically signifies that each time the Financial Statements are prepared; the fixed assets need not be revised and recorded at its realizable or replacement or market value. The assets recorded at cost at the time of purchase may systematically be reduced through depreciation.

### **2.1.6 Accounting Period Concept**

- 2.14 An accounting period is the interval of time at the end of which the financial statements are prepared to ascertain the financial performance of the organization. Although the “going concern” concept stresses the continuing nature of the entity, it is necessary for an organization (e.g. Municipality) to review how it is performing. The preparation of Financial Statements at periodic intervals helps in taking timely corrective action and developing appropriate strategies. The accounting period is normally considered to be of twelve months.

### **2.1.7 Accrual Concept**

- 2.15 Under this concept, occurrence of claims and obligations in respect of incomes or expenditures, assets or liabilities based on happening of any event, passage of time, rendering of services, fulfillment (partially or fully) of contracts, diminution in values, etc., are recorded even though actual receipts or payments of money may not have taken place. In respect of an accounting period, the outstanding expenditures and the prepaid expenses and similarly the income receivable and the income received in advance are shown separately in the books of accounts under the accrual method.

### **2.1.8 Periodic Matching of Cost and Revenue Concept**

- 2.16 To ascertain the surplus or deficit made by the entity during an accounting period, it is necessary that the costs incurred are matched with the revenue earned by the entity during that accounting period. The matching concept is a corollary drawn from the accrual concept. To ascertain the correct surplus or deficit, it is necessary to make adjustments for all outstanding expenditures, prepaid expenses, income receivable and income received in advance to correctly depict and match the income and expenditure relating to that accounting period.

### **2.1.9 Realisation Concept**

- 2.17 According to this concept, revenue should be accounted for only when it is actually realized or it has become certain that the revenue will be realized. This signifies that revenue should be recognized only when the services are rendered or the sale is affected. However, in order to recognize revenue, actual receipt of Cash is not necessary. It is important that the organization should be legally entitled to receive the amount for the services rendered or the sale affected.

## **Accounting Conventions**

- 2.18 Each of the accounting conventions are discussed below.

### **2.1.10 Convention of Disclosure**

- 2.19 The term “disclosure” implies that there must be a sufficient revelation of information which is of material interest to owners, creditors, lenders, investors, citizen and other stakeholders. The accounts and the Financial Statements of an entity should disclose full and fair information to the beneficiaries in order to enable them to form a correct opinion on the performance of such entity, which in turn would allow them to take correct decisions. For example, the Accounting Principles that have been followed for preparation of the Financial Statements should be disclosed along with the Financial Statements for proper understanding and interpretation of the same.

### **2.1.11 Convention of Materiality**

- 2.20 An item should be regarded as material, if there is a sufficient reason to believe that knowledge of it would influence the decision of informed creditors, lenders, investors, citizen and other stakeholders. The accounts and the Financial Statements should impart importance to all material information so that true and fair view of the state of affairs of the entity is given to its beneficiaries. Hence, keeping the convention of materiality in view, unimportant items are not disclosed separately and are merged with other items. For example, the expenditure incurred on repairs and maintenance of a certain asset of the Municipalities, which are small, may not be disclosed separately in respect of each such small item but may be grouped together and shown as a single item of expenditure.

### **2.1.12 Convention of Consistency**

- 2.21 The convention of consistency facilitates comparison of financial performance of an entity from one accounting period to another. This means that the accounting principles followed by an entity should be consistently applied by it over the years. For example, a Municipality should not change its method of depreciation every year, i.e., from Straight Line Method to Written down Value Method or vice-versa. Similarly, the method adopted for valuation of stocks, viz., First in First out (FIFO) or Weighted Average should be consistently followed. In case a change is made, it should be disclosed.

### **2.1.13 Convention of Conservatism**

- 2.22 As per this convention, the anticipated profits should be ignored but all anticipated losses should be provided for in the books of accounts of an entity. This means that all prospective losses are taken into consideration, however, no doubtful income is taken into consideration in recording of transactions by an entity. For example, while provision for doubtful debts and discount is made on debtors or Accounts Receivable, no provision is made for likely discount receivable from creditors or Accounts Payable. Similarly, provision is made for

diminution in value of investments; however, no provision is made for any appreciation in value of investments.

### **Accrual System of Accounting**

- 2.23 Accrual system of accounting means a method of recording financial transactions based on accrual, i.e., on occurrence of claims and obligations in respect of Incomes or Expenditures, Assets or Liabilities based on happening of any event, passage of time, rendering of services, fulfillment (partially or fully) of contracts, diminution in values, etc., even though actual receipts or payments of money may not have taken place.
- 2.24 In this system, there is a change in accounting for transactions and reporting the financial results so as to provide the Municipalities and the Government with the Financial Reports, in the form of two important Financial Statements for the purposes noted against each:

<b>Statement</b>	<b>Purpose</b>
Income & Statement	To determine the financial performance of the Municipalities
Balance Sheet	To assess the financial status of the Municipalities

### **Benefits of Accrual Based Double Entry System of Accounting**

- Revenue is recognised as it is earned and thus “Income” constitutes both revenue received and receivable. The accrual basis not only records the actual income but also highlights the level and efficacy of revenue collection, thereby assisting decision makers in taking financial decisions.
- Expenditure is recognised as and when the liability for payment arises and thus it constitutes both amount paid and payable. In accrual basis of accounting, expenditure incurred on repairs and maintenance shall be recognised as expense of the period in which they are incurred and, if not paid for during the year, shall be treated as a liability (payable) and be disclosed as such in the Balance Sheet.
- Expenses are matched with the income earned in that year. Thus, it provides a very effective basis to understand the true performance of the organisation for the operations that is conducted in that year.
- A distinct difference is maintained between items of revenue nature and capital nature. This helps in proper presentation of financial statements, viz.,

the Income and Expenditure Statement and the Balance Sheet.

- Costs which are not charged to Income & Expenditure Account are carried forward and kept under continuous review. Any cost that appears to have lost its utility or its power to generate future revenue is written-off.
- The surplus or deficit as shown at the year-end represents the true financial performance of the organisation arising out of the various transactions during that year.
- Proper financial analysis and reporting is possible.
- The “full” cost of servicing is captured and thus helps in identifying financial viability of rendering services.
- Timely and right quality information for planning, decision-making and control at each level of management is made possible.
- Effective follow-up of receivables by the municipal body and proper ascertainment of payables by the municipal body is enabled.
- A true picture of the financial position of an organisation can be presented and that helps in better financial management.
- One of the distinct advantages of adopting accrual accounting system is ease in financial appraisals by financial institutions. It also facilitates credit rating through approved Credit Rating Agencies, which is a pre-requisite for mobilising funds in the financial markets through debt instruments.
- Better management of liabilities, which can further help in better planning for future years.

## Rules of Accounting

2.25 There are some basic rules of accounting which are applicable in the context of a double entry system of accounting. Since every transaction has a cause and result, both these aspects are to be recorded under this system of accounting. The term ‘Debit’ and ‘Credit’ are widely used to explain these two aspects in a transaction. And by logic, since debit and credit aspects of a transaction are recorded, Debit and Credit will always be equal. The three basic rules in this context are:

- i) Personal Accounts: Debit the receiver and Credit the giver
- ii) Real Accounts: Debit what comes in Credit what goes out
- iii) Nominal Accounts: Debit expenses and losses and Credit gains and income

- Nominal Account: - All recurring expenses/incomes are known as Nominal Account, such as salary, Rent, Interest etc.
- Personal Account: - when a transaction involved with a person known as personal account such as Mr. Roy, Bose & sons ABC Ltd. co. etc.
- Real Account:- Other than above two accounts all are fall under this category, such as Machinery, Furniture etc

2.26 The basic rules of accounting flow from the accounting equation:

$$\text{Assets} = \text{Own Funds} + \text{Liabilities}$$

2.27 The basic rules of accounting and the above equation can be explained as follows:

- An increase in the asset, e.g., Vehicle can be brought about by:
  - Decrease in another asset, e.g., Bank Account, or
  - Increase in liability, e.g., Loans or Payables.
- A decrease in the asset, e.g., Cash may result in:
  - Increase in another asset, e.g., Medical Equipment
  - Decrease in liability, e.g., Payment of Loans or payment of suppliers outstanding
  - Decrease in Municipal Funds through expenditure

Type of Account	Debit Signifies	Credit Signifies
Asset Accounts	Increases	Decreases
Liability Accounts	Decreases	Increases
Municipal Funds	Decreases	Increases
Income (which will increase Municipal Funds)	Decreases	Increases
Expenditure (which will decrease Municipal Funds)	Increases	Decreases
Grants Received	Decreases	Increases

2.28 The double entry system enables drawing up of a Trial Balance and eventual preparation of Financial Statements. The accounting system should have suitable internal checks and controls, and should follow the financial procedures as applicable and as may be notified by the Government from time to time. Records of all transactions including Bank Statements, etc., shall be maintained to enable their accuracy to be verified.

2.29 Apart from the account books, the Municipality should maintain adequate registers such as Register of Immovable / Movable Properties, Demand, Collection & Balance (DCB) Register for various taxes, etc., in accordance with the Act (these registers may be maintained by different departments of the Municipality). The objective of these records is to support and document in detail the financial figures appearing in the accounting records.

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## CHAPTER Three

### 3. Significant Accounting Policies

**This Chapter on significant Accounting Policies aims at...**

Making you aware of Significant Accounting Policies based on relevant Accounting standards and,

Guiding you regarding applicability of significant Accounting Policies in the preparation of Municipal Accounts.

**By the end of this chapter, you should...**

Be aware of significant Accounting policies applicable to each area of accounting and,

Understand the usefulness and applicability of these policies in the preparation and presentation of Financial Statements of the Municipality.

- 3.1 This chapter contains a compilation of the Significant Accounting Policies to be followed in preparation of the accounts of Municipalities in Bihar. These Accounting policies have been prepared considering Government Accounting Standards Board(GASB) ,pronouncements ,the various relevant Accounting Standard of the Institute of Chartered Accountants of India (ICAI), the Technical guide on Accounting and Financial Reporting by Urban Local Bodies issued by the ICAI and Comptroller and Auditor General's report on Urban Local Bodies.
- 3.2 The Financial Statements of the Municipalities shall contain a Statement of Significant Accounting Policies as notes to accounts in respect of important Accounting Policies adopted in preparing and presenting such information. The Significant Accounting Policies as mentioned in this chapter shall be followed consistently each year.
- 3.3 Where any of the Accounting Policies adopted by the Municipality while preparing its Financial Statements is not in conformity with the policies prescribed in this chapter and the effect of deviation from the Accounting Policies is material, the particulars of the deviation shall be disclosed, together with the reasons and the financial effect thereof, except where such effect is not ascertainable. In case the financial effect thereof is not ascertainable, either wholly or in part, the fact that it is not so ascertainable shall be indicated.
- 3.4 Likewise, any change in the Accounting Policies which has no material effect on the Financial Statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the Financial Statements of the period in which the change is adopted.

- 3.5 The Accounting Policies shall be uniformly followed across all 'Funds'. In case the Accounting Policies for Municipalities in Bihar are silent on certain aspects, the Accounting Policies recommended in the National Municipal Accounts Manual shall apply.
- 3.6 The following Accounting Policies shall govern the recording, accounting and treatment of transactions relating to various activities as given below. While the Accounting Policies, in principle, apply to all Municipalities of Bihar, their applicability will depend on the specific nature and materiality of activities performed by individual Municipalities.

**3.7 Property and Other Taxes**

**A. Property and related Taxes (collected as part of the Property Tax)**

- a. Revenue in respect of Property and related Taxes 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 shall be accrued in the month in which the demand is served.
- c. Collections to be made on behalf of Government i.e., and included in the Property tax demand shall be reckoned together with Property tax demand and credited to a control account called "State Government Levies in Taxes- Control Account."
- d. The liability towards dues to the Government for collections on its behalf shall be recognized as and when they are collected.

**B. Advertisement Tax**

- a. Advertisement Taxes, in case auctioned to external agencies, shall be recognized as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the Advertisement Tax shall be accrued at the point when tax is paid and permission is granted. After the first year, Advertisement Tax shall be accrued when renewal is due.

**C. Entertainment Tax**

- a. Entertainment Tax shall be recognized as income on actual receipt.

**D. Profession Tax**

- a. Revenues in respect of Profession Tax on Institutions/ Professionals/Traders shall be accrued in the year to which it pertains when demands are ascertainable .
- b. Revenues in respect of Profession Tax from employees shall be recognized on actual receipt.

**E. General Policies in respect of Taxes recognized on accrual basis**

- 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. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the Municipality in the demand, based on the following provisioning norms:
- d. Outstanding for more than 2 year but not exceeding 3 years: 25%  
Outstanding for more than 3 years but not exceeding 4 years: 50% (additional 25%)
- e. Outstanding for more than 4 years but not exceeding 5 years: 75% (additional 25%)
- f. Outstanding for more than 5 years: 100% (additional 25%)
- g. While making provision for receivables as stated above, the relevant proportion State Govt. Levies in Property Taxes - Control account' shall also be provided by debiting to a separate account.
- h. 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 Municipality.
- i. 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, wherever applicable.
- j. Write-offs of taxes shall be adjusted against the provisions made and to that extent recoverable shall get reduced.
- k. Any subsequent collection or recovery of 'Receivables for Property & Other Taxes,' which were already written off shall be recognized as a 'Prior Period Income'.
- l. Demands raised with retrospective effect shall be treated as 'Prior Period Income' to the extent it pertains to earlier years.
- m. In cases of revisions to demand, if related to earlier years, any increase in demand shall be treated as 'Prior Period Income' and any decrease in demand shall be treated as 'Prior Period Expense'.

- n. Part-payments received shall be first adjusted against penalty and interest, arrear demand and current demand in the listed order. Part Payments of arrear demand or current demand shall be proportionately divided among the various taxes collected as a part of Property Tax, including collections to be made on behalf of the Government.
- o. Advance/ excess payment of taxes shall be treated as a liability till the tax becomes due, at which point, it shall be adjusted against receivables.
- p. Wherever self-assessment of taxes is prevalent, income shall be accrued based on records available with the Municipality when it becomes due as per the provisions of the Act. Further, changes arising out of self-assessment will be treated as 'Change in Demand' and will be accounted accordingly.

### **3.8 Water Supply**

- a. Revenue in respect of Water Tax, Water Charges and Water Meter Rent shall be recognized in the period in which they become due and demands are ascertainable. It shall be noted that the Water Tax and the related taxes, if any, may also be included in the bill raised for Property Tax.
- b. Revenue in respect of Notice Fee, Warrant Fee and Other Fees shall be recognized when the bills for the same are raised.
- c. Revenue in respect of Connection Charges for Water Supply shall be recognized on actual receipt.
- d. Revenue in respect of Water Tanker Charges and Road Cutting Charges, Penalties shall be recognized on actual receipt.
- e. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the Municipality in the demand as follows:
- f. If Water Tax is collected as a component in Property Tax, provisioning shall be made in the same way as unrealized Property Tax, which is as follows:
  - g. Outstanding for more than 2 year but not exceeding 3 years: 25%
  - h. Outstanding for more than 3 years but not exceeding 4 years: 50% (additional 25%)
  - i. Outstanding for more than 4 years but not exceeding 5 years: 75% (additional 25%)
  - j. Outstanding for more than 5 years: 100% (additional 25%).
- k. If water tax/ charges demand is raised separately, the taxes, charges and rent shall be provided as follows:

- I. Outstanding for more than 2 year but not exceeding 3 years: 50%
- m. Outstanding for more than 3 years: 100% (additional 50%).
- n. 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 Municipality.
- o. Refunds, remissions of taxes/ charges 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.
- p. Write-offs of taxes/ charges shall be adjusted against the provisions made and to that extent recoverable gets reduced
- q. Any subsequent collection or recovery of 'Receivables of Water Charges' which were already written off shall be recognized as a 'Prior Period Income'
- r. Advance/ excess payment of taxes/ charges shall be treated as a liability till the tax/ charge becomes due, at which point, it shall be adjusted against receivables.
- s. Part-payments received shall be first adjusted against penalty and interest, arrear demand and current demand in the listed order.

### **3.11 Rentals, Fees and Other Sources of income**

- a. Revenue in respect of Advertisement rights shall be accrued based on the terms of the contract.
- b. Revenue in respect of Trade License Fees shall be accrued in the year to which it pertains, when demands are ascertainable based on the terms of the Acts and Rules.
- c. Revenues in respect of rents from properties shall be accrued based on terms of agreement.
- d. Other income, in respect of which demand is ascertainable and can be raised in regular course of operations of the Municipality, shall be recognized in the period in which they become due, i.e., when demand is ascertainable.
- e. Fees for certificates & extracts, Birth & Death Certificate charges, building construction permission fee, betterment fee, sale of products, scrap sale, sale of tender forms, etc. shall be recognized on actual receipt.
- 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 Municipality, shall be recognized on actual receipt.

- g. Revenue in respect of Notice Fee, Warrant Fee and Other Fees shall be recognized when the bills for the same are raised.
- h. Interest element and Penalties, if any, in demand shall be reckoned only on receipt.
- i. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of Municipality in the demand, based on the following provisioning norms:
- j. Outstanding for more than 2 year but not exceeding 3 years: 50%  
Outstanding for more than 3 years: 100% (additional 50%)
- k. 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 Municipality.
- l. Refunds, remissions of Other 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, wherever applicable.
- m. Write-offs of Other Incomes shall be adjusted against the provisions made and to that, extent recoverable gets reduced.
- n. Any subsequent collection or recovery of 'Receivables of Rental, Fees and Other Incomes' which were already written off shall be recognized as a 'Prior Period Income'.
- o. Advance/ excess payment shall be treated as a liability till the tax/ charge becomes due, at which point, it shall be adjusted against receivables.
- p. Part-payments received shall be first adjusted against penalty and interest, arrear demand and current demand in the listed order.

### **3.12 Public Works**

- a. The cost of fixed assets shall include cost incurred/ money spent in acquiring or installing or constructing fixed asset, interest on borrowings attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets and other incidental expenditures incurred up to that date.
- 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. Revenue 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 charged off unless it results in increase of capacity or operating efficiency of the fixed asset, or extends its useful economic life

- c. Assets under erection/installation on existing projects and capital expenditures on new projects (including project stores) shall be shown as "Capital Work-in- Progress".
- d. Provisions shall be made at the year-end for all bills received up to a cutoff date. The cut-off date shall be 30 days before the date prescribed for the finalization of Annual Financial Statements .Therefore if the date prescribed for the finalization of Annual Financial Statements is June 30th, then the cutoff date shall be May 31st of the same year.
- e. The Earnest Money Deposit, Security Deposit and Retention Money, if forfeited, shall be recognized as income when the right for claiming refund of deposit has expired. Non-Cash items received as Deposit shall not be accounted till the same is encashed. On encashment, it shall be recognized as a liability or income, as applicable.
- f. 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.
- g. Deposit given under Deposit works shall be treated as an asset till such time the projects for which money is given is completed. Upon completion of the projects, the cost incurred shall be capitalized and reduced from the deposit.
- h. 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.
- i. Statutory deductions like Income Tax, Value Added Tax, etc., made from the Contractors bill to be recognized when the deductions are made.

### 3.13 Stores

- a. Expenditure in respect of material, equipment, etc., procured shall be recognized on accrual basis, i.e., on admission of bill by the Municipality in relation to materials, equipment, etc., delivered.
- b. 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.
- c. The Earnest Money Deposit, Security Deposit and Retention Money, if forfeited, shall be recognized as income when the right for claiming refund of deposit has expired. Non-Cash items received as Deposit shall not be accounted till the same is encashed. On encashment, it shall be recognized as a liability or income, as applicable.
- d. Accounting of 'goods received & accepted but no bills received' as at the cutoff date shall be accounted based on purchase orders. The cut-off

date shall be 30 days before the date prescribed for the finalization of Accounts.

- e. The stock lying at the period-end shall be valued at cost in accordance with the First in – First out Method.
- f. Revenue in respect of disposal of stores shall be recognized on actual receipt.
- g. Consumption of stores used for repairs and maintenance shall be charged to Income & Expenditure Account. If it is used in construction/creation of a fixed asset, it shall be added to the cost of the asset.
- h. Inventories of consumable supplies such as stationery, Electrical goods like bulb, wires etc., shall be charged to revenue at the time of purchase. If there is a filling station of fuel or bulk purchases made in Drums etc the ULBs should maintain the Stock register and issue of the fuel from stock for consumption shall be treated as expenditure in the income & expenditure account when consumed.
- i. Statutory deductions like Income Tax, Value Added Tax, etc. made from the Supplier's bill to be recognized when the deductions are made.

### **3.14 Establishment Expenditure**

- a. Expenditures on Salaries and other allowances shall be recognized as and when they are due for payment.
- b. Statutory deductions from salaries including those for Income tax, Profession tax, Subscription to Provident Fund, etc., shall be recognized as liability in the same period in which the corresponding salary is recognized as expenditure.
- c. Contributions for retirement benefits such as Pension, Gratuity, etc., made by the Municipality shall be recognized as and when they are due.
- d. Contributions due to Pension Fund of contingent staff shall be recognized as an expense and as a liability.
- e. Liability towards leave encashment shall be recognized as and when the amount is determined.
- 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 leviable 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 expenditure as and when they are due for payment.

### **3.15 Other Revenue Expenditures**

- a. Other Revenue Expenditures shall be treated as expenditures as and when they become due.
- b. Provisions shall be made at the year-end for all bills received up to a cutoff date. The cut-off date shall be 30 days before the date prescribed for the finalization of Annual Financial Statements under the Rules.
- 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 benefit arises and/or services are received. Provision has to be made for these type of expenditures as prepaid expenditure during the current Accounting year
- 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.

### **3.16 Grants**

- a. General Grants, which are of a revenue nature, shall be recognized as income on actual receipt.
- b. In case where the grant is sanctioned and ULBs have received the sanctioned/GO letter but has not received the Grant amount then such grant can be treated as “Grant Receivable” by the ULBs.
- c. Specific Grants towards revenue expenditure, received prior to the incurrence of the expenditure (received in advance), shall be treated as a liability till such time that the expenditure is incurred.
- d. 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 Municipality shall be treated as a liability till such time it is used for the intended purpose. Upon utilization for the intended purpose, the extent of liability shall stand reduced with the value of such utilization and no further treatment, as a capital receipt shall be required.
- e. Capital grant received and which results in creation of the Capital Asset with ownership right of the municipality can be treated in two alternative methods. Under one method, the grant is shown as a deduction from the gross value of the asset concerned in arriving at its book value. The grant is thus recognized in the profit and loss statement over the useful life of a depreciable asset by way of a reduced depreciation charge. Under the other method, grants related to depreciable assets are treated as deferred income which is recognized in the profit and loss statement on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Grants

related to non-depreciable assets are credited to capital reserve under this method, as there is usually no charge to income in respect of such assets. However, if a grant related to a non-depreciable asset requires the fulfillment of certain obligations, the grant is credited to income over the same period over which the cost of meeting such obligations is charged to income. The deferred income is suitably disclosed in the balance sheet pending its apportionment to Income & Expenditure account.

- f. 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).
- g. 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.

### **3.17 Borrowings**

- 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 expenditures incurred while issuing debentures or bonds (Issue Expenditures) shall be deferred and amortized in equal installments 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 expenditures outstanding during the year shall be written-off and charged to the Income and Expenditure Statement as expenditure of the year when this happens. However, all other expenditures in respect of raising loans other than those considered, as issue expenditures shall be expensed off in the year in which they are incurred.

### **3.18 Special Funds**

- a. Special Funds shall be treated as a liability on their creation.
- b. Income on investments made from Special Fund shall be recognized and credited to Special Fund, whenever accrued. Profit/loss, if any, arising on disposal of investments made from the

Special Fund shall be recognized 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 Special Fund (Utilized).

### **3.19 Investments**

- a. Investment shall be recognized at cost of investment. The cost of investment is to include cost incurred in acquiring investment and other incidental expenditures incurred for its acquisition.
- b. All long-term investments shall be carried / stated in the books of accounts at their cost. However in the event of any permanent diminution in their value as on the date of Balance Sheet, these shall be provided for.
- 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 recognized on actual receipt.
- f. Profit/loss, if any, arising on disposal of investment (net of selling expenditure 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 recognized 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 expenditure such as commission, brokerage, etc.) made from the Special Fund and Grants under specific Scheme shall be recognized and credited/debited to Special Fund Account and Grant under specific scheme Account respectively.

### **3.20 Fixed Assets**

- a. All Fixed Assets shall be carried at cost less accumulated depreciation. Cost means Historical Cost or revalued amount of the assets. 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 expenditures incurred up to that date.

- 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.
- 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. Where the assets are compulsorily acquired for non-payment of taxes or duties, the unpaid amount as appearing in the books constitutes the consideration for the acquisition and the asset acquired should accordingly be recorded at such amount.
- e. Revaluation of assets shall be done only with the written sanction of the Empowered Standing Committee. 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 shall be charged to Income and Expenditure Account.
- f. Revaluation of a class of assets should not result in the net book value of that class being greater than the recoverable amount of the assets of that class.
- g. Revaluation reserve shall be reduced by transfer of equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.
- h. Depreciation shall be charged by Straight Line Method (SLM) on all fixed assets except land. The rate of depreciation for each type of fixed assets will be based on the estimated useful life and is prescribed by the UDHD and is given in Appendix-16.1. Any change in the rate of depreciation will be made by the UD&HD. All assets costing less than Rs. 5,000 shall be depreciated at 100% in the year of purchase.
- i. All assets which have been fully depreciated shall be carried at a book value of Re. 1/-.
- j. 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.
- k. 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 specified period after obtaining specific sanction from the Government.
- m. Land that are acquired free of cost from the government or provided by individuals or institutions under endowment for specific purposes shall be valued at Re. 1/-.
- n. Where the ownership of the asset has not been transferred in favour of the Municipality, but the asset is in the permissive possession of the Municipality, it shall be included in the Fixed Asset Register with Re. 1/- as its value. However there should be a clear mention in the Register that in case the Government takes back the asset at any point of time in future, reversal of entry shall be made in the Fixed Asset Register. Cost of developing such assets, if any, shall be booked under the respective head of accounts.
- o. No depreciation shall be charged on those assets for which the value is taken as Re. 1/- e.g. assets acquired free of cost, assets not transferred in the name of the Municipality, etc.
- p. Cost of land improvements such as leveling, filling or any other developmental activity shall be capitalized as a part of the cost of land.
- q. Statues and Heritage Assets - Statues and valuable works of art shall be charged at original cost and no depreciation shall be charged thereon.
- r. Land pertaining to Parks and Playgrounds including the cost of development of land shall be booked under land. Other amenities to Parks and Playgrounds shall be capitalized as 'Parks and Playgrounds'
- s. Any building /structures/ plant and machinery, etc., constructed/ installed in the Parks and Playgrounds and used for other purposes shall be booked under the appropriate heads of account.
- t. Assets identified and evaluated technically as obsolete and held for disposal shall be stated at their net book value or estimated net realizable value, whichever is lower.
- u. Intangible assets of the Municipality including computer software shall be valued at cost plus consultants costs incurred, in implementing the software. It shall be capitalized, only when the intangible asset is developed and which can be used by Municipality 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 amortized over a period of five years or useful life, whichever is earlier.
- v. If the Municipality has taken a loan, or other borrowings for the construction of an asset or a group of assets, interest shall be capitalized to that particular asset or the group of assets. If a particular loan cannot

be identified for a specific asset, then capitalization should 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.

- w. Borrowing cost shall include interest and commitment charges on the Bank borrowings and other short term and long term borrowings and amortization of discounts or premiums related to the borrowings.
- x. Capitalization of the borrowing cost shall cease when substantially all the activities that is necessary to prepare the asset for its intended use or sale is complete. An asset is normally ready for its intended use or sale when its physical construction or production is complete even though the routine administrative work might still continue.
- y. Depreciation on assets on which grant has been received shall be calculated on the gross value of Fixed Asset, i.e., without deducting the grant amount from asset value.

### **3.21 Loans given**

- a. Interest/penal interest on loans shall be recognized as and when due. At period- ends, interest shall be accrued up to the date of the period-end.
- b. Interest/penal interest earned on loans given out of Specific Fund/Grant shall be directly credited to the Specific Fund/Grant account.
- c. In exceptional circumstances, when the loans given to employees cannot be recovered, it may be written off, in accordance with the laws in force.
- d. In respect of all other loans overdue beyond two (2) years, provision shall be made based on the following provisioning norms:
- e. Overdue for more than 2 years but not exceeding 3 years: 50% Overdue for more than 3 years: 100% (additional 50%)
- f. Any additional provision for loans 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 Municipality.
- g. Write-offs of bad and doubtful loans shall be adjusted against the provisions made and to that extent, loan outstanding get reduced. In case of inadequate provisions, the write off shall be recognized as expenditure.

## Chapter Four

### 4. Codification Structure & Chart of Accounts

**This chapter on Codification Structure and Chart of Accounts aims at...**

- Defining the head under which the Income, Expenditure, Liabilities and Assets of Local Bodies are classified and facilitates maintenance of Accounts & preparation of financial statement
- Explaining the Coding Structure of the Fund, Function and Account heads used under the Municipality which is needed to identify the various transaction heads.

**By the end of this chapter, you should be able to...**

- Classify transactions into income, expenditure, asset or liability;
- Select the appropriate codes for a particular transaction based on the nature of Transaction.
- Read an account head based on its account code.

#### Introduction

- 4.1 This Chapter provides the Coding Structure to be followed by the Municipalities in Bihar.
- 4.2 The `Coding Structure of the Chart of Accounts is a key element of any accounting system. The National Municipal Accounts Manual (NMAM) issued by the Ministry of Urban Development (MoUD), Government of India (GoI) contains recommendations on the Coding Structure and the Chart of Accounts. The Codification Structure and Chart of Accounts to be followed by the Municipalities of Bihar are based on the guidelines provided in the NMAM, adjusted for the specific needs/ requirements of Municipalities in Bihar.
- 4.3 The coding structure shall uniformly apply to all the Municipalities of Bihar. Changes to the codes shall be made as per the guidelines/ rules prescribed in this regard.

#### Codification Structure for Municipalities in Bihar

- 4.4 The Coding Structure for Municipalities in Bihar shall contain of the following groups, viz.
  - Fund;
  - Function;
  - Field;
  - Account Head.

- 4.5 The Coding Structure for each of the above groups is discussed in the subsequent paragraphs.

## Fund

- 4.6 Requirement/ intention to maintain separate books of accounts for a particular activity/ fund shall be the criteria for assigning a Fund Code. The Fund Code for Municipalities in Bihar shall also consist of 1 level. It will be represented by one digit . Thus, for example, Municipal General Fund will be denoted as follows:

1

### Municipal General Fund

- 4.7 The Funds for which separate books of accounts shall be maintained and separate Financial Statements shall be prepared are provided in Appendix 4.1 as below-

### Appendix 4.1

#### Municipal Fund Codes

Major Fund Code	Fund
1	Municipal General Fund
2	Basic service for Urban Poor
3	Water Supply & Sewerage Fund
4	Solid Waste Management Fund
5	Road Development & Maintenance
6	Enterprise Fund

- 4.8 Since each Fund is a separate accounting entity, any transactions across Funds would require recording accounting transactions in the books of accounts of each of the Funds. Transactions involving transfer of money across Funds, liabilities/ expenditure of one Fund paid by other Fund, income of one Fund received by other Fund, etc., shall have to be reported in the Fund Financial Statements. Where the amount is not to be returned, subject to due approval of the competent authority, journal shall be passed to give the dual effect in the Fund balances. Where the amount remains recoverable, they shall be reported as inter-Fund receivables and inter-Fund payables.
- 4.9 Further, as indicated above, the Municipalities shall be required to prepare separate Financial Statements for each of the Funds and a consolidated Financial Statement for the Municipality as a whole.

## Function

- 4.10 Function represents the services offered or specific functions performed by the Municipality. The proposed Function Code has been structured in accordance with the ‘Functions Listing’ provided by the NMAM guidelines, wherein it is mandatory to adhere to the coding structure of the first 2 levels. The first level represents the Function Group. NMAM prescribes a total of 10 Function Groups, which provide a broad classification of the various functions performed by a Municipality. Additions are made to the Function Group Code, to suit Bihar specific requirements.
- 4.11 Within each Function Group, the second Level represents the particular type of service and is described by NMAM as ‘Function Description’. NMAM has provided for 10 Function Descriptions within each Function Group. Function Descriptions have been created for the new Function Groups.
- 4.12 In addition to the above, 1 levels of 2 digits, termed ‘Sub-Function’ shall be used for capturing sub-functions/ activities. The Sub-Functions shall be a subset of the respective Function Description and hence it shall be necessary to refer a Sub-Function in conjunction with the associated Function Description and Function Group. Similarly the Sub Sub-Functions shall be a subset of the respective Sub- Functions.
- 4.13 All Income and Expenditures shall be identified against the specific function group. For e.g., expenditure on ‘Secondary Education’ shall be shown under Function Description ‘General Education’, which in turn falls under the Function Group ‘Education’. In this case as there is no Sub Function, the same shall be denoted as ‘00’. Function code in this respect shall be entered as follows:

40–Education	37–General Education	01–Secondary Education
4   0	3   7	0   2

**Function-Group      Function Description      Sub-Function**

- 4.14 Budgetary Control shall be exercised for each function. A listing of the functions along with the corresponding codes is provided in Appendix 4.2.

## Functionary

- 4.15 In the government set-up, demands for expenditure are drawn by the department discharging the functions and become the responsibility center for the assigned functions. Functionary group represents this. Each sub-level within this group typically can represent the organisational structure within the

ULB. This level is used only for the internal control of the ULB. It is therefore not proposed to prescribe any codification structure for the same.

## **Field**

- 4.16 Field represents the geographic distribution of the Municipalities. A ‘Field’ represents the geographic area to which the income or expenditure relates. Field codes are intended to assist in identifying Income and Expenditure specific to a particular geographic area, e.g. Circle /Electoral Ward, etc.
- 4.17 The Municipalities of Bihar shall use 1 level field code of 1 digits, which shall represent the Circle /Electoral Wards .In IT environment further level and more digits can be created.
- 4.18 The Field Codes shall be assigned by each Municipality as per its requirement.
- 4.19 Thus, Electoral Ward 4 shall have the following field code.

4 – Electoral Ward /Circle

4  
**Circle/Electoral Ward**

- 4.20 For incomes or expenditure pertaining to the Head Office, i.e., which cannot be identified to any Electoral Ward, ‘0’ codes shall be assigned for the Circle/Electoral Ward.

## **Account Heads**

### **4.1.1 Primary Account Heads**

- 4.21 As per the Coding Structure prescribed by NMAM, the Primary Account Head is divided into Major Head, Minor Head and Detailed Head. The Major Head Codes and Minor Head Codes specified by NMAM have to be uniformly followed by all Municipalities across the country.
- 4.22 Accordingly, the proposed Account Head structure for the first two levels under Primary Account Head shall be in line with the listing prescribed by NMAM. The Major Head shall have a ‘3’ digit code. The first digit shall represent the nature or type of accounts, i.e., Income, Expenditure, Liability or Asset. The subsequent ‘2’ digits have been used to define specific class of Income, Expenditure, Liability or Asset, e.g., 11

Major Head Codes have been prescribed under ‘Expenditure’ category, viz., Establishment, Administrative Expenditures, Operations and Maintenance, etc.

- 4.23 Under each Major Head Code, the second level represents the Minor Head Code, which is a sub-set of the Major Head Code. For e.g., in the Expenditure Listing prescribed by NMAM, under each Major Head Code, there are about 10 Minor Head Codes, which provide a further breakup of the class of expenditure prescribed by the Major Head Code.
- 4.24 The third and fourth level of '2' digit shall be prescribed by the UD & HD under the Government of Bihar. The Account Head Code would thus be of '9' digits.
- 4.25 The four levels under Primary Account Head are discussed below.

#### **4.1.2 Major Head Code**

- 4.26 Major Head code will be a three digit code; the first digit in the major head code will be an identification digit, (ID digit) which shall indicate the nature of the transaction.
- If the first digit is "1", it would represent Revenue Income
  - If the first digit is "2", it would represent Revenue Expenditure
  - If the first digit is "3", it would represent Capital Receipts and Liabilities
  - If the first digit is "4", it would represent Capital Expenditure and Assets

- 4.27 The next two digits in the Major Head code would be the running serial number of the respective Major Head Code. For example if the first digit is 1 i.e. Revenue Income, then the next two digits would represent the different sources of Revenue Income i.e. Tax Revenue, Non – Tax Revenue, Assigned Revenues and Compensations, etc.

#### **4.1.3 Minor Head Code**

- 4.28 The minor head code is a two digit code, representing further details of the major head code. As an example, if the Revenue Receipt is Rent from Office Buildings, it will be shown as follows:

1	Major Head	Revenue Income
30	Major Head	Rental Incomes from Municipal Properties
20	Minor Head	Rent from Office Buildings

#### **4.1.4 Detailed Head Code**

- 4.29 The Detailed Head code gives details of the Minor Head code. The Detailed Head code is a two digits code starting from '01'. As an example, if the Revenue Receipt is rent from Office Buildings from Administrative buildings, it will be shown as follows:

1	Major Head	Revenue Income
30	Major Head	Rental Incomes from Municipal Properties
20	Minor Head	Rent from Office Buildings
02	Detailed Head	Rent from Staff Quarters
01	Sub Detailed Head	Rent for Staff Quarter No.

This shall be depicted as under:

1	3	0	2	0	0	1	0	1
---	---	---	---	---	---	---	---	---

**Major Head Code      Minor Head Code      Detailed Head Code      Sub Detailed Head**

#### 4.1.5 Sub Detailed Head Code

- 4.30 The Sub Detailed Head code gives details of the Detailed Head code. The Sub Detailed Head code is a two digits code starting from '01'. As an example, if the Revenue Expenditure is incurred for Construction of rain Basera under Slum development Scheme from the Specific Grant under SPUR Project, it shall be shown as follows:

2	Major Head	Revenue Expenditure
50	Major Head	Programme Expenditures
40	Minor Head	Specific Grant
01	Detailed Head	Programmes under SPUR Grant
01	Sub Detailed Head	Slum Development

2	5	0	5	0	0	1	0	1
---	---	---	---	---	---	---	---	---

Major Head                      Minor Head                      Detailed Head                      Sub Detailed Head  
Code

#### 4.1.6 Secondary Account Heads

- 4.31 Secondary Account Heads will reflect the Subsidiary Ledgers. This will enable the Municipalities for party-wise accounting. For example, the Contractors and Suppliers account can be maintained contractor wise at this level. These shall also be used for identifying Project/ Programme-wise expenditure, wherever

required. The Coding Logic and the number of digits for the Subsidiary Ledgers can be decided by the respective Municipality with the approval of the Chief Accounts Officer. The secondary code can also be treated as MIS Code.

- 4.32 Secondary Account Head for Contractors is further explained in the example below:

3	Major Head	Capital Receipts and Liabilities
40	Major Head	Deposits Received
10	Minor Head	From Suppliers/Contractors
01	Detailed Head	Earnest Money Deposit

- 4.33 The secondary accounting code 0001 can be used for payable to a particular contractor, say Mr. X. The number of digits shown under Secondary Account Head, in the example, is indicative.

- 4.34 Sub ledger shall be separately maintained in respect of any ledger head for which individual party wise recording is desired.

- 4.35 Detailed listing of the Primary Account Heads for Income, Expenditure, Liabilities and Assets are provided in Appendix 4.4 to Appendix 4.7 respectively. Assignment of Secondary Account Heads shall be at the discretion of each Municipality.



Major Head      Minor Head      Detailed Head      Sub detailed Code



Secondary Code

#### 4.1.7 Summary of Recommended Coding Structure

- 4.36 The Coding Structure for the Municipalities in Bihar is summarized in Table 4.1 below.

**Table -4.1**  
**Summary of Recommended Coding Structure**  
**Accounting Code**

Component	Recommendations
Fund (One Digit)	<input type="checkbox"/>
Function (Only for Budget Purpose)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Account Head (9 Digit) (Primary)(Compulsory)	<input type="checkbox"/>

**MIS Code**

Field Code	<input type="checkbox"/>
Account Head Secondary(Optional)	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>

#### **4.1.8 Centralisation/ Decentralisation of Accounts – Accounting Units**

4.37 The respective Municipalities could evaluate and consider the option of maintaining decentralised accounts.

#### **4.1.9 Budget Centre**

4.38 A Budget Centre is a unit for which a separate budget is prepared. The function, and field groups, used together shall form the Budget Centres for the Municipalities, i.e., each budget head shall be identified to a function and field. The Primary Account Heads shall be used as the budget heads.

4.39 For example, an expenditure on repairs and maintenance of Roads shall be budgeted against the appropriate head of account. This shall be identified to the function ‘Roads and Pavements’ under ‘Civil Works’. The geographic area to which the expenditure pertains shall be captured under the ‘Field’.

4.40 It may be noted that two levels that is Fund and Accounting subjects are to be captured for every debit and credit in an entry, whereas Budgeting centers details are captured only for the respective budgetary control accounts for example Revenue Expenditure, Income, Capital Expenditure. Whenever

Budgeting centres are not applicable “00” may be used to denote the field in an IT environment. Once a transaction is identified to a fund all debits and credits in the transaction is attached to the same Fund and hence common for the entire entry.

- 4.41 To summarise, Fund code shall be same for all debits and credits in a transaction, Budget Codes will be applicable only for certain debits and credits in a transaction; Account codes shall vary for every debit and Credit in a transaction.

### **Change of Codes**

- 4.42 The Codes may be changed after obtaining the necessary approval from the concerned authorities for each type of Code.

#### **4.1.10 Fund Code**

- 4.43 As discussed earlier, the Fund Codes shall be prescribed by the UDHD, GOB and as such can be changed only by the UDHD, GOB.

#### **4.1.11 Function Code**

- 4.44 The Function Group Codes can be changed/ added only at the National level. Any requirement for an addition to Function Group Head shall be requested by the States to the Ministry of Urban Development. The Committee set up by the Ministry in this regard can add new heads under Function Group.
- 4.45 UDHD, GOB can add Functional Description Code. All additions made shall be intimated to the Committee.
- 4.46 The Municipalities may send in their requests for additions in the Function code and Sub-Function Codes to the Ministry of Urban Development, GOI.

### **General Guidelines and Instructions for Usage of Chart of Accounts**

- 4.47 The following guidelines should be followed while using the chart of accounts:
- Function codes, Major and Minor Head Codes given in the manual would apply uniformly to all Urban Local Bodies within the State.
  - Any requirement for an addition to Function head shall be requested by the UDHD, GoB to the Urban Development Dept., Gol. Only the committee set up in this regard can add new codes under this head.
  - No major code addition is likely to happen as this format is final. In case the same is required it has to be approved by the UDHD only.
  - No minor code could be added at the ULB level. All additions made shall be intimated to the UD&HD at State level. UDHD may introduce additional

minor codes as mandatory at some periodicity based on the intimations received.

- The UD&HD at State level has identify the operative Detailed Heads, with the same description and code number for accounting purposes. These Heads will be commonly used in all the ULBs within a State. Detailed Heads unique to a particular ULB can also be added with the approval of the Empowered Standing Committee at ULB Level.
- The Accounts Department shall maintain a master index of all the Code of Accounts being utilised by the Municipal Body.
- Ledger Accounts corresponding to the Account Codes need to be opened by an ULB only in respect of those transactions which arise at that ULB. Thus all the Account Codes given in this Manual may not be used by every ULB.

### **Format for Change Request Form**

4.48 The form provided below shall be used by Municipalities for sending their requests to UD&HD, Govt. of Bihar for any addition/change in the Major & Minor accounting codes.

<b>Name of the Municipality :</b>	<b>Date:</b>	
<b>Name of the person requesting change:</b>	<b>Change Request No:</b>	
<b>Codes to be amended</b>		
<b>General Category</b>		
<b>Codes to be added</b>		
<b>General Category</b>		
<b>Change Requested (reason for changes and for codes to added/amended)</b>		

4.49 This form provided below shall be used by the UDHD,GOB to authorise the change requested by Municipalities.

<b>Name of the Municipality :</b>	
<b>Change Request Viewed by:</b>	<b>Change Request No:</b>
<b>Comments</b>	
<b>Signature</b>	<b>Date</b>
<b>Authorization</b>	
<b>Change Request Authorized by:</b>	
<b>Comments</b>	
<b>The recommended changes have been accepted / rejected.</b>	
<b>Signature</b>	<b>Date</b>

**Appendix 4.2****Function Codes**

Function Group Code		Function Code		Sub Function Code		Description
0	0	0	0	0	0	<b>General Administration</b>
0	0	0	1	0	0	<b>Municipal Body</b>
0	0	0	2	0	0	<b>Administration</b>
0	0	0	3	0	0	<b>Finance, Accounts, Audit</b>
0	0	0	3	0	1	Accounts
0	0	0	4	0	0	<b>Election</b>
0	0	0	5	0	0	<b>Record Room</b>
0	0	0	6	0	0	<b>Estate</b>
0	0	0	7	0	0	<b>Stores &amp; Purchase</b>
0	0	0	8	0	0	<b>Workshop</b>
0	0	0	9	0	0	<b>Census</b>
1	0	0	0	0	0	<b>Planning &amp; Regulations</b>
1	0	0	1	0	0	<b>City &amp; Town Planning</b>
1	0	0	1	0	1	<i>Land Development</i>
1	0	0	2	0	0	<b>Building Regulation</b>
1	0	0	3	0	0	<b>Economic Planning</b>
1	0	0	4	0	0	<b>Encroachment Removal</b>
1	0	0	5	0	0	<b>Trade License/ Regulation</b>
2	0	0	0	0	0	<b>Public Works</b>
2	0	0	1	0	0	<b>Roads and Pavement</b>

Function Group Code		Function Code		Sub Function Code		Description
2	0	0	2	0	0	<b>Bridges and Fly overs</b>
2	0	0	3	0	0	<b>Subways and Causeways</b>
2	0	0	4	0	0	<b>Street Lighting</b>
2	0	0	5	0	0	<b>Strom Water Drains</b>
2	0	0	6	0	0	<b>Traffic Signals/ Operations</b>
3	0	0	0	0	0	<b>Health</b>
3	0	0	1	0	0	<b>Public Health</b>
3	0	0	1	0	1	Immunisation
3	0	0	2	0	0	<b>Epidemic/ Prevention Control</b>
3	0	0	2	0	1	Mosquito Eradication Programme
3	0	0	2	0	2	Prevention of Epidemic Diseases
3	0	0	3	0	0	<b>Family Planning</b>
3	0	0	4	0	0	<b>Primary Health Care</b>
3	0	0	4	0	1	Maternity and Child Healthcare Centres
3	0	0	4	0	2	Dispensaries
3	0	0	5	0	0	<b>Hospital Services</b>
3	0	0	5	0	1	Allopathy Hospitals
3	0	0	5	0	2	Ayurveda Hospitals
3	0	0	5	0	3	Homeopathy Hospitals
3	0	0	5	0	4	Unani Hospitals
3	0	0	5	0	5	Sidhha Vaidya
3	0	0	5	0	6	Blood Bank
3	0	0	6	0	0	<b>Burial and Cremations</b>
3	0	0	7	0	0	<b>Vital Statistics</b>
3	0	0	7	0	1	Birth & Death Registration
3	0	0	7	0	2	Marriage Registration
3	0	0	8	0	0	<b>Prevention of Food Adulteration</b>
3	0	0	9	0	0	<b>Ambulance/ Hearse Services</b>

Function Group Code		Function Code		Sub Function Code		Description
4	0	0	0	0	0	<b>Sanitation and Solid Waste Management</b>
4	0	0	1	0	0	<b>Solid Waste Management</b>
4	0	0	2	0	0	<b>Public Convenience</b>
4	0	0	3	0	0	<b>Veterinary Services</b>
4	0	0	4	0	0	<b>Cattle Pounding</b>
4	0	0	5	0	0	<b>Slaughter Houses</b>
5	0	0	0	0	0	<b>Civic Amenities</b>
5	0	0	1	0	0	<b>Water Supply</b>
5	0	0	2	0	0	<b>Sewerage</b>
5	0	0	3	0	0	<b>Fire Services</b>
5	0	0	4	0	0	<b>Arts and Culture</b>
5	0	0	5	0	0	<b>Community/ Marriage Centres</b>
5	0	0	5	0	1	Town Hall
5	0	0	6	0	0	<b>Amusement</b>
5	0	0	6	0	1	Stadium
5	0	0	7	0	0	<b>Museums</b>
5	0	0	8	0	0	<b>Municipal Markets</b>
5	0	0	8	0	1	Complexes
5	0	0	9	0	0	<b>Other Civic Amenities</b>
5	0	0	9	0	1	Bus Stands
5	0	0	9	0	2	Lorry, Taxi, Auto, Other Vehicle Stands
5	0	0	9	0	3	City Ferries
5	0	0	9	0	4	Public Libraries
6	0	0	0	0	0	<b>Urban Forestry</b>

<b>Function Group Code</b>		<b>Function Code</b>		<b>Sub Function Code</b>		<b>Description</b>
6	0	0	1	0	0	Parks, Gardens
6	0	0	2	0	0	Play Grounds
6	0	0	3	0	0	Lakes and Ponds
6	0	0	4	0	0	Urban Forestry
6	0	0	5	0	0	Environment Conservation
6	0	0	6	0	0	Zoos
7	0	0	0	0	0	Urban Poverty Alleviation and Social Welfare
7	0	0	1	0	0	Welfare of Women (blocked)
7	0	0	2	0	0	Welfare of Children (blocked)
7	0	0	3	0	0	Welfare of Aged
7	0	0	4	0	0	Welfare of Handicapped
7	0	0	5	0	0	Welfare of SC/ST/OBC (blocked)
7	0	0	6	0	0	Slum Improvements
7	0	0	7	0	0	Housing
7	0	0	8	0	0	Urban Poverty Alleviation
7	0	0	9	0	0	Others
7	0	0	9	0	1	Public Distribution
7	0	0	9	0	2	Social Security Pension
7	0	0	9	0	3	Municipal Shelter Homes
7	0	0	9	0	4	Employment
7	0	0	9	0	5	Youth Welfare
7	0	0	9	0	6	Old Age Schemes
7	0	0	9	0	7	Projects for Physically and Mentally Disabled
7	0	0	9	0	8	Orphanages
7	0	0	9	0	9	Labour and Labourer Welfare

<b>Function Group Code</b>		<b>Function Code</b>		<b>Sub Function Code</b>		<b>Description</b>
7	1	0	0	0	0	<b>Welfare of Women</b>
7	2	0	0	0	0	<b>Welfare of Children</b>
7	5	0	0	0	0	<b>Welfare of Scheduled Castes</b>
7	6	0	0	0	0	<b>Welfare of Scheduled Tribes</b>
8	0	0	0	0	0	<b>Other Services</b>
8	0	0	1	0	0	<b>Electricity</b>
8	0	0	1	0	1	Generation of Electricity
8	0	0	1	0	2	Protection of Energies
8	0	0	1	0	3	Traditional Energy
8	0	0	2	0	0	<b>Transportation</b>
8	0	0	2	0	1	Inland Water Transport
8	0	0	4	0	0	<b>Facility for Pilgrims</b>
8	0	0	9	0	0	<b>Others</b>
8	0	0	9	0	1	Co-operation
8	0	0	9	0	2	Soil & Water Conservation
8	0	0	9	0	3	Flood Control
8	0	0	9	0	4	Tourism
8	0	0	9	9	9	Others
8	1	0	0	0	0	<b>Agriculture</b>
8	2	0	0	0	0	<b>Animal Husbandry &amp; Dairy Farming</b>
8	2	0	1	0	0	<b>Animal Husbandry</b>
8	2	0	2	0	0	<b>Dairy Farming</b>
8	3	0	0	0	0	<b>Minor Irrigation</b>
8	4	0	0	0	0	<b>Fisheries</b>
8	5	0	0	0	0	<b>Sports &amp; Cultural Affairs</b>

Function Group Code		Function Code		Sub Function Code		Description
8	6	0	0	0	0	<b>Small Scale Industries</b>
<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>Revenues</b>
9	0	0	1	0	0	<b>Property Taxes</b>
9	0	0	2	0	0	<b>Octroi/ Entry Cess</b>
9	0	0	3	0	0	<b>Advertisement Tax</b>
9	0	0	4	0	0	<b>Profession Tax</b>
9	0	0	5	0	0	<b>Tax on Animals</b>
9	0	0	6	0	0	<b>Tax on Vehicles</b>
9	0	0	7	0	0	<b>Toll</b>
9	0	0	8	0	0	<b>Entertainment Tax</b>
9	0	0	9	0	0	<b>Other Taxes</b>

## Accounting Code

### Account Head – Income-1

Major Head		Major head Descriptions	Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
0	0	0				0	0		0	0		0	0	0	0	0	0	0	0	0
1	1	0	Tax Revenue	0	0		0	0		0	0		1	1	0	0	0	0	0	0
1	1	0		0	1	Holding Tax	0	0		0	0		1	1	0	0	1	0	0	0
1	1	0		0	2	Water Tax	0	0		0	0		1	1	0	0	2	0	0	0
1	1	0		0	3	Latrine Tax	0	0		0	0		1	1	0	0	3	0	0	0
1	1	0		0	4	Sanitation Tax	0	0		0	0		1	1	0	0	4	0	0	0
1	1	0		0	5	Lighting Tax	0	0		0	0		1	1	0	0	5	0	0	0
1	1	0		0	6	Education Tax	0	0		0	0		1	1	0	0	6	0	0	0
1	1	0		0	7	Vehicle Tax	0	0		0	0		1	1	0	0	7	0	0	0
1	1	0		0	8	Animal Tax	0	0		0	0		1	1	0	0	8	0	0	0
1	1	0		0	9	Electricity Tax	0	0		0	0		1	1	0	0	9	0	0	0
1	1	0		1	0	Profession tax	0	0		0	0		1	1	0	1	0	0	0	0
1	1	0		1	0		0	1	Profession tax- Individual	0	0		1	1	0	1	0	0	1	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
										(Employees)															
1	1	0		1	0			0	2	Profession tax – Firms/Organisation	0	0				1	1	0	1	0	0	2	0	0	
1	1	0		1	0			9	9	Profession Tax-Others	0	0				1	1	0	1	0	9	9	0	0	
1	1	0		1	1	Advertisement Tax		0	0		0	0				1	1	0	1	1	0	0	0	0	
1	1	0		1	2	Pilgrimage Tax		0	0		0	0				1	1	0	1	2	0	0	0	0	
1	1	0		1	3	Fire Tax		0	0		0	0				1	1	0	1	3	0	0	0	0	
1	1	0		1	4	Street Tax		0	0		0	0				1	1	0	1	4	0	0	0	0	
1	1	0		1	5	Theatre>Show Tax		0	0		0	0				1	1	0	1	5	0	0	0	0	
1	1	0		1	6	Entertainment Tax		0	0		0	0				1	1	0	1	6	0	0	0	0	
1	1	0		1	7	Sewerage tax		0	0		0	0				1	1	0	1	7	0	0	0	0	
1	1	0		1	8	Tower Tax		0	0		0	0				1	1	0	1	8	0	0	0	0	
1	1	0		5	1	Octroi & Toll		0	0		0	0				1	1	0	5	1	0	0	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head		
1	1	0			5	1		0	1	Octroi	0	0			1	1	0	5	1	0	1	0	0	0
1	1	0			5	1		0	2	Toll	0	0			1	1	0	5	1	0	2	0	0	0
1	1	0			5	2	Cess	0	0		0	0			1	1	0	5	2	0	0	0	0	0
1	1	0			5	2		0	1	Education Cess	0	0			1	1	0	5	2	0	1	0	0	0
1	1	0			5	2		0	2	Health Cess	0	0			1	1	0	5	2	0	2	0	0	0
1	1	0			5	2		0	3	Other cess / Surcharge	0	0			1	1	0	5	2	0	3	0	0	0
1	1	0			8	0	Other Tax	0	0		0	0			1	1	0	8	0	0	0	0	0	0
1	1	0			8	0		0	1	Rickshaw / Thela/Bicycle Tax	0	0			1	1	0	8	0	0	1	0	0	0
1	1	0			8	0		0	2	Platform Tax	0	0			1	1	0	8	0	0	2	0	0	0
1	1	0			8	0		0	3	Stall Tax	0	0			1	1	0	8	0	0	3	0	0	0
1	1	0			8	0		9	9	Other tax	0	0			1	1	0	8	0	9	9	0	0	0
1	1	0			9	0	Tax Remission & Refund	0	0		0	0			1	1	0	9	0	0	0	0	0	0
1	1	0			9	0		0	1	Tax Remission & Refund – Holding Tax-	0	0			1	1	0	9	0	0	1	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
1	1	0		9	0		0	2	Tax Remission & Refund - Water Tax	0	0		1	1	0	9	0	0	2	0	0
1	1	0		9	0		0	3	Tax Remission & Refund - Latrine Tax	0	0		1	1	0	9	0	0	3	0	0
1	1	0		9	0		0	4	Tax Remission & Refund – Education Cess	0	0		1	1	0	9	0	0	4	0	0
1	1	0		9	0		0	5	Tax Remission & Refund – Health Cess	0	0		1	1	0	9	0	0	5	0	0
1	1	0		9	0		0	6	Tax Remission & Refund - Profession Tax - Employee/Orga nisation/ Firm/Other	0	0		1	1	0	9	0	0	6	0	0
1	1	0		9	0		0	7	Tax Remission & Refund - Advertisement Tax	0	0		1	1	0	9	0	0	7	0	0
1	1	0		9	0		0	8	Tax Remission & Refund - Tower Tax	0	0		1	1	0	9	0	0	8	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
1	1	0			9	0			9	9	Tax Remission & Refund - Other Taxes	0	0					1	1	0	9	0	9	9	0	0
1	2	0	Assigned Revenues & Compensations	0	0			0	0									1	2	0	0	0	0	0	0	0
1	2	0		1	0	Taxes & duties collected by Others	0	0										1	2	0	1	0	0	0	0	0
1	2	0		1	0		0	1	Share from duty on transfer of Properties	0	0							1	2	0	1	0	0	1	0	0
1	2	0		1	0		0	2	Basic Taxes & Duties collected by Others	0	0							1	2	0	1	0	0	2	0	0
1	2	0		1	0		0	2		0	1	Share in Entertainment Tax	1	2	0	1	0	0	2	0	1	0	2	0	1	0
1	2	0		1	0		9	9	Others - Taxes & Duties Collected by Others	0	0						1	2	0	1	0	9	9	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head		
1	2	0			2	0	Compensation in lieu of Taxes/ duties	0	0			0	0		1	2	0	2	0	0	0	0	0	0
1	2	0			2	0		0	1	Compensation in lieu of Octroi, (Grant)		0	0		1	2	0	2	0	0	1	0	0	0
1	2	0			3	0	Compensations in lieu of Concessions	0	0			0	0		1	2	0	3	0	0	0	0	0	0
1	3	0	Rental Income from Municipal properties		0	0		0	0			0	0		1	3	0	0	0	0	0	0	0	0
1	3	0			1	0	Rent from Civic Amenities	0	0			0	0		1	3	0	1	0	0	0	0	0	0
1	3	0			1	0		0	1	Open Plot/Party Plot		0	0		1	3	0	1	0	0	1	0	0	0
1	3	0			1	0		0	2	Play Grounds		0	0		1	3	0	1	0	0	2	0	0	0
1	3	0			1	0		0	3	Shopping Complexes		0	0		1	3	0	1	0	0	3	0	0	0
1	3	0			1	0		0	4	Markets		0	0		1	3	0	1	0	0	4	0	0	0
1	3	0			1	0		0	5	Marriage Community		0	0		1	3	0	1	0	0	5	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Halls/Dharams hala														
1	3	0		1	0			0	6	Slaughter House	0	0				1	3	0	1	0	0	6	0	0
1	3	0		1	0			0	7	Auditorium	0	0				1	3	0	1	0	0	7	0	0
1	3	0		1	0			0	8	Town Hall	0	0				1	3	0	1	0	0	8	0	0
1	3	0		1	0			0	9	Parking plot	0	0				1	3	0	1	0	0	9	0	0
1	3	0		1	0			1	0	Amusement Park	0	0				1	3	0	1	0	1	0	0	0
1	3	0		1	0			9	9	Rent form Other Civic Amenities	0	0				1	3	0	1	0	9	9	0	0
1	3	0		2	0	<b>Rent from Office Buildings</b>		0	0		0	0				1	3	0	2	0	0	0	0	0
1	3	0		2	0			0	1	Quarters	0	0				1	3	0	2	0	0	1	0	0
1	3	0		2	0			0	2	Staff Quarters	0	0				1	3	0	2	0	0	2	0	0
1	3	0		2	0			9	9	Other property	0	0				1	3	0	2	0	9	9	0	0
1	3	0		3	0	<b>Rent from Guest</b>		0	0		0	0				1	3	0	3	0	0	0	0	0
1	3	0		4	0	<b>Rent from Lease lands</b>		0	0		0	0				1	3	0	4	0	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
				5	0	Lease Rental Others								1	3	0	5	0	0	0	0	0
1	3	0		8	0	Other rents	0	0			0	0		1	3	0	8	0	0	0	0	0
1	3	0		8	0		0	1	Equipment Rent	0	0			1	3	0	8	0	0	1	0	0
1	3	0		8	0		0	2	Lorry Rent	0	0			1	3	0	8	0	0	2	0	0
							0	3	Lease Rentals					1	3	0	8	0	0	3	0	0
1	3	0		9	0	Rent remission and refund	0	0						1	3	0	9	0	0	0	0	0
1	3	0		9	0		0	1	Rent Remission and Refund - Civic Amenities	0	0			1	3	0	9	0	0	1	0	0
1	3	0		9	0		0	2	Rent Remission and Refund - Buildings	0	0			1	3	0	9	0	0	2	0	0
1	3	0		9	0		0	3	Rent Remission and Refund - Guest Houses	0	0			1	3	0	9	0	0	3	0	0
1	3	0		9	0		0	4	Rent Remission and Refund - Lease of Lands	0	0			1	3	0	9	0	0	4	0	0
1	3	0		9	0		9	9	Rent Remission and Refund -	0	0			1	3	0	9	0	9	9	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Other Rents														
1	4	0	<u>Fees &amp; User Charges</u>	0	0			0	0		0	0				1	4	0	0	0	0	0	0	0
1	4	0		1	0	<b>Empanelment &amp; Registration Charges/Fee</b>		0	0		0	0				1	4	0	1	0	0	0	0	0
1	4	0		1	0			0	1	Hawkers Registration Fee	0	0				1	4	0	1	0	0	1	0	0
1	4	0		1	0			0	2	Public Works Contractors	0	0				1	4	0	1	0	0	2	0	0
1	4	0		1	0			0	3	Hospitals Registration Fee	0	0				1	4	0	1	0	0	3	0	0
1	4	0		1	0			0	4	Private Cattle Pounds and animals registration fee	0	0				1	4	0	1	0	0	4	0	0
1	4	0		1	0			0	5	Contractor Registration fees.	0	0				1	4	0	1	0	0	5	0	0
1	4	0		1	0			0	6	Professional Registration fees	0	0				1	4	0	1	0	0	6	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
1	4	0			1	0			0	7	Reg. of Private Hospitals and Paramedical Institutions	0	0		1	4	0	1	0	0	7	0	0
1	4	0			1	0			9	9	Other Empanelment & Registration Charges	0	0		1	4	0	1	0	9	9	0	0
1	4	0			1	1	Licensing Fees		0	0		0	0		1	4	0	1	1	0	0	0	0
1	4	0			1	1			0	1	Hawkers License Fee	0	0		1	4	0	1	1	0	1	0	0
1	4	0			1	1			0	2	Shops & Establishment. License Fee	0	0		1	4	0	1	1	0	2	0	0
1	4	0			1	1			0	3	Hospital & Nursing home License Fee.	0	0		1	4	0	1	1	0	3	0	0
1	4	0			1	1			0	4	Plumbing License Fee	0	0		1	4	0	1	1	0	4	0	0
1	4	0			1	1			0	5	Private Cattle Pounds License Fee	0	0		1	4	0	1	1	0	5	0	0
1	4	0			1	1			0	6	Hazardous Storage/produc	0	0		1	4	0	1	1	0	6	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
1	4	0		1	1			0	7	License fees or Food adulteration		0	0			1	4	0	1	1	0	7	0	0	
1	4	0		1	1			0	8	Slaughter House registration		0	0			1	4	0	1	1	0	8	0	0	
1	4	0		1	1			0	9	Butchers & Traders of Meat		0	0			1	4	0	1	1	0	9	0	0	
1	4	0		1	1			1	0	Poultry Traders		0	0			1	4	0	1	1	1	0	0	0	
1	4	0		1	1			1	1	License Fees for Dangerous and Offensive Trades		0	0			1	4	0	1	1	1	1	0	0	
1	4	0		1	1			9	9	Other Licensing Fees		0	0			1	4	0	1	1	9	9	0	0	
1	4	0		1	2	<b>Fee for Grant of Permit/Permission</b>		0	0			0	0			1	4	0	1	2	0	0	0	0	
1	4	0		1	2			0	1	Plan Sanction Fee		0	0			1	4	0	1	2	0	1	0	0	
1	4	0		1	2			0	2	Non Refundable Fee		0	0			1	4	0	1	2	0	2	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										on Sale of Land														
1	4	0		1	2			0	3	Construction of Building	0	0				1	4	0	1	2	0	3	0	0
1	4	0		1	2			0	4	Construction of Factory	0	0				1	4	0	1	2	0	4	0	0
1	4	0		1	2			0	5	Installation of Machinery	0	0				1	4	0	1	2	0	5	0	0
1	4	0		1	2			9	9	Other Fee for Grant of Permit	0	0				1	4	0	1	2	9	9	0	0
1	4	0		1	3		Fees for Certificate or Extract of Record	0	0		0	0				1	4	0	1	3	0	0	0	0
1	4	0		1	3			0	1	Birth & Death certificates	0	0				1	4	0	1	3	0	1	0	0
1	4	0		1	3			0	2	Late Fee for Birth & Death Registration	0	0				1	4	0	1	3	0	2	0	0
1	4	0		1	3			0	3	Fees for Ownership Certificates	0	0				1	4	0	1	3	0	3	0	0
1	4	0		1	3			0	4	Vaccination Certificate	0	0				1	4	0	1	3	0	4	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head	
1	4	0			1	3			0	5	Certificate from Fire Dept. for Insurance Claim		0	0			1	4	0	1	3	0	5	0	0	
1	4	0			1	3			0	6	Copy Charges right to Information Act		0	0			1	4	0	1	3	0	6	0	0	
1	4	0			1	3			0	7	Property certificate fees		0	0			1	4	0	1	3	0	7	0	0	
1	4	0			1	3			0	8	Marriage Certificate		0	0			1	4	0	1	3	0	8	0	0	
1	4	0			1	3			9	9	Other Certificates		0	0			1	4	0	1	3	9	9	0	0	
1	4	0			1	4	Development Charges		0	0			0	0			1	4	0	1	4	0	0	0	0	
1	4	0			1	4			0	1	Market Development charges		0	0			1	4	0	1	4	0	1	0	0	
1	4	0			1	4			0	2	Hat Development Charges		0	0			1	4	0	1	4	0	2	0	0	
1	4	0			1	4			0	3	Demolition Charges		0	0			1	4	0	1	4	0	3	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
1	4	0			1	4			9	9	Other Development Charge		0	0			1	4	0	1	4	9	9	0	0
1	4	0			1	5	Regularisation Fees					0	0			1	4	0	1	5	0	0	0	0	
1	4	0			1	5			0	1	Encroachment Removal Fee		0	0			1	4	0	1	5	0	1	0	0
1	4	0			1	5			0	2	Fine for illegal Construction		0	0			1	4	0	1	5	0	2	0	0
1	4	0			1	5			0	3	Regularization of illegal Water & Drainage Connection Fees		0	0			1	4	0	1	5	0	3	0	0
1	4	0			1	5			0	4	Removal of Dangerous Structure Fee		0	0			1	4	0	1	5	0	4	0	0
1	4	0			1	5			0	5	Map Regularisation Fees		0	0			1	4	0	1	5	0	5	0	0
1	4	0			1	5			9	9	Other Regularisation Fee		0	0			1	4	0	1	5	9	9	0	0
1	4	0			2	0	Penalties and		0	0			0	0			1	4	0	2	0	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
1	4	0		2	0		0	1	Fine for delayed Tax payment	0	0		1	4	0	2	0	0	1	0	0
1	4	0		2	0		0	2	Recovery of advertisement cost from tax defaulters	0	0		1	4	0	2	0	0	2	0	0
1	4	0		2	0		0	3	Fine on using Electric Motor for Drawing Water/water connection penalty	0	0		1	4	0	2	0	0	3	0	0
1	4	0		2	0		0	4	Shop & Establishment Fine	0	0		1	4	0	2	0	0	4	0	0
1	4	0		2	0		0	5	Contractor Fine	0	0		1	4	0	2	0	0	5	0	0
1	4	0		2	0		0	6	Fine under Cattle Trespass Act	0	0		1	4	0	2	0	0	6	0	0
1	4	0		2	0		0	7	City bus penalty income	0	0		1	4	0	2	0	0	7	0	0
1	4	0		2	0		0	8	Fine Imposed	0	0		1	4	0	2	0	0	8	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head	
										by the Court															
1	4	0		2	0			0	9	Penalty for Destruction of Road	0	0				1	4	0	2	0	0	9	0	0	
1	4	0		2	0			1	0	Fine Imposed by Court	0	0				1	4	0	2	0	0	9	0	0	
1	4	0		2	0			9	7	Penalty	0	0				1	4	0	2	0	0	9	0	0	
1	4	0		2	0			9	8	Penal Interest	0	0				1	4	0	2	0	0	9	0	0	
1	4	0		2	0			9	9	Other Fine Imposed by Municipal & Other Law	0	0				1	4	0	2	0	9	9	0	0	
1	4	0		4	0	<b>Others Fees</b>		0	0		0	0				1	4	0	4	0	0	0	0	0	
1	4	0		4	0			0	1	Building Permission Fees	0	0				1	4	0	4	0	0	1	0	0	
1	4	0		4	0			0	2	Transfer Fees	0	0				1	4	0	4	0	0	2	0	0	
1	4	0		4	0			0	3	Advertisement Fees	0	0				1	4	0	4	0	0	3	0	0	
1	4	0		4	0			0	4	Delayed Registration Fees	0	0				1	4	0	4	0	0	4	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
1	4	0			4	0			0	5	Notice Fees	0	0			1	4	0	4	0	0	5	0	0	
1	4	0			4	0			0	6	Warrant Fees	0	0			1	4	0	4	0	0	6	0	0	
1	4	0			4	0			0	7	Misc. income from school	0	0			1	4	0	4	0	0	7	0	0	
1	4	0			4	0			0	8	Road damage Recovery Charges	0	0			1	4	0	4	0	0	8	0	0	
1	4	0			4	0			0	9	Parks & Gardens Entry Fees	0	0			1	4	0	4	0	0	9	0	0	
1	4	0			4	0			1	0	Tuition Fees	0	0			1	4	0	4	0	1	0	0	0	
1	4	0			4	0			1	1	Survey Fees	0	0			1	4	0	4	0	1	1	0	0	
1	4	0			4	0			1	2	Application Fees RTI Act	0	0			1	4	0	4	0	1	2	0	0	
1	4	0			4	0			1	3	Shop & establishment Fees Renewal	0	0			1	4	0	4	0	1	3	0	0	
1	4	0			4	0			1	4	Connection cancellation Charges	0	0			1	4	0	4	0	1	4	0	0	
1	4	0			4	0			1	5	Membership Fees/ Library	0	0			1	4	0	4	0	1	5	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Fees														
1	4	0		5	0	User Charges		0	0			0	0			1	4	0	5	0	0	0	0	0
1	4	0		5	0			0	1	Water charge		0	0			1	4	0	5	0	0	1	0	0
1	4	0		5	0			0	1			0	1	Water Connection Charges		1	4	0	5	0	0	1	0	1
1	4	0		5	0			0	1			0	2	Water Supply charge		1	4	0	5	0	0	1	0	2
1	4	0		5	0			0	1			0	3	Water Charges-Metered Connections		1	4	0	5	0	0	1	0	3
1	4	0		5	0			0	1			0	4	Water Charges-Non Metered Connections		1	4	0	5	0	0	1	0	4
1	4	0		5	0			0	1			0	5	Water Charges Outside City limit		1	4	0	5	0	0	1	0	5
1	4	0		5	0			0	1			0	6	Water Meter Charge		1	4	0	5	0	0	1	0	6
1	4	0		5	0			0	1			0	7	Water Charge from Contractor		1	4	0	5	0	0	1	0	7
1	4	0		5	0			0	1			0	8	Water Fee for building		1	4	0	5	0	0	1	0	8

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
															construction									
												0	9		Water Meter Rent	1	4	0	5	0	0	1	0	9
1	4	0		5	0			0	2	Water Tanker Charge	0	0			1	4	0	5	0	0	2	0	0	
1	4	0		5	0			0	3	Cleaning of Private water wells	0	0			1	4	0	5	0	0	3	0	0	
1	4	0		5	0			0	4	Chamber Connection Charge	0	0			1	4	0	5	0	0	4	0	0	
1	4	0		5	0			0	5	Special Sanitation Charge	0	0			1	4	0	5	0	0	5	0	0	
1	4	0		5	0			0	6	Septic Tank Clearance	0	0			1	4	0	5	0	0	6	0	0	
1	4	0		5	0			0	7	Sewerage Clearance Charges	0	0			1	4	0	5	0	0	7	0	0	
1	4	0		5	0			0	8	Drain Water Disposal Fee	0	0			1	4	0	5	0	0	8	0	0	
1	4	0		5	0			0	9	Garbage Collection	0	0			1	4	0	5	0	0	9	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Charges														
1	4	0		5	0			1	0	Pay & Use Toilets	0	0				1	4	0	5	0	1	0	0	0
1	4	0		5	0			1	1	Disposal of Bio-Medical Waste	0	0				1	4	0	5	0	1	1	0	0
1	4	0		5	0			1	2	Medicines	0	0				1	4	0	5	0	1	2	0	0
1	4	0		5	0			1	3	Ambulance Charges	0	0				1	4	0	5	0	1	3	0	0
1	4	0		5	0			1	4	Funeral Van	0	0				1	4	0	5	0	1	4	0	0
1	4	0		5	0			1	5	Funeral/Crema torium Charges	0	0				1	4	0	5	0	1	5	0	0
1	4	0		5	0			1	6	X-Ray Charge	0	0				1	4	0	5	0	1	6	0	0
1	4	0		5	0			1	7	Hospital patient Case Fee	0	0				1	4	0	5	0	1	7	0	0
1	4	0		5	0			1	8	Fire Extinguishing Charges for fires outside city limits	0	0				1	4	0	5	0	1	8	0	0
1	4	0		5	0			1	9	Parking Fee	0	0				1	4	0	5	0	1	9	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
1	4	0			5	0		2	0	Surveyor & Plan making Fee	0	0		1	4	0	5	0	2	0	0	0
1	4	0			5	0		2	1	Recovery of fodder charge	0	0		1	4	0	5	0	2	1	0	0
1	4	0			5	0		2	2	Service/administrative	0	0		1	4	0	5	0	2	2	0	0
1	4	0			5	0		2	3	City Bus Charges	0	0		1	4	0	5	0	2	3	0	0
1	4	0			5	0		2	4	Gas pipeline Charges	0	0		1	4	0	5	0	2	4	0	0
1	4	0			5	0		2	5	Market Fee	0	0		1	4	0	5	0	2	5	0	0
1	4	0			5	0		2	6	Charge on Hoardings on Municipal Property	0	0		1	4	0	5	0	2	6	0	0
1	4	0			5	0		2	7	Building Permission Charges	0	0		1	4	0	5	0	2	7	0	0
1	4	0			5	0		2	8	Receipt from Hospitals & Dispensaries	0	0		1	4	0	5	0	2	8	0	0
1	4	0			5	0		9	9	Other User	0	0		1	4	0	5	0	9	9	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head	
										Charges															
1	4	0		6	0	Entry Fees		0	0			0	0			1	4	0	6	0	0	0	0	0	0
1	4	0		6	0			0	1	Entry Fee Parks	0	0				1	4	0	6	0	0	1	0	0	0
1	4	0		6	0			0	2	Entry Fee Playgrounds	0	0				1	4	0	6	0	0	2	0	0	0
1	4	0		7	0	Service/ Administrative Charges		0	0			0	0			1	4	0	7	0	0	0	0	0	0
1	4	0		7	0			0	1	Road Cutting Charges	0	0				1	4	0	7	0	0	1	0	0	0
1	4	0		7	0			0	2	Supervision Charges on Deposit Works	0	0				1	4	0	7	0	0	2	0	0	0
1	4	0		8	0	Other Charges		0	0			0	0			1	4	0	8	0	0	0	0	0	0
1	4	0		9	0	Fees & User Charges Remission and Refund						0	0			1	4	0	9	0	0	0	0	0	0
1	4	0		9	0			0	1	Remission and Refund - Fees	0	0				1	4	0	9	0	0	1	0	0	0
1	4	0		9	0			0	1			0	1	Remission and Refund - Licence Fees		1	4	0	9	0	0	1	0	1	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
1	4	0			9	0			0	1			0	2	Remission and Refund - Advertisement Fees		1	4	0	9	0	0	1	0	2
1	4	0			9	0			0	1			9	9	Remission and Refund – Other Fees		1	4	0	9	0	0	1	9	9
1	4	0			9	0			0	2	Remission and Refund - User Charges		0	0			1	4	0	9	0	0	2	0	0
1	4	0			9	0			0	2			0	1	Remission and Refund - Water Charges		1	4	0	9	0	0	2	0	1
1	4	0			9	0			0	2			0	2	Remission and Refund - Other Charges		1	4	0	9	0	0	2	0	2
1	5	0	Sales & Hire Charges		0	0			0	0			0	0			1	5	0	0	0	0	0	0	0
1	5	0			1	0	Sale of Products						0	0			1	5	0	1	0	0	0	0	0
1	5	0			1	0			0	1	Sale of Agriculture Products		0	0			1	5	0	1	0	0	1	0	0
1	5	0			1	0			0	2	Sale of Sand		0	0			1	5	0	1	0	0	2	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
1	5	0			1	0		0	3	Sale of manure	0	0		1	5	0	1	0	0	3	0	0
1	5	0			1	0		0	4	Sale of Solid waste	0	0		1	5	0	1	0	0	4	0	0
1	5	0			1	0		0	5	Sale of Tree	0	0		1	5	0	1	0	0	5	0	0
1	5	0			1	0		9	9	Sale of Other Products	0	0		1	5	0	1	0	9	9	0	0
1	5	0			1	1	Sale of Forms & Publications	0	0		0	0		1	5	0	1	1	0	0	0	0
1	5	0			1	1		0	1	Sale of Tender Form	0	0		1	5	0	1	1	0	1	0	0
1	5	0			1	1		0	2	Water Connection Form	0	0		1	5	0	1	1	0	2	0	0
1	5	0			1	1		0	3	House Transfer Form	0	0		1	5	0	1	1	0	3	0	0
1	5	0			1	1		0	4	Plans	0	0		1	5	0	1	1	0	4	0	0
1	5	0			1	1		0	5	Maps	0	0		1	5	0	1	1	0	5	0	0
1	5	0			1	1		0	6	Hospital& Nursing Registration Form	0	0		1	5	0	1	1	0	6	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
1	5	0			1	1		0	7	Shops & Establishment Registration Form	0	0		1	5	0	1	1	0	7	0	0
1	5	0			1	1		0	8	Election Form	0	0		1	5	0	1	1	0	8	0	0
1	5	0			1	1		9	9	Sale of other forms	0	0		1	5	0	1	1	9	9	0	0
1	5	0			1	2	Sale of stores & scrap	0	0	Sale of stores & scrap	0	0		1	5	0	1	2	0	0	0	0
1	5	0			1	2		0	1	Sale of Stores	0	0		1	5	0	1	2	0	1	0	0
1	5	0			1	2		0	2	Sale of Scrap	0	0		1	5	0	1	2	0	2	0	0
1	5	0			1	2		0	3	Revenue from Auction of Obsolete Assets	0	0		1	5	0	1	2	0	3	0	0
1	5	0			3	0	Sale of Others	0	0		0	0		1	5	0	3	0	0	0	0	0
1	5	0			3	0		0	1	Old Newspaper	0	0		1	5	0	3	0	0	1	0	0
1	5	0			3	0		0	2	Sale of garbage	0	0		1	5	0	3	0	0	2	0	0
1	5	0			3	0		0	3	Sale of Others	0	0		1	5	0	3	0	0	3	0	0
1	5	0			4	0	Hire Charges for	0	0					1	5	0	4	0	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head		
						Vehicles																				
1	5	0		4	0			0	1	Buses	0	0				1	5	0	4	0	0	1	0	0	0	
1	5	0		4	0			0	2	Trucks/Tractor	0	0				1	5	0	4	0	0	2	0	0	0	
1	5	0		4	1	Hire Charges on Equipment		0	0		0	0				1	5	0	4	1	0	0	0	0	0	
1	5	0		4	1			0	1	Road Roller Charges	0	0				1	5	0	4	1	0	1	0	0	0	
1	5	0		4	1			0	2	Hire Charges of Excavator	0	0				1	5	0	4	1	0	2	0	0	0	
1	5	0		4	1			0	3	Rent from Other equipments	0	0				1	5	0	4	1	0	3	0	0	0	
1	6	0	Revenue Grants, Contribution and Subsidies	0	0			0	0		0	0				1	6	0	0	0	0	0	0	0	0	
1	6	0		1	0	Revenue Grant					0	0				1	6	0	1	0	0	0	0	0	0	
1	6	0		1	0			0	1	Grant For Expenditure	0	0				1	6	0	1	0	0	1	0	0	0	
1	6	0		1	0			0	2	Salary & D.A. Grant	0	0				1	6	0	1	0	0	2	0	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head	
1	6	0			1	0			0	3	Govt. Aid for Primary Education	0	0				1	6	0	1	0	0	3	0	0	
1	6	0			1	0			0	4	Family Welfare Grant	0	0				1	6	0	1	0	0	4	0	0	
1	6	0			1	0			0	5	Family Planning Aid from Central Government	0	0				1	6	0	1	0	0	5	0	0	
1	6	0			1	0			0	6	Per Capita Grant	0	0				1	6	0	1	0	0	6	0	0	
1	6	0			1	0			0	7	Census Grant	0	0				1	6	0	1	0	0	7	0	0	
1	6	0			1	0			0	8	Irrigation Cess & Water Rate Grant	0	0				1	6	0	1	0	0	8	0	0	
1	6	0			1	0			0	9	Grant against Penalty Recovered by Courts Under various Acts	0	0				1	6	0	1	0	0	9	0	0	
1	6	0			1	0			1	0	Grant for Chemicals	0	0				1	6	0	1	0	1	0	0	0	
1	6	0			1	0			1	1	Grant for Malaria	0	0				1	6	0	1	0	1	1	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head		
									Nirmulan													
1	6	0		1	0			1	2	Grant for Polio Nirmulan	0	0		1	6	0	1	0	1	2	0	0
1	6	0		1	0			1	3	School Children Health Program Grant	0	0		1	6	0	1	0	1	3	0	0
1	6	0		1	0			1	4	Election grant	0	0		1	6	0	1	0	1	4	0	0
1	6	0		1	0			1	5	Compensation Grant	0	0		1	6	0	1	0	1	5	0	0
1	6	0		1	0			1	6	Grant for Hand Pump/Bore Well	0	0		1	6	0	1	0	1	6	0	0
1	6	0		1	0			1	7	Natural calamity Grant	0	0		1	6	0	1	0	1	7	0	0
1	6	0		1	0			1	8	BPL Grant	0	0		1	6	0	1	0	1	8	0	0
1	6	0		1	0			1	9	SPUR Grant	0	0		1	6	0	1	0	1	9	0	0
1	6	0		1	0			2	0	JNNURM Grant	0	0		1	6	0	1	0	2	0	0	0
1	6	0		1	0			2	1	UIDSMT Grant	0	0		1	6	0	1	0	2	1	0	0
1	6	0		1	0			2	2	IHSDP Grant	0	0		1	6	0	1	0	2	2	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
1	6	0			1	0		2	3	SJSRY Grant	0	0			1	6	0	1	0	2	3	0	0
1	6	0			1	0		2	4	Special Grants	0	0			1	6	0	1	0	2	4	0	0
1	6	0			1	0		2	5	Fund for Transferred Institutions	0	0			1	6	0	1	0	2	5	0	0
1	6	0			1	0		2	6	Fund for Transferred Functions/ Schemes	0	0			1	6	0	1	0	2	6	0	0
1	6	0			1	0		2	7	Maintenance Grant	0	0			1	6	0	1	0	2	7	0	0
1	6	0			1	0		2	7		0	1		Maintenance Grant- Road	1	6	0	1	0	2	7	0	1
1	6	0			1	0		2	7		0	2		Maintenance Grant- Other Assets	1	6	0	1	0	2	7	0	2
1	6	0			1	0		9	9	Other Revenue Grants	0	0			1	6	0	1	0	9	9	0	0
1	6	0			2	0	Reimbursement of Expenses	0	0		0	0			1	6	0	2	0	0	0	0	0
1	6	0			3	0	Contribution towards schemes	0	0		0	0			1	6	0	3	0	0	0	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
1	7	0	<u>Income from Investments</u>		0	0			0	0			0	0			1	7	0	0	0	0	0	0	0
1	7	0			1	0	Interest		0	0			0	0			1	7	0	1	0	0	0	0	0
1	7	0			1	0			0	1	Fixed Deposits with Banks		0	0			1	7	0	1	0	0	1	0	0
1	7	0			1	0			0	2	Government Securities		0	0			1	7	0	1	0	0	2	0	0
1	7	0			1	0			0	3	Post Office Deposit		0	0			1	7	0	1	0	0	3	0	0
1	7	0			1	0			9	9	Other		0	0			1	7	0	1	0	9	9	0	0
1	7	0			2	0	Dividend		0	0			0	0			1	7	0	2	0	0	0	0	0
1	7	0			3	0	Income from projects taken up on commercial basis		0	0			0	0			1	7	0	3	0	0	0	0	0
1	7	0			4	0	Profit in Sale of Investments		0	0			0	0			1	7	0	4	0	0	0	0	0
1	7	0			8	0	Others		0	0			0	0			1	7	0	8	0	0	0	0	0
1	7	0			8	0			0	1	Appreciation in value of		0	0			1	7	0	8	0	0	1	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
										Investments															
1	7	1	<u>Interest Earned</u>	0	0			0	0		0	0				1	7	1	0	0	0	0	0	0	
1	7	1		1	0	Interest from Bank Accounts	0	0		0	0					1	7	1	1	0	0	0	0	0	
1	7	1		1	0			0	1	Saving Bank Accounts	0	0				1	7	1	1	0	0	1	0	0	
1	7	1		2	0	Interest on Loans and advances to Employees	0	0		0	0					1	7	1	2	0	0	0	0	0	
1	7	1		2	0			0	1	House Building Advance	0	0				1	7	1	2	0	0	1	0	0	
1	7	1		2	0			0	2	Conveyance/Vehicles	0	0				1	7	1	2	0	0	2	0	0	
1	7	1		2	0			0	3	Festival Advance	0	0				1	7	1	2	0	0	3	0	0	
1	7	1		2	0			0	4	Marriage Advance	0	0				1	7	1	2	0	0	4	0	0	
1	7	1		3	0	Interest on loans to others	0	0		0	0					1	7	1	3	0	0	0	0	0	
1	7	1		4	0	Interest on Debtors and	0	0		0	0					1	7	1	4	0	0	0	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head	
						Other Receivables																			
1	7	1		8	0	Others Interest	0	0		0	0					1	7	1	8	0	0	0	0	0	
1	7	1		8	0		0	1	Interest on Hire Purchase	0	0					1	7	1	8	0	0	1	0	0	
1	7	1		8	0		0	2	Interest on Security Deposits	0	0					1	7	1	8	0	0	2	0	0	
1	8	0	Other Income	0	0		0	0		0	0					1	8	0	0	0	0	0	0	0	
1	8	0		1	0	Deposits Forfeited	0	0		0	0					1	8	0	1	0	0	0	0	0	
1	8	0		1	0		0	1	Deposits Forfeited- Contractors-PW	0	0					1	8	0	1	0	0	1	0	0	
1	8	0		1	0		0	2	Deposits Forfeited- Contractors- Other	0	0					1	8	0	1	0	0	2	0	0	
1	8	0		1	0		0	3	Deposits Forfeited- Others	0	0					1	8	0	1	0	0	3	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description	Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
1	8	0			1	1	Lapsed Deposits	0	0			0	0		1	8	0	1	1	0	0	0	0
1	8	0			1	1		0	1	LD-Earnest Money Deposit	0	0		1	8	0	1	1	0	1	0	0	
1	8	0			1	1		0	2	LD-Security Deposit	0	0		1	8	0	1	1	0	2	0	0	
1	8	0			1	1		0	3	LD-Retention Money	0	0		1	8	0	1	1	0	3	0	0	
1	8	0			1	1		0	4	LD-Revenue Deposits	0	0		1	8	0	1	1	0	4	0	0	
1	8	0			1	1		0	5	LD-Water Deposits	0	0		1	8	0	1	1	0	5	0	0	
1	8	0			1	1		0	6	LD-Rent Deposits	0	0		1	8	0	1	1	0	6	0	0	
1	8	0			1	1		0	7	LD-Auction Deposits	0	0		1	8	0	1	1	0	7	0	0	
1	8	0			1	1		9	9	LD-Any other deposits	0	0		1	8	0	1	1	9	9	0	0	
1	8	0			2	0	Insurance Claim Recovery	0	0			0	0		1	8	0	2	0	0	0	0	0
1	8	0			2	0		0	1	Store Insurance Claim	0	0		1	8	0	2	0	0	1	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
1	8	0			2	0			0	2	Property Insurance Claim	0	0					1	8	0	2	0	0	2	0
1	8	0			2	0			0	3	Motor Insurance Claim	0	0					1	8	0	2	0	0	3	0
1	8	0			3	0	Profit on Disposal of Fixed assets		0	0		0	0					1	8	0	3	0	0	0	0
1	8	0			3	0			0	1	Land	0	0					1	8	0	3	0	0	1	0
1	8	0			3	0			0	2	Building	0	0					1	8	0	3	0	0	2	0
1	8	0			3	0			9	9	Others	0	0					1	8	0	3	0	9	9	0
1	8	0			4	0	Recovery from Employees		0	0		0	0					1	8	0	4	0	0	0	0
1	8	0			4	0			0	1	Recovery from employee on defalcations	0	0					1	8	0	4	0	0	1	0
1	8	0			4	0			9	9	Other Recovery	0	0					1	8	0	4	0	9	9	0
1	8	0			5	0	Unclaimed Refund payable/Liabilities written Back		0	0		0	0					1	8	0	5	0	0	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
1	8	0			5	0			0	1	Stale Cheque	0	0			1	8	0	5	0	0	1	0	0	
1	8	0			6	0	Excess Provision written Back		0	0		0	0			1	8	0	6	0	0	0	0	0	
1	8	0			6	0			0	1	Excess Provision written Back - Taxes	0	0			1	8	0	6	0	0	1	0	0	
1	8	0			6	0			0	1		0	1	Excess Provision written Back - Holding Tax		1	8	0	6	0	0	1	0	1	
1	8	0			6	0			0	1		0	2	Excess Provision written Back - Water Tax		1	8	0	6	0	0	1	0	2	
1	8	0			6	0			0	1		0	3	Excess Provision written Back - Latrine Tax		1	8	0	6	0	0	1	0	3	
1	8	0			6	0			0	1		0	4	Excess Provision written Back - Education Cess		1	8	0	6	0	0	1	0	4	
1	8	0			6	0			0	1		0	5	Excess Provision written Back - Health Cess		1	8	0	6	0	0	1	0	5	
1	8	0			6	0			0	1		0	7	Excess Provision written Back - Professional		1	8	0	6	0	0	1	0	7	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head	
														Tax-Traders/Institutions/Professionals											
1	8	0		6	0			0	1			0	8	Excess Provision written Back - Advertisement tax	1	8	0	6	0	0	1	0	8		
1	8	0		6	0			0	1			0	9	Excess Provision written Back – Tower Tax	1	8	0	6	0	0	1	0	9		
1	8	0		6	0			0	1			9	9	Excess Provision written Back - Other taxes	1	8	0	6	0	0	1	9	9		
1	8	0		6	0			0	2	Excess Provision written Back - Water Charges		0	0			1	8	0	6	0	0	2	0	0	
1	8	0		6	0			0	2			0	1	Excess Provision written Back - Water Charges	1	8	0	6	0	0	2	0	1		
1	8	0		6	0			0	2			0	2	Excess Provision written Back - Other Charges	1	8	0	6	0	0	2	0	2		
1	8	0		6	0			0	3	Excess Provision written Back -		0	0			1	8	0	6	0	0	3	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head		
1	8	0		6	0			0	3			0	1		Fees											
1	8	0		6	0			0	3			0	2		Excess Provision written Back – License Fee	1	8	0	6	0	0	3	0	1		
1	8	0		6	0			0	3			0	2		Excess Provision written Back – Other Fee	1	8	0	6	0	0	3	0	2		
1	8	0		6	0			0	4			0	0		Excess Provision written Back - Rent	1	8	0	6	0	0	4	0	0		
1	8	0		6	0			0	4			0	1		Excess Provisions written back - Rent from Civic Amenities	1	8	0	6	0	0	4	0	1		
1	8	0		6	0			0	4			0	2		Excess Provisions written back - Rent from Office Buildings	1	8	0	6	0	0	4	0	2		
1	8	0		6	0			0	4			0	3		Excess Provisions written back - Rent from Guest Houses	1	8	0	6	0	0	4	0	3		
1	8	0		6	0			0	4			0	4		Excess Provisions written back - Rent from Lease on Lands	1	8	0	6	0	0	4	0	4		

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
1	8	0			6	0			0	4			9	9			Excess Provisions written back - Other Rents	1	8	0	6	0	0	4	9	9
1	8	0			6	0			0	5	Excess Provision written Back - Loans		0	0				1	8	0	6	0	0	5	0	0
1	8	0			6	0			9	9	Excess Provision written Back - Others		0	0				1	8	0	6	0	9	9	0	0
1	8	0			8	0	Miscellaneous Income		0	0			0	0				1	8	0	8	0	0	0	0	0
1	8	0			8	0			0	1	Receipts from project like BOT		0	0				1	8	0	8	0	0	1	0	0
1	8	0			8	0			0	2	Receipts from Postal Charges		0	0				1	8	0	8	0	0	2	0	0
1	8	0			8	0			9	9	Miscellaneous Receipts		0	0				1	8	0	8	0	9	9	0	0
1	8	0			9	0	Contributions & Transfers		0	0			0	0				1	8	0	9	0	0	0	0	0
1	8	0			9	0			0	1	Contribution from Special Funds		0	0				1	8	0	9	0	0	1	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
1	8	0		9	0			0	2	Contribution from other Funds		0	0			1	8	0	9	0	0	2	0	0

## Accounting Head-Expenditure -2

2	1	0	<u>Establishment Expenses</u>	0	0			0	0							2	1	0	0	0	0	0	0	0	0		
2	1	0		1	0	Salaries, Wages and bonus		0	0							2	1	0	1	0	0	0	0	0	0		
2	1	0		1	0			0	1	<u>Salaries &amp; Allowances</u>		0	0			2	1	0	1	0	0	1	0	0	0		
2	1	0		1	0			0	1						0	1		Salaries & Allowances – Chief municipal officer	2	1	0	1	0	0	1	0	1
2	1	0		1	0			0	1						0	2		Salaries & Allowances- Permanent	2	1	0	1	0	0	1	0	2

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	1	0		1	0			0	1			0	3		Officers		2	1	0	1	0	0	1	0
2	1	0		1	0			0	1			0	4		Salaries & Allowances- Permanent staff		2	1	0	1	0	0	1	0
2	1	0		1	0			0	1						Salaries & Allowance- Officers & Staff on deputation		2	1	0	1	0	0	1	0
2	1	0		1	0			0	1			0	5		Salaries & Allowance- Contractual Officers & Staff		2	1	0	1	0	0	1	0
2	1	0		1	0			0	1			0	6		Salary & Allowance of Contingent Staff		2	1	0	1	0	0	1	0
2	1	0		1	0			0	2			0	0		Wages		2	1	0	1	0	0	2	0
2	1	0		1	0			0	3			0	0		Ex-gratia		2	1	0	1	0	0	3	0
2	1	0		1	0			0	4			0	0		Octroi		2	1	0	1	0	0	4	0
2	1	0		1	0			0	5			0	0		Performance Bonus		2	1	0	1	0	0	5	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	1	0		1	0			9	9	Others		0	0			2	1	0	1	0	9	9	0	0	
2	1	0		2	0	Benefits and Allowances		0	0			0	0			2	1	0	2	0	0	0	0	0	0
2	1	0		2	0			0	1	Leave Travel Concessions		0	0			2	1	0	2	0	0	1	0	0	0
2	1	0		2	0			0	2	Medical Reimbursement s		0	0			2	1	0	2	0	0	2	0	0	0
2	1	0		2	0			0	3	Overtime Allowance		0	0			2	1	0	2	0	0	3	0	0	0
2	1	0		2	0			0	4	Uniform to staff		0	0			2	1	0	2	0	0	4	0	0	0
2	1	0		2	0			0	5	Compensation to Staff		0	0			2	1	0	2	0	0	5	0	0	0
2	1	0		2	0			0	6	Training & Staff Welfare expenses		0	0			2	1	0	2	0	0	6	0	0	0
2	1	0		2	0			0	7	Honorarium & Sitting Allowance		0	0			2	1	0	2	0	0	7	0	0	0
2	1	0		2	0			0	7			0	1		Honorarium & Sitting Allowance to Corporators	2	1	0	2	0	0	7	0	1	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	1	0			2	0			0	7			0	2	Honorarium & Sitting Allowance-Mayor		2	1	0	2	0	0	7	0	2
2	1	0			2	0			0	7			0	3	Honorarium & Sitting Allowance-Deputy Mayor		2	1	0	2	0	0	7	0	3
2	1	0			2	0			9	9	Other Benefit and Allowance		0	0			2	1	0	2	0	9	9	0	0
2	1	0			3	0	Pension / P.F. Contribution		0	0			0	0			2	1	0	3	0	0	0	0	0
2	1	0			3	0			0	1	Contribution to Pension Fund - Permanent Employee of Municipality		0	0			2	1	0	3	0	0	1	0	0
2	1	0			3	0			0	2	Contribution to Pension Fund - Employee on Deputation		0	0			2	1	0	3	0	0	2	0	0
2	1	0			3	0			0	3	Contribution to Pension Fund - contingent staff		0	0			2	1	0	3	0	0	3	0	0
2	1	0			3	0			0	4	Contribution to		0	0			2	1	0	3	0	0	4	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Family Pension														
2	1	0		3	0			0	5	P.F. Administrative Charge	0	0				2	1	0	3	0	0	5	0	0
2	1	0		3	0			0	6	Pension Fund Deficit Contribution,	0	0				2	1	0	3	0	0	6	0	0
2	1	0		3	0			0	7	E.S.I. Contribution	0	0				2	1	0	3	0	0	7	0	0
2	1	0		3	0			0	8	Group Insurance Contribution	0	0				2	1	0	3	0	0	8	0	0
2	1	0		3	0			0	9	Medical Insurance for Employee	0	0				2	1	0	3	0	0	9	0	0
2	1	0		3	0			9	9	Contribution to other funds	0	0				2	1	0	3	0	9	9	0	0
2	1	0		4	0	<b>Other Terminal &amp; Retirement Benefits</b>		0	0						2	1	0	4	0	0	0	0	0	
2	1	0		4	0			0	1	Leave Encashment	0	0				2	1	0	4	0	0	1	0	0
2	1	0		4	0			0	2	Death cum Retirement	0	0				2	1	0	4	0	0	2	0	0

Major Head		Major head Descriptions	Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head	Sub Detailed head			
								Gratuity													
2	1	0		4	0		0	3	Provident fund Shortfall (Interest)	0	0		2	1	0	4	0	0	3	0	0
2	1	0		4	0		0	4	Leave Salary contribution	0	0		2	1	0	4	0	0	4	0	
2	1	0		8	0	Other Establishment Expenses	0	0		0	0		2	1	0	8	0	0	0	0	
2	2	0	Administrative Expenses	0	0		0	0					2	2	0	0	0	0	0	0	
2	2	0		1	0	Rent, Rates and Taxes Paid	0	0		0	0		2	2	0	1	0	0	0	0	
2	2	0		1	0		0	1	Rent Expenses	0	0		2	2	0	1	0	0	1	0	
2	2	0		1	0		0	1		0	1	Rent of Buildings	2	2	0	1	0	0	1	0	
2	2	0		1	0		0	2	Rates	0	0		2	2	0	1	0	0	2	0	
2	2	0		1	0		0	2		0	1	Land Revenue	2	2	0	1	0	0	2	0	
2	2	0		1	0		0	3	Taxes/Duties	0	0		2	2	0	1	0	0	3	0	
2	2	0		1	0		0	3		0	1	Income Tax	2	2	0	1	0	0	3	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	2	0		1	0			0	3			0	2	VAT		2	2	0	1	0	0	3	0	2
2	2	0		1	0			0	3			9	9	Other Taxes/ Duties		2	2	0	1	0	0	3	9	9
2	2	0		1	1	Office Maintenance		0	0			0	0			2	2	0	1	1	0	0	0	0
2	2	0		1	1			0	1	Electricity expenses		0	0			2	2	0	1	1	0	1	0	0
2	2	0		1	1			0	2	Water expenses		0	0			2	2	0	1	1	0	2	0	0
2	2	0		1	1			0	3	Security expenses		0	0			2	2	0	1	1	0	3	0	0
2	2	0		1	1			9	9	Other Office Maintenance Expenses		0	0			2	2	0	1	1	9	9	0	0
2	2	0		1	2	Communication Expenses		0	0			0	0			2	2	0	1	2	0	0	0	0
2	2	0		1	2			0	1	Telephone Expenses		0	0			2	2	0	1	2	0	1	0	0
2	2	0		1	2			0	2	Mobile Expenses		0	0			2	2	0	1	2	0	2	0	0
2	2	0		1	2			0	3	Fax Expenses		0	0			2	2	0	1	2	0	3	0	0
2	2	0		1	2			0	4	Postage		0	0			2	2	0	1	2	0	4	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Expenses														
2	2	0		1	2			0	5	Internet Expenses	0	0				2	2	0	1	2	0	5	0	0
2	2	0		1	2			9	9	Other Communication Expenses	0	0				2	2	0	1	2	9	9	0	0
2	2	0		2	0	<b>Books &amp; Periodicals,</b>		0	0		0	0				2	2	0	2	0	0	0	0	0
2	2	0		2	0			0	1	Purchases of Books	0	0				2	2	0	2	0	0	1	0	0
2	2	0		2	0			0	2	Magazines	0	0				2	2	0	2	0	0	2	0	0
2	2	0		2	0			0	3	Newspapers	0	0				2	2	0	2	0	0	3	0	0
2	2	0		2	0			0	4	Journals	0	0				2	2	0	2	0	0	4	0	0
2	2	0		2	1	<b>Printing and Stationery</b>		0	0		0	0				2	2	0	2	1	0	0	0	0
2	2	0		2	1			0	1	Stationery	0	0				2	2	0	2	1	0	1	0	0
2	2	0		2	1			0	2	General Printing & Stationery	0	0				2	2	0	2	1	0	2	0	0
2	2	0		2	1			0	3	Form Purchase/Printin g from other	0	0				2	2	0	2	1	0	3	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										agencies														
2	2	0		2	1			0	4	Xerox Expenses	0	0				2	2	0	2	1	0	4	0	0
2	2	0		2	1			0	5	Computer consumables	0	0				2	2	0	2	1	0	5	0	0
2	2	0		3	0	Traveling & Conveyance		0	0		0	0				2	2	0	3	0	0	0	0	0
2	2	0		3	0			0	1	Traveling Expense	0	0				2	2	0	3	0	0	1	0	0
2	2	0		3	0			0	2	Elected members Traveling Expense	0	0				2	2	0	3	0	0	2	0	0
2	2	0		3	0			0	3	Petrol & Diesel	0	0				2	2	0	3	0	0	3	0	0
2	2	0		4	0	Insurance		0	0		0	0				2	2	0	4	0	0	0	0	0
2	2	0		4	0			0	1	Cash in Transit Insurance	0	0				2	2	0	4	0	0	1	0	0
2	2	0		4	0			0	2	General Insurance	0	0				2	2	0	4	0	0	2	0	0
2	2	0		4	0			0	3	Fidelity Insurance	0	0				2	2	0	4	0	0	3	0	0
2	2	0		4	0			0	4	Motor Vehicles	0	0				2	2	0	4	0	0	4	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Insurance														
2	2	0		4	0			0	5	Motor Accident claim Insurance	0	0					2	2	0	4	0	0	5	0
2	2	0		5	0	Audit Fees		0	0		0	0					2	2	0	5	0	0	0	0
2	2	0		5	1	Legal Expenses		0	0		0	0					2	2	0	5	1	0	0	0
2	2	0		5	1			0	1	Court Fees Expenses	0	0					2	2	0	5	1	0	1	0
2	2	0		5	1			0	2	Lok Adalat Expense	0	0					2	2	0	5	1	0	2	0
2	2	0		5	1			0	3	Suit compromises / Payments against court order	0	0					2	2	0	5	1	0	3	0
2	2	0		5	1			0	4	Cost of recoveries of tax revenue	0	0					2	2	0	5	1	0	4	0
2	2	0		5	1			0	5	License Fee	0	0					2	2	0	5	1	0	5	0
2	2	0		5	1			0	6	Filing Fee	0	0					2	2	0	5	1	0	6	0
2	2	0		5	1			9	9	Miscellaneous Legal Expenses	0	0					2	2	0	5	1	9	9	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	2	0			5	2	Professional & Other Fees		0	0			0	0			2	2	0	5	2	0	0	0	0	
2	2	0			5	2			0	1	Advocate Fee Expense		0	0			2	2	0	5	2	0	0	1	0	0
2	2	0			5	2			0	2	Engineer Fees		0	0			2	2	0	5	2	0	0	2	0	0
2	2	0			5	2			0	3	Architect		0	0			2	2	0	5	2	0	0	3	0	0
2	2	0			5	2			0	4	Consultancy Charges		0	0			2	2	0	5	2	0	0	4	0	0
2	2	0			6	0	Advertisement and Publicity		0	0			0	0			2	2	0	6	0	0	0	0	0	0
2	2	0			6	0			0	1	Advertisement in News Paper		0	0			2	2	0	6	0	0	0	1	0	0
2	2	0			6	0			0	2	Advertisement in Electronic Media		0	0			2	2	0	6	0	0	0	2	0	0
2	2	0			6	0			0	3	Photograph Expense		0	0			2	2	0	6	0	0	0	3	0	0
2	2	0			6	0			0	4	Organizing Festivals		0	0			2	2	0	6	0	0	0	4	0	0
2	2	0			6	0			0	5	Hospitality Expenses		0	0			2	2	0	6	0	0	0	5	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	2	0		6	0			9	9	Other Advertisement and Publicity Expenses		0	0			2	2	0	6	0	9	9	0	0
2	2	0		6	1	Membership & subscriptions		0	0			0	0			2	2	0	6	1	0	0	0	0
2	2	0		8	0	Other Administration Expense		0	0			0	0			2	2	0	8	0	0	0	0	0
2	2	0		8	0			0	1	Honorarium to Council Members		0	0			2	2	0	8	0	0	1	0	0
2	2	0		8	0			0	2	Telephone allowance to council members		0	0			2	2	0	8	0	0	2	0	0
2	2	0		8	0			0	3	Traveling expenses paid to council members		0	0			2	2	0	8	0	0	3	0	0
2	2	0		8	0			0	4	Session/meeting allowance to council members		0	0			2	2	0	8	0	0	4	0	0
2	2	0		8	0			0	5	Tax Collection		0	0			2	2	0	8	0	0	5	0	0

Major Head		Major head Descriptions	Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head	Sub Detailed head			
								Expenses													
2	2	0		8	0		0	6	Outsourcing of Solid Waste	0	0		2	2	0	8	0	0	6	0	0
2	2	0		8	0		0	7	Population counting expenses	0	0		2	2	0	8	0	0	7	0	0
2	2	0		8	0		0	8	Family Planning center administrative expense	0	0		2	2	0	8	0	0	8	0	0
2	2	0		8	0		0	9	Expense for Conducting Exams	0	0		2	2	0	8	0	0	9	0	0
2	2	0		8	0		1	0	Various day Celebration Expenses	0	0		2	2	0	8	0	1	0	0	0
2	2	0		8	0		9	9	Miscellaneous Administration Expenses	0	0		2	2	0	8	0	9	9	0	0
2	3	0	<u>Operations &amp; Maintenance</u>	0	0		0	0		0	0		2	3	0	0	0	0	0	0	
2	3	0		1	0	Power & Fuel	0	0		0	0		2	3	0	1	0	0	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	3	0			1	0			0	1	Electricity charges		0	0			2	3	0	1	0	0	1	0	0	0
					1	0			0	2	Electricity charges for street Light		0	0			2		3	0	1	0	0	2	0	0
2	3	0			1	0			0	3	Generator Bill		0	0			2		3	0	1	0	0	3	0	0
2	3	0			1	0			0	4	Petrol, Diesel & Gas		0	0			2		3	0	1	0	0	4	0	0
2	3	0			2	0	Bulk Purchases		0	0			0	0			2		3	0	2	0	0	0	0	0
2	3	0			2	0			0	1	Electricity purchase for Distribution		0	0			2		3	0	2	0	0	1	0	0
2	3	0			2	0			0	2	Water purchase for Distribution		0	0			2		3	0	2	0	0	2	0	0
2	3	0			3	0	Consumption of Stores		0	0			0	0			2		3	0	3	0	0	0	0	0
2	3	0			3	0			0	1	Consumption of Solid Waste Plastic Bags		0	0			2		3	0	3	0	0	1	0	0
2	3	0			3	0			0	2	Street Light materials		0	0			2		3	0	3	0	0	2	0	0
2	3	0			3	0			0	3	House Pipes/Suction		0	0			2		3	0	3	0	0	3	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										pipes for fire brigade														
2	3	0		3	0			0	4	Fire hydrants/Other stores for fire brigade	0	0				2	3	0	3	0	0	4	0	0
2	3	0		3	0			0	5	Pesticides	0	0				2	3	0	3	0	0	5	0	0
2	3	0		3	0			0	6	Chlorine, chemicals for water department	0	0				2	3	0	3	0	0	6	0	0
2	3	0		3	0			0	7	Water testing expenses	0	0				2	3	0	3	0	0	7	0	0
2	3	0		3	0			0	8	Books, Stationary & related items purchase for school	0	0				2	3	0	3	0	0	8	0	0
2	3	0		3	0			0	9	Fodder for Impounding Animals	0	0				2	3	0	3	0	0	9	0	0
2	3	0		3	0			1	0	Medicine & Cloth	0	0				2	3	0	3	0	1	0	0	0
2	3	0		3	0			1	1	G.I. Pipes &	0	0				2	3	0	3	0	1	1	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
										Section Pipes															
2	3	0		3	0			9	9	Consumption of Stores - Other Stores	0	0					2	3	0	3	0	9	9	0	0
2	3	0		4	0	Hire Charges		0	0		0	0					2	3	0	4	0	0	0	0	0
2	3	0		4	0			0	1	Machinery Hire Charges	0	0					2	3	0	4	0	0	1	0	0
2	3	0		4	0			0	2	Vehicle Hire Charges	0	0					2	3	0	4	0	0	2	0	0
2	3	0		4	0			9	9	Other Hire Charges	0	0					2	3	0	4	0	9	9	0	0
2	3	0		5	0	Repairs & maintenance Infrastructure Assets		0	0		0	0					2	3	0	5	0	0	0	0	0
2	3	0		5	0			0	1	Repairs & maintenance - Water Supply	0	0					2	3	0	5	0	0	1	0	0
2	3	0		5	0			0	2	Repairs & maintenance - Sewerage	0	0					2	3	0	5	0	0	2	0	0
2	3	0		5	0			0	3	Repairs & maintenance - Storm water	0	0					2	3	0	5	0	0	3	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
										Drains															
2	3	0		5	0			0	4	Repairs & maintenance - Roads & Pavements	0	0				2	3	0	5	0	0	4	0	0	
2	3	0		5	0			0	5	Repairs & maintenance - Bridges & Culverts	0	0				2	3	0	5	0	0	5	0	0	
2	3	0		5	0			0	6	Repairs & maintenance - Street Lights	0	0				2	3	0	5	0	0	6	0	0	
2	3	0		5	0			0	7	Repairs & maintenance - Dumping Grounds	0	0				2	3	0	5	0	0	7	0	0	
2	3	0		5	0			0	8	Repairs & maintenance - Treatment plants	0	0				2	3	0	5	0	0	8	0	0	
2	3	0		5	0			9	9	Repairs & maintenance - Other Infrastructure Assets	0	0				2	3	0	5	0	9	9	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	3	0			5	1	Repairs & maintenance Civic Amenities		0	0			0	0			2	3	0	5	1	0	0	0	0
2	3	0			5	1			0	1	Repairs & maintenance - Ground Leveling Expense		0	0			2	3	0	5	1	0	1	0	0
2	3	0			5	1			0	2	Repairs & maintenance - Parks & Gardens		0	0			2	3	0	5	1	0	2	0	0
2	3	0			5	1			0	3	Repairs & maintenance - Wells & Ponds		0	0			2	3	0	5	1	0	3	0	0
2	3	0			5	1			0	4	Repairs & maintenance - Tanks		0	0			2	3	0	5	1	0	4	0	0
2	3	0			5	1			0	5	Repairs & maintenance - Culverts		0	0			2	3	0	5	1	0	5	0	0
2	3	0			5	1			0	6	Repairs & maintenance - Lakes		0	0			2	3	0	5	1	0	6	0	0
2	3	0			5	1			0	7	Repairs & maintenance - Play Grounds		0	0			2	3	0	5	1	0	7	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	3	0			5	1			0	8	Repairs & maintenance - Stadium	0	0				2	3	0	5	1	0	8	0	0
2	3	0			5	1			0	9	Repairs & maintenance - Play materials	0	0				2	3	0	5	1	0	9	0	0
2	3	0			5	1			1	0	Repairs & maintenance - Arts & Culture	0	0				2	3	0	5	1	1	0	0	0
2	3	0			5	1			1	1	Repairs & maintenance - Art Gallery	0	0				2	3	0	5	1	1	1	0	0
2	3	0			5	1			1	2	Repairs & maintenance - School	0	0				2	3	0	5	1	1	2	0	0
2	3	0			5	1			1	3	Repairs & maintenance - Libraries	0	0				2	3	0	5	1	1	3	0	0
2	3	0			5	1			1	4	Repairs & maintenance - Parking Lots	0	0				2	3	0	5	1	1	4	0	0
2	3	0			5	1			1	5	Repairs & maintenance - Markets	0	0				2	3	0	5	1	1	5	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	3	0			5	1			1	6	Repairs & maintenance - Hospitals	0	0			2	3	0	5	1	1	6	0	0	
2	3	0			5	1			1	7	Repairs & maintenance - Public Toilets	0	0			2	3	0	5	1	1	7	0	0	
2	3	0			5	1			1	8	Repairs & maintenance - Sulabh Toilets Expense	0	0			2	3	0	5	1	1	8	0	0	
2	3	0			5	1			1	9	Repairs & maintenance - Octroi Nakas	0	0			2	3	0	5	1	1	9	0	0	
2	3	0			5	1			2	0	Repairs & maintenance - Slaughter houses	0	0			2	3	0	5	1	2	0	0	0	
2	3	0			5	1			2	1	Repairs & maintenance - Heritage structures	0	0			2	3	0	5	1	2	1	0	0	
2	3	0			5	1			9	9	Repairs & maintenance - Other Civic amenities	0	0			2	3	0	5	1	9	9	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	3	0			5	2	Repairs & maintenance Buildings		0	0			0	0			2	3	0	5	2	0	0	0	0
2	3	0			5	2			0	1	Repairs & maintenance - Residential Buildings		0	0			2	3	0	5	2	0	1	0	0
2	3	0			5	2			0	2	Repairs & maintenance - Commercial Buildings		0	0			2	3	0	5	2	0	2	0	0
2	3	0			5	2			0	3	Repairs & maintenance - Office buildings		0	0			2	3	0	5	2	0	3	0	0
2	3	0			5	2			0	4	Repairs & maintenance - Public Buildings		0	0			2	3	0	5	2	0	4	0	0
2	3	0			5	2			0	5	Repairs & maintenance - Staff Quarters		0	0			2	3	0	5	2	0	5	0	0
2	3	0			5	2			9	9	Repairs & maintenance - Other Buildings		0	0			2	3	0	5	2	9	9	0	0
2	3	0			5	3	Repairs & Maintenance		0	0			0	0			2	3	0	5	3	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	3	0		5	3			Vehicles		0	1	Repairs Vehicles	0	0			2	3	0	5	3	0	1	0	0
2	3	0		5	3				0	2	Fuel Vehicles	0	0			2	3	0	5	3	0	2	0	0	
2	3	0		5	9	Repairs & maintenance Others			0	0		0	0			2	3	0	5	9	0	0	0	0	
2	3	0		5	9				0	1	Repairs & maintenance - Furniture Fixture	0	0			2	3	0	5	9	0	1	0	0	
2	3	0		5	9				0	2	Repairs & maintenance - Electrical appliances	0	0			2	3	0	5	9	0	2	0	0	
2	3	0		5	9				0	3	Repairs & maintenance - General Office Equipment	0	0			2	3	0	5	9	0	3	0	0	
2	3	0		5	9				0	4	Repairs & maintenance - Survey & Drawing equipments	0	0			2	3	0	5	9	0	4	0	0	
2	3	0		5	9				0	5	Repairs & maintenance -	0	0			2	3	0	5	9	0	5	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Computes & Software														
2	3	0		5	9			0	6	Repairs & maintenance - Intercom Network	0	0				2	3	0	5	9	0	6	0	0
2	3	0		5	9			0	7	Repairs & maintenance - Telephone & E.P.B.X Board	0	0				2	3	0	5	9	0	7	0	0
2	3	0		5	9			0	8	Repairs & maintenance - Mobile Phone/Wireless Set	0	0				2	3	0	5	9	0	8	0	0
2	3	0		5	9			0	9	Repairs & maintenance - Bio-Metric System	0	0				2	3	0	5	9	0	9	0	0
2	3	0		5	9			1	0	Repairs & maintenance - Xerox Machine	0	0				2	3	0	5	9	1	0	0	0
2	3	0		5	9			1	1	Repairs & maintenance - Typewriter	0	0				2	3	0	5	9	1	1	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	3	0			5	9			1	2	Repairs & maintenance - Cyclostyling Machine	0	0			2	3	0	5	9		1	2	0	0
2	3	0			5	9			1	3	Repairs & maintenance - Calculator	0	0			2	3	0	5	9		1	3	0	0
2	3	0			5	9			1	4	Repairs & maintenance - Sweeping Machine	0	0			2	3	0	5	9		1	4	0	0
2	3	0			5	9			9	9	Repairs & maintenance - Other Assets	0	0			2	3	0	5	9		9	9	0	0
2	3	0			8	0	<b>Other Operating and maintenance expenses</b>		0	0		0	0			2	3	0	8	0		0	0	0	0
2	3	0			8	0			0	1	Garbage Clearance	0	0			2	3	0	8	0		0	1	0	0
2	3	0			8	0			0	2	Expenses for Burying Unclaimed Dead bodies	0	0			2	3	0	8	0		0	2	0	0
2	3	0			8	0			0	3	Slum Area Maintenance	0	0			2	3	0	8	0		0	3	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Expenses														
2	3	0		8	0			0	4	Pig Removal & Disposal Expense	0	0				2	3	0	8	0	0	4	0	0
2	3	0		8	0			0	5	Rat & Dog Disposal Expense	0	0				2	3	0	8	0	0	5	0	0
2	3	0		8	0			0	6	Removal of illegal Construction Expense	0	0				2	3	0	8	0	0	6	0	0
2	3	0		8	0			0	7	Removal of encroachments Expenses	0	0				2	3	0	8	0	0	7	0	0
2	3	0		8	0			0	8	Expenses for Cutting of dangerous trees	0	0				2	3	0	8	0	0	8	0	0
2	3	0		8	0			0	9	Flood Control Expense	0	0				2	3	0	8	0	0	9	0	0
2	3	0		8	0			1	0	Food Sample Expense	0	0				2	3	0	8	0	1	0	0	0
2	3	0		8	0			1	1	Improvement in traffic systems	0	0				2	3	0	8	0	1	1	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	3	0			8	0			1	2	Tax for Public Transport vehicles	0	0			2	3	0	8	0	1	2	0	0	
2	3	0			8	0			1	3	Expense for statue	0	0			2	3	0	8	0	1	3	0	0	
2	3	0			8	0			1	4	Pollution Control Exp.	0	0			2	3	0	8	0	1	4	0	0	
2	3	0			8	0			1	5	Octroi, Transport Unloading Charge	0	0			2	3	0	8	0	1	5	0	0	
2	3	0			8	0			1	6	Testing & inspection	0	0			2	3	0	8	0	1	6	0	0	
2	3	0			8	0			1	7	Water Purification	0	0			2	3	0	8	0	1	7	0	0	
2	3	0			8	0			1	8	Beautification programmed	0	0			2	3	0	8	0	1	8	0	0	
2	3	0			8	0			1	9	Unexpected Expense	0	0			2	3	0	8	0	1	9	0	0	
2	3	0			8	0			9	9	Others - Operation & Maintenance Expenses	0	0			2	3	0	8	0	9	9	0	0	

Major Head		Major head Descriptions	Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
2	4	0	Interest & Finance Charges	0	0		0	0		0	0		2	4	0	0	0	0	0	
2	4	0		1	0	Interest on Loans from Central Govt.	0	0		0	0		2	4	0	1	0	0	0	
2	4	0		2	0	Interest on Loans from State Govt.	0	0		0	0		2	4	0	2	0	0	0	
2	4	0		3	0	Interest on Loans from Government Bodies & associations	0	0		0	0		2	4	0	3	0	0	0	
2	4	0		4	0	Interest on Loans from International Agencies	0	0		0	0		2	4	0	4	0	0	0	
2	4	0		5	0	Interest on loans from Banks & Other Financial Institutions	0	0		0	0		2	4	0	5	0	0	0	
2	4	0		5	0		0	1	Interest on Loan from Bank	0	0		2	4	0	5	0	0	1	
2	4	0		5	0		0	2	Interest On Loan from Financial	0	0		2	4	0	5	0	0	2	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
										Institutions															
2	4	0		6	0	Other Interest		0	0			0	0			2	4	0	6	0	0	0	0	0	0
2	4	0		6	0			0	1	Interest on Revenue Deposits		0	0			2	4	0	6	0	0	1	0	0	0
2	4	0		6	0			0	2	Interest on Leases		0	0			2	4	0	6	0	0	2	0	0	0
2	4	0		6	0			0	3	Interest on Hire Purchase		0	0			2	4	0	6	0	0	3	0	0	0
2	4	0		7	0	Bank Charges		0	0			0	0			2	4	0	7	0	0	0	0	0	0
2	4	0		8	0	Other Finance Expenses		0	0			0	0			2	4	0	8	0	0	0	0	0	0
2	4	0		8	0			0	1	Preliminary Exp. of New Loans		0	0			2	4	0	8	0	0	1	0	0	0
2	4	0		8	0			0	2	Discount on early / prompt payment,		0	0			2	4	0	8	0	0	2	0	0	0
2	4	0		8	0			0	3	Commitment charges		0	0			2	4	0	8	0	0	3	0	0	0
2	4	0		8	0			0	4	Govt. Guarantee Exp. for loan from Open		0	0			2	4	0	8	0	0	4	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Market														
2	5	0	<u>Programme Expenses</u>	0	0			0	0			0	0			2	5	0	0	0	0	0	0	0
2	5	0		1	0	Elections Expenses		0	0			0	0			2	5	0	1	0	0	0	0	0
2	5	0		2	0	Own Programme		0	0			0	0			2	5	0	2	0	0	0	0	0
2	5	0		2	0			0	1	Control & Prevention of Infectious diseases		0	0			2	5	0	2	0	0	1	0	0
2	5	0		2	0			0	2	Polio Eradication Programme		0	0			2	5	0	2	0	0	2	0	0
2	5	0		2	0			0	3	Family Welfare Publicity/expenditure		0	0			2	5	0	2	0	0	3	0	0
2	5	0		2	0			0	4	Family Welfare Incentive		0	0			2	5	0	2	0	0	4	0	0
2	5	0		2	0			0	5	Primary Education		0	0			2	5	0	2	0	0	5	0	0
2	5	0		2	0			0	6	Productive activities for the physically handicapped &		0	0			2	5	0	2	0	0	6	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										mentally retarded														
2	5	0		2	0			0	7	Exp. For Anti Larval Scheme.	0	0				2	5	0	2	0	0	7	0	0
2	5	0		2	0			0	8	BCG & Other Vaccination Exp	0	0				2	5	0	2	0	0	8	0	0
2	5	0		2	0			0	9	Other social Upliftment Programmes	0	0				2	5	0	2	0	0	9	0	0
2	5	0		2	0			1	0	Special Drive for clean City	0	0				2	5	0	2	0	1	0	0	0
2	5	0		2	0			9	9	Own Programme-Others	0	0				2	5	0	2	0	9	9	0	0
2	5	0		3	0	Share in Programme of others		0	0		0	0				2	5	0	3	0	0	0	0	0
2	5	0		4	0	Programme Expenditure from Specific Grants		0	0		0	0				2	5	0	4	0	0	0	0	0
2	5	0		4	0			0	1	Programme Exp-SPUR Grant	0	0				2	5	0	4	0	0	1	0	0
2	5	0		4	0			0	1		0	1	Slum			2	5	0	4	0	0	1	0	1

Major Head		Major head Descriptions	Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
2	5	0		4	0		0	2	JNNURM Grant	0	0		2	5	0	4	0	0	2	0
2	5	0		4	0		0	3	UIDSMT Grant	0	0		2	5	0	4	0	0	3	0
2	5	0		4	0		0	4	IHSDP Grant	0	0		2	5	0	4	0	0	4	0
2	5	0		4	0		0	5	SJSRY Grant	0	0		2	5	0	4	0	0	5	0
2	5	0		5	0	Expenditure on transferred Function	0	0		0	0		2	5	0	5	0	0	0	0
2	5	0		6	0	Expenditure on Transferred Institution	0	0		0	0		2	5	0	6	0	0	0	0
2	6	0	Revenue Grants, Contribution and Subsidies to Others	0	0		0	0		0	0		2	6	0	0	0	0	0	0
2	6	0		1	0	Grants	0	0		0	0		2	6	0	1	0	0	0	0
2	6	0		2	0	Contribution	0	0		0	0		2	6	0	2	0	0	0	0
2	6	0		2	0		0	1	Contribution to Special Funds	0	0		2	6	0	2	0	0	1	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	6	0		2	0			0	2	Contribution to Relief Funds	0	0			2	6	0	2	0	0	2	0	0	0
2	6	0		2	0			0	3	Contribution to Other Funds	0	0			2	6	0	2	0	0	3	0	0	0
2	6	0		3	0	Subsidies		0	0		0	0			2	6	0	3	0	0	0	0	0	0
2	7	0	Provisions and Write Off	0	0			0	0		0	0			2	7	0	0	0	0	0	0	0	0
2	7	0		1	0	Provisions for Doubtful receivables		0	0		0	0			2	7	0	1	0	0	0	0	0	0
2	7	0		1	0			0	1	Provisions for Doubtful receivables - Property Taxes	0	0			2	7	0	1	0	0	1	0	0	0
2	7	0		1	0			0	1		0	1			2	7	0	1	0	0	1	0	0	1
2	7	0		1	0			0	1		0	2			2	7	0	1	0	0	1	0	0	2
2	7	0		1	0			0	1		0	3			2	7	0	1	0	0	1	0	0	3

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
														receivables – Latrine Tax										
2	7	0		1	0			0	1			0	4	Provisions for Doubtful receivables – Education Cess	2	7	0	1	0	0	1	0	0	4
2	7	0		1	0			0	1			0	5	Provisions for Doubtful receivables – Health Cess	2	7	0	1	0	0	1	0	0	5
2	7	0		1	0			0	2	Provisions for Doubtful receivables - Other Taxes		0	0			2	7	0	1	0	0	2	0	0
2	7	0		1	0			0	2			0	1	Provisions for Doubtful receivables – Drainage Tax	2	7	0	1	0	0	2	0	1	
2	7	0		1	0			0	2			0	2	Provisions for Doubtful receivables – Advertisement Tax	2	7	0	1	0	0	2	0	2	
2	7	0		1	0			0	2			0	3	Provisions for Doubtful receivables – Profession Tax-	2	7	0	1	0	0	2	0	3	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
																Trades/Institutions /Professionals								
2	7	0		1	0			0	2			0	4		Provisions for Doubtful receivables – Tower Tax	2	7	0	1	0	0	2	0	4
2	7	0		1	0			0	2			0	5		Provisions for Doubtful receivables – Lighting Tax	2	7	0	1	0	0	2	0	5
2	7	0		1	0			0	2			9	9		Provisions for Doubtful receivables – Other Tax-Others	2	7	0	1	0	0	2	9	9
2	7	0		1	0			0	3	Provisions for Doubtful receivables - User Charges		0	0			2	7	0	1	0	0	3	0	0
2	7	0		1	0			0	3			0	1		Provisions for Doubtful receivables – Water Charges	2	7	0	1	0	0	3	0	1
2	7	0		1	0			0	3			9	9		Provisions for Doubtful receivables – Other User	2	7	0	1	0	0	3	9	9

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	7	0		1	0			0	4	Provisions for Doubtful receivables - Fees	0	0		Charges		2	7	0	1	0	0	4	0	0
2	7	0		1	0			0	4			0	1	Provisions for Doubtful receivables – License Fees		2	7	0	1	0	0	4	0	1
2	7	0		1	0			0	4			9	9	Provisions for Doubtful receivables – Other Fees		2	7	0	1	0	0	4	9	9
2	7	0		1	0			0	5	Provisions for Doubtful receivables - Rent	0	0				2	7	0	1	0	0	5	0	0
2	7	0		1	0			0	5			0	1	Provisions for Doubtful receivables – Rent from Civic Amenities		2	7	0	1	0	0	5	0	1
2	7	0		1	0			0	5			0	2	Provisions for Doubtful receivables – Rent from Office Buildings		2	7	0	1	0	0	5	0	2

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	7	0		1	0			0	5			0	3			2	7	0	1	0	0	5	0	3
2	7	0		1	0			0	5			0	4			2	7	0	1	0	0	5	0	4
2	7	0		1	0			0	5			9	9			2	7	0	1	0	0	5	9	9
2	7	0		1	0			9	9	Provisions for Doubtful receivables - Others		0	0			2	7	0	1	0	9	9	0	0
2	7	0		2	0	Provision for other Assets		0	0			0	0			2	7	0	2	0	0	0	0	0
2	7	0		2	0			0	1	Provision for Stores		0	0			2	7	0	2	0	0	1	0	0
2	7	0		2	0			0	2	Provision for Fixed Assets		0	0			2	7	0	2	0	0	2	0	0
2	7	0		2	0			0	3	Provision for		0	0			2	7	0	2	0	0	3	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Investment														
								0	4	Provision for Loans & Advances						2	7	0	2	0	0	4	0	0
2	7	0		3	0	Revenues written off	0	0			0	0				2	7	0	3	0	0	0	0	0
2	7	0		3	0		0	1	Property Taxes Written Off	0	0				2	7	0	3	0	0	1	0	0	
2	7	0		3	0		0	1			0	1	Property Taxes Written Off – Holding Tax			2	7	0	3	0	0	1	0	1
2	7	0		3	0		0	1			0	2	Property Taxes Written Off – Water Tax			2	7	0	3	0	0	1	2	2
2	7	0		3	0		0	1			0	3	Property Taxes Written Off – Latrine Tax			2	7	0	3	0	0	1	2	3
2	7	0		3	0		0	1			0	4	Property Taxes Written Off – Education Cess			2	7	0	3	0	0	1	2	4
2	7	0		3	0		0	1			0	5	Property Taxes Written Off – Health Cess			2	7	0	3	0	0	1	2	5

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	7	0		3	0			0	2	Other Taxes written Off		0	0			2	7	0	3	0	0	2	0	0
2	7	0		3	0			0	2			0	1		Other Taxes written Off – Drainage Tax	2	7	0	3	0	0	2	0	1
2	7	0		3	0			0	2			0	2		Other Taxes written Off – Advertisement Tax	2	7	0	3	0	0	2	0	2
2	7	0		3	0			0	2			0	3		Other Taxes written Off – Profession Tax	2	7	0	3	0	0	2	0	3
2	7	0		3	0			0	2			0	4		Other Taxes written Off – Tower Tax	2	7	0	3	0	0	2	0	4
2	7	0		3	0			0	2			0	5		Other Taxes written Off – Lighting Tax	2	7	0	3	0	0	2	0	5
2	7	0		3	0			0	2			9	9		Other Taxes written Off – Others	2	7	0	3	0	0	2	9	9
2	7	0		3	0			0	3	User Charges Written Off		0	0			2	7	0	3	0	0	3	0	0
2	7	0		3	0			0	3			0	1		User Charges Written Off –	2	7	0	3	0	0	3	0	1

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	7	0		3	0			0	3			9	9	Water Charges											
2	7	0		3	0			0	4	Fees Written Off		0	0	User Charges Written Off – Other User Charges	2	7	0	3	0	0	3	9	9	9	9
2	7	0		3	0			0	4			0	1	Fees Written Off – License Fees	2	7	0	3	0	0	4	0	0	0	0
2	7	0		3	0			0	4			9	9	Fees Written Off – Other Fees	2	7	0	3	0	0	4	9	9	9	9
2	7	0		3	0			0	5	Rents Written Off		0	0		2	7	0	3	0	0	5	0	0	0	0
2	7	0		3	0			0	5			0	1	Rents Written Off – Rent from Civic Amenities	2	7	0	3	0	0	5	0	1	0	1
2	7	0		3	0			0	5			0	2	Rents Written Off – Rent from Office Buildings	2	7	0	3	0	0	5	0	2	0	2
2	7	0		3	0			0	5			0	3	Rents Written Off – Rent from Guest Houses	2	7	0	3	0	0	5	0	3	0	3

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	7	0			3	0			0	5			0	4			Rents Written Off – Rent from Lease on Lands	2	7	0	3	0	0	5	0	4
2	7	0			3	0			0	5			9	9			Rents Written Off – Other Rents	2	7	0	3	0	0	5	9	9
2	7	0			3	0			0	6	Revenue Grant Written Off		0	0			2	7	0	3	0	0	6	0	0	
2	7	0			3	0			9	9	Other Incomes Written Off		0	0			2	7	0	3	0	9	9	0	0	
2	7	0			4	0	Assets written off		0	0			0	0			2	7	0	4	0	0	0	0	0	
2	7	0			4	0			0	1	Fixed Assets		0	0			2	7	0	4	0	0	1	0	0	
2	7	0			4	0			0	2	Loans & Advances		0	0			2	7	0	4	0	0	2	0	0	
2	7	0			4	0			0	3	Stores		0	0			2	7	0	4	0	0	3	0	0	
2	7	0			5	0	Miscellaneous Expense written off		0	0			0	0			2	7	0	5	0	0	0	0	0	
2	7	0			5	0			0	1	Issue Expenses		0	0			2	7	0	5	0	0	1	0	0	
2	7	1	Miscellaneous Expenses		0	0			0	0			0	0			2	7	1	0	0	0	0	0	0	
2	7	1			1	0	Loss on disposal		0	0			0	0			2	7	1	1	0	0	0	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
						of Assets																		
2	7	1		2	0	<b>Loss on disposal of Investments</b>		0	0			0	0			2	7	1	2	0	0	0	0	0
2	7	1		3	0	<b>Decline in value of Fixed Assets on Revaluation</b>		0	0			0	0			2	7	1	3	0	0	0	0	0
2	7	1		4	0	<b>Accidental Loss</b>		0	0			0	0			2	7	1	4	0	0	0	0	0
2	7	1		5	0	<b>Diminution in Value of Investments</b>		0	0			0	0			2	7	1	5	0	0	0	0	0
2	7	2	<b>Depreciation</b>	0	0			0	0			0	0			2	7	2	0	0	0	0	0	0
2	7	2		2	0	<b>Buildings</b>		0	0			0	0			2	7	2	2	0	0	0	0	0
2	7	2		3	0	<b>Roads &amp; Bridges</b>		0	0			0	0			2	7	2	3	0	0	0	0	0
2	7	2		3	1	<b>Sewerage and Drainage</b>		0	0			0	0			2	7	2	3	1	0	0	0	0
2	7	2		3	2	<b>Waterways</b>		0	0			0	0			2	7	2	3	2	0	0	0	0
2	7	2		3	3	<b>Public Lighting</b>		0	0			0	0			2	7	2	3	3	0	0	0	0
2	7	2		4	0	<b>Plant &amp; machinery</b>		0	0			0	0			2	7	2	4	0	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	7	2		5	0	Vehicles		0	0			0	0			2	7	2	5	0	0	0	0	0	0
2	7	2		6	0	Office & Other Equipment		0	0			0	0			2	7	2	6	0	0	0	0	0	0
2	7	2		7	0	Furniture, Fixtures, Fittings and Electrical Appliances		0	0			0	0			2	7	2	7	0	0	0	0	0	0
2	7	2		8	0	Other Fixed Assets		0	0			0	0			2	7	2	8	0	0	0	0	0	0
2	8	0	Prior Period Item	0	0			0	0			0	0			2	8	0	0	0	0	0	0	0	0
2	8	0	Income	1	0	Taxes- Prior Period		0	0			0	0			2	8	0	1	0	0	0	0	0	0
2	8	0		1	0			0	1	Prior Period Income- Holding Tax		0	0			2	8	0	1	0	0	0	1	0	0
2	8	0		1	0			0	2	Prior Period Income- Water tax		0	0			2	8	0	1	0	0	0	2	0	0
2	8	0		1	0			0	3	Prior Period Income- Latrine Tax		0	0			2	8	0	1	0	0	0	3	0	0
2	8	0		1	0			0	4	Prior Period Income-		0	0			2	8	0	1	0	0	0	4	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Education Cess														
2	8	0		1	0			0	5	Prior Period Income-Health Cess	0	0				2	8	0	1	0	0	5	0	0
2	8	0		1	0			0	6	Prior Period Income- Profession Tax	0	0				2	8	0	1	0	0	6	0	0
2	8	0		1	0			0	6		0	1			Profession tax- Individual (Employees)	2	8	0	1	0	0	6	0	1
2	8	0		1	0			0	6		0	2			Profession tax – Firms/Organisation	2	8	0	1	0	0	6	0	2
2	8	0		1	0			0	6		0	3			Profession Tax- Others	2	8	0	1	0	0	6	0	3
2	8	0		1	0			0	7	Prior Period Income- Advertisement Tax	0	0				2	8	0	1	0	0	7	0	0
2	8	0		1	0			0	8	Prior Period Income- Tower Tax	0	0				2	8	0	1	0	0	8	0	0
2	8	0		1	0			9	9	Prior Period Income- Others	0	0				2	8	0	1	0	9	9	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
										Taxes														
2	8	0		2	0	Other Revenues– Prior Period		0	0			0	0			2	8	0	2	0	0	0	0	0
2	8	0		2	0			0	1	Prior Period Income - Assigned Revenues and Compensation		0	0			2	8	0	2	0	0	1	0	0
2	8	0		2	0			0	2	Prior Period Income - User Charges		0	0			2	8	0	2	0	0	2	0	0
2	8	0		2	0			0	2			0	1	Prior Period Income –Water Charges		2	8	0	2	0	0	2	0	1
2	8	0		2	0			0	2			9	9	Prior Period Income –Other User Charges		2	8	0	2	0	0	2	9	9
2	8	0		2	0			0	3	Prior Period Income - Fees		0	0			2	8	0	2	0	0	3	0	0
2	8	0		2	0			0	3			0	1	Prior Period Income – License Fees		2	8	0	2	0	0	3	0	1
2	8	0		2	0			0	3			9	9	Prior Period Income – Other		2	8	0	2	0	0	3	9	9

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head	
															Fees										
2	8	0		2	0			0	4	Prior Period Income - Rent	0	0				2	8	0	2	0	0	4	0	0	
2	8	0		2	0			0	4		0	1		Prior Period Income – Rent from Civic Amenities		2	8	0	2	0	0	4	0	1	
2	8	0		2	0			0	4		0	2		Prior Period Income – Rent from Office Buildings		2	8	0	2	0	0	4	0	2	
2	8	0		2	0			0	4		0	3		Prior Period Income – Rent from Guest Houses		2	8	0	2	0	0	4	0	3	
2	8	0		2	0			0	4		0	4		Prior Period Income – Rent from Lease on Lands		2	8	0	2	0	0	4	0	4	
2	8	0		2	0			0	4		9	9		Prior Period Income – Other Rents		2	8	0	2	0	0	4	9	9	
2	8	0		2	0			9	9	Prior Period Income - Other income	0	0				2	8	0	2	0	9	9	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head			
2	8	0			3	0	Recovery of revenues written off- Prior Period		0	0			0	0			2	8	0	3	0		0	0	0	0		
2	8	0			3	0			0	1	Recovery of revenues written off- Property Taxes						2	8	0	3	0		0	1	0	0		
2	8	0			3	0			0	1			0	1			Recovery of revenues written off - Holding Tax		2	8	0	3	0		0	1	0	1
2	8	0			3	0			0	1			0	2			Recovery of revenues written off - Water tax		2	8	0	3	0		0	1	0	2
2	8	0			3	0			0	1			0	3			Recovery of revenues written off - Latrine Tax		2	8	0	3	0		0	1	0	3
2	8	0			3	0			0	1			0	4			Recovery of revenues written off - Education Cess		2	8	0	3	0		0	1	0	4
2	8	0			3	0			0	1			0	5			Recovery of revenues written off -		2	8	0	3	0		0	1	0	5

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	8	0		3	0			0	2	Recovery of revenues written off- Other Taxes	0	0		Health Cess		2	8	0	3	0	0	2	0	0	
2	8	0		3	0			0	2				0	1	Recovery of revenues written off – Drainage Tax		2	8	0	3	0	0	2	0	1
2	8	0		3	0			0	2				0	2	Recovery of revenues written off – Advertisement Tax		2	8	0	3	0	0	2	0	2
2	8	0		3	0			0	2				0	3	Recovery of revenues written off – Profession Tax		2	8	0	3	0	0	2	0	3
2	8	0		3	0			0	2				0	4	Recovery of revenues written off – Tower Tax		2	8	0	3	0	0	2	0	4
2	8	0		3	0			0	2				0	5	Recovery of revenues written off – Lighting Tax		2	8	0	3	0	0	2	0	5

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	8	0		3	0			0	2			9	9		Recovery of revenues written off – Others	2	8	0	3	0	0	2	9	9
2	8	0		3	0			0	3	Recovery of Revenues Written Off - User Charges		0	0			2	8	0	3	0	0	3	0	0
2	8	0		3	0			0	3			0	1		Recovery of Revenues Written Off – Water Charges	2	8	0	3	0	0	3	0	1
2	8	0		3	0			0	3			9	9		Recovery of Revenues Written Off – Other User Charges	2	8	0	3	0	0	3	9	9
2	8	0		3	0			0	4	Recovery of Revenues Written Off - Fees		0	0			2	8	0	3	0	0	4	0	0
2	8	0		3	0			0	4			0	1		Recovery of Revenues Written Off – License Fees	2	8	0	3	0	0	4	0	1

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	8	0			3	0			0	4			9	9			Recovery of Revenues Written Off – Other Fees	2	8	0	3	0	0	4	9	9
2	8	0			3	0			0	5	Recovery of revenues written off-Rent		0	0			2	8	0	3	0	0	5	0	0	
2	8	0			3	0			0	5			0	1			Recovery of Revenues Written Off – Rent from Civic Amenities	2	8	0	3	0	0	5	0	1
2	8	0			3	0			0	5			0	2			Recovery of Revenues Written Off – Rent from Office Buildings	2	8	0	3	0	0	5	0	2
2	8	0			3	0			0	5			0	3			Recovery of Revenues Written Off – Rent from Guest Houses	2	8	0	3	0	0	5	0	3
2	8	0			3	0			0	5			0	4			Recovery of Revenues Written Off – Rent from Lease on Lands	2	8	0	3	0	0	5	0	4

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head			
2	8	0			3	0			0	5			9	9			Recovery of Revenues Written Off – Other Rents	2	8	0	3	0		0	5	9	9
2	8	0			3	0			9	9	Recovery of revenues written off- Others		0	0				2	8	0	3	0		9	9	0	0
2	8	0			4	0	Other Income– Prior Period		0	0			0	0				2	8	0	4	0		0	0	0	0
2	8	0	Expenditure		5	0	Refund of Taxes (All Types of Taxes) – Prior Period		0	0			0	0				2	8	0	5	0		0	0	0	0
2	8	0			5	0			0	1	Tax Remission & Refund - Holding Tax		0	0				2	8	0	5	0		0	1	0	0
2	8	0			5	0			0	2	Tax Remission & Refund - Water Tax		0	0				2	8	0	5	0		0	2	0	0
2	8	0			5	0			0	3	Tax Remission & Refund - Latrine Tax		0	0				2	8	0	5	0		0	3	0	0
2	8	0			5	0			0	4	Tax Remission & Refund – Education Cess		0	0				2	8	0	5	0		0	4	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	8	0			5	0			0	5	Tax Remission & Refund –Health Cess		0	0			2	8	0	5	0	0	5	0	0	0
2	8	0			5	0			0	6	Prior Period Income- Profession Tax Institutions/ Professionals/ Traders		0	0			2	8	0	5	0	0	6	0	0	0
2	8	0			5	0			0	7	Tax Remission & Refund - Advertisement Tax		0	0			2	8	0	5	0	0	7	0	0	0
2	8	0			5	0			0	8	Tax Remission & Refund -Tower Tax		0	0			2	8	0	5	0	0	8	0	0	0
2	8	0			5	0			9	9	Tax Remission & Refund -Others Taxes		0	0			2	8	0	5	0	9	9	0	0	0
2	8	0			6	0	Refund of Other Revenues – Prior Period		0	0			0	0			2	8	0	6	0	0	0	0	0	0
2	8	0			6	0			0	1	Remission & Refund - User Charges		0	0			2	8	0	6	0	0	1	0	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	8	0			6	0			0	1			0	1		Remission & Refund –Water Charges	2	8	0	6	0	0	1	0	1
2	8	0			6	0			0	1			9	9		Remission & Refund –Other User Charges	2	8	0	6	0	0	1	9	9
2	8	0			6	0			0	2	Remission & Refund - Fees		0	0			2	8	0	6	0	0	2	0	0
2	8	0			6	0			0	2			0	1		Remission & Refund – License Fees	2	8	0	6	0	0	2	0	1
2	8	0			6	0			0	2			9	9		Remission & Refund – Other Fees	2	8	0	6	0	0	2	9	9
2	8	0			6	0			0	3	Remission & Refund - Rent		0	0			2	8	0	6	0	0	3	0	0
2	8	0			6	0			0	3			0	1		Remission & Refund – Rent from Civic Amenities	2	8	0	6	0	0	3	0	1
2	8	0			6	0			0	3			0	2		Remission & Refund – Rent from Office Buildings	2	8	0	6	0	0	3	0	2

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
2	8	0			6	0			0	3			0	3		Remission & Refund – Rent from Guest Houses	2	8	0	6	0	0	3	0	3
2	8	0			6	0			0	3			0	4		Remission & Refund – Rent from Lease on Lands	2	8	0	6	0	0	3	0	4
2	8	0			6	0			0	3			9	9		Remission & Refund – Other Rents	2	8	0	6	0	0	3	9	9
2	8	0			6	0			9	9	Remission & Refund - Other Income		0	0			2	8	0	6	0	9	9	0	0
2	8	0			8	0	Other Expenses Prior Period		0	0			0	0			2	8	0	3	0	0	0	0	0
2	8	0			8	0			0	1	Prior Period - Establishment Expenses		0	0			2	8	0	8	0	0	1	0	0
2	8	0			8	0			0	2	Prior Period - Administrative Expenses		0	0			2	8	0	8	0	0	2	0	0
2	8	0			8	0			0	3	Prior Period - Operations and Maintenance Expenses		0	0			2	8	0	8	0	0	3	0	0
2	8	0			8	0			0	4	Prior Period - Interest and		0	0			2	8	0	8	0	0	4	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
2	8	0		8	0			0	5	Finance Charges							2	8	0	8	0	0	5	0	0
2	8	0		8	0			0	6	Prior Period - Programme Expenses	0	0					2	8	0	8	0	0	6	0	0
2	8	0		8	0			9	9	Prior Period - Revenue Grants & Contributions	0	0					2	8	0	8	0	9	9	0	0
2	9	0	Transfer to Reserve & Special funds	0	0			0	0		0	0					2	9	0	0	0	0	0	0	0
<b>LIABILITIES &amp; CAPITAL</b>																									
3	1	0	Municipal (General) Fund	0	0			0	0		0	0					3	1	0	0	0	0	0	0	0
3	1	0		1	0	Municipal Fund		0	0		0	0					3	1	0	1	0	0	0	0	0
3	1	0		1	0			0	1	General Fund	0	0					3	1	0	1	0	0	1	0	0
3	1	0		1	0			0	2	Basic Service for Urban Poor	0	0					3	1	0	1	0	0	2	0	0
3	1	0		1	0			0	3	Water Supply Fund	0	0					3	1	0	1	0	0	3	0	0
3	1	0		1	0			0	4	Drainage & Sewerage Fund	0	0					3	1	0	1	0	0	4	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head		Minor Head		Detailed head		Sub Detailed head		
3	1	0		1	0			0	5	Solid Waste Management Fund		0	0			3	1	0	1	0	0	5	0	0
3	1	0		1	0			0	6	Road Development & Maintenance		0	0			3	1	0	1	0	0	6	0	0
3	1	0		1	0			0	7	Enterprises Fund		0	0			3	1	0	1	0	0	7	0	0
3	1	0		1	0			0	8	Other Funds		0	0			3	1	0	1	0	0	8	0	0
3	1	0		9	0	Excess of income over Expenditure		0	0			0	0			3	1	0	9	0	0	0	0	0
3	1	1	Earmarked Funds	0	0			0	0			0	0			3	1	1	0	0	0	0	0	0
3	1	1		1	0	Special Fund-Poverty Alleviation Fund		0	0	0 - Opening Balance, 1- 9 Additions to Grants during the period, 11 -29Revenue Income earned,30-49 Capital Income earned, 50-69 Revenue Expenses payments,70-89 capital expenses payments		0	0			3	1	1	1	0	0	0	0	0
3	1	1		1	1	Special Fund-Solid Waste Management Fund		0	0			0	0			3	1	1	1	1	0	0	0	0
3	1	1		1	2	Special Fund-Relief Fund		0	0			0	0			3	1	1	1	2	0	0	0	0
3	1	1		5	0	Sinking Fund		0	0			0	0			3	1	1	5	0	0	0	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
3	1	1			5	1	Sinking Fund- Loan Redemption Fund		0	0			0	0			3	1	1	5	1	0	0	0	0
3	1	1			5	2	Sinking Fund- Assets Replacement Fund		0	0			0	0			3	1	1	5	2	0	0	0	0
3	1	1			7	0	Trust or Agency Funds- Pension Fund		0	0			0	0			3	1	1	7	0	0	0	0	0
3	1	1			7	1	Trust or Agency Funds- Endowments Fund		0	0			0	0			3	1	1	7	1	0	0	0	0
3	1	2	<u>Reserves</u>		0	0			0	0			0	0			3	1	2	0	0	0	0	0	0
3	1	2			1	0	Capital Contribution		0	0			0	0			3	1	2	1	0	0	0	0	0
3	1	2			1	1	Capital Reserve		0	0			0	0			3	1	2	1	1	0	0	0	0
3	1	2			2	0	Borrowing Redemption reserve (if no sinking fund is c related)		0	0			0	0			3	1	2	2	0	0	0	0	0
3	1	2			3	0	Special Funds		0	0			0	0			3	1	2	3	0	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
						(Utilized)																			
3	1	2		4	0	Statutory Reserve	0	0			0	0				3	1	2	4	0	0	0	0	0	0
3	1	2		5	0	General Reserve	0	0			0	0				3	1	2	5	0	0	0	0	0	0
3	1	2		6	0	Revaluation Reserve					0	0				3	1	2	6	0	0	0	0	0	0
3	2	0	<u>Grants, Contribution For specific purposes</u> <u>Note:</u> Specify Name of each specified grant(	0	0		0	0		0	0					3	2	0	0	0	0	0	0	0	0
3	2	0		1	0	Central Government	0	0	Specify Name of each specified grant	0	0	0- Opening Balance, 1- 9 Additions to Grants during the period, 11-29 Revenue Income earned, 30-49 Capital Income earned, 50-69 Revenue Expenses payments,70-89 capital expenses payments				3	2	0	1	0	0	0	0	0	
3	2	0		2	0	State	0	0		0	0					3	2	0	2	0	0	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
						<b>Government</b>																			
3	2	0		2	0			0	1	<b>Capital Grant for Development</b>	0	0				3	2	0	2	0	0	1	0	0	
3	2	0		2	0			0	2	<b>Capital Grant under SPUR</b>	0	0				3	2	0	2	0	0	2	0	0	
3	2	0		2	0			0	3	<b>Capital Grant under JNNURM</b>	0	0				3	2	0	2	0	0	3	0	0	
3	2	0		2	0			0	4	<b>Capital Grant under BRGF</b>	0	0				3	2	0	2	0	0	4	0	0	
3	2	0		2	0			0	5	<b>Capital Grant under Twelfth Finance Commission</b>	0	0				3	2	0	2	0	0	5	0	0	
3	2	0		3	0	<b>Other Government Agencies</b>		0	0		0	0				3	2	0	3	0	0	0	0	0	
3	2	0		4	0	<b>Financial Institutions</b>		0	0		0	0				3	2	0	4	0	0	0	0	0	
3	2	0		5	0	<b>Welfare Bodies</b>		0	0		0	0				3	2	0	5	0	0	0	0	0	
3	2	0		6	0	<b>International Organizations</b>		0	0		0	0				3	2	0	6	0	0	0	0	0	
3	2	0		8	0	<b>Others</b>		0	0		0	0				3	2	0	7	0	0	0	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
3	3	0	<u>Secured Loans</u> Note: Use details head codes for different loans		0	0			0	0			0	0			3	3	0	0	0	0	0	0	0	0
3	3	0		1	0	<b>Loans From Central Government</b>	0	0			0	0			3	3	0	1	0	0	0	0	0	0	0	
3	3	0		2	0	<b>Loans from State Government</b>	0	0			0	0			3	3	0	2	0	0	0	0	0	0	0	
3	3	0		3	0	<b>Loans from Government Bodies &amp; Association</b>	0	0			0	0			3	3	0	3	0	0	0	0	0	0	0	
3	3	0		4	0	<b>Loans from International Agencies</b>	0	0			0	0			3	3	0	4	0	0	0	0	0	0	0	
3	3	0		5	0	<b>Loans from Banks &amp; Financial institutions</b>	0	0			0	0			3	3	0	5	0	0	0	0	0	0	0	
3	3	0		5	0		0	1	<b>Loan from Bank</b>					3	3	0	5	0	0	1	0	0	0	0	0	
3	3	0		5	0		0	2	<b>Loan from HUDCO</b>					3	3	0	5	0	0	2	0	0	0	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
3	3	0			5	0			0	3	Loan from Financial Institutions- OTHERS						3	3	0	5	0	0	3	0	0	0
3	3	0			6	0	Other Term Loans		0	0			0	0			3	3	0	6	0	0	0	0	0	0
3	3	0			7	0	Bonds, Debentures or Open Market Borrowings		0	0			0	0			3	3	0	7	0	0	0	0	0	0
3	3	0			8	0	Other Loans		0	0			0	0			3	3	0	8	0	0	0	0	0	0
3	3	1	<u>Unsecured Loans Note:</u> Use detailed head codes for different loans		0	0			0	0			0	0			3	3	1	0	0	0	0	0	0	0
3	3	1			1	0	Loans from Central Government		0	0			0	0			3	3	1	1	0	0	0	0	0	0
3	3	1			2	0	Loans from State Government		0	0			0	0			3	3	1	2	0	0	0	0	0	0
3	3	1			3	0	Loans from Government Bodies & Association		0	0			0	0			3	3	1	3	0	0	0	0	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head			Detailed head		Sub Detailed head	
3	3	1			4	0	Loans from International Agencies		0	0			0	0			3	3	1	4	0		0	0	0	0
3	3	1			5	0	Loans from Banks and Financial Institutions		0	0			0	0			3	3	1	5	0		0	0	0	0
3	3	1			6	0	Other Financial Institutions		0	0			0	0			3	3	1	6	0		0	0	0	0
3	3	1			7	0	Other Term Loans		0	0			0	0			3	3	1	7	0		0	0	0	0
3	3	1			8	0	Bonds, Debentures or Open Market Borrowings		0	0			0	0			3	3	1	8	0		0	0	0	0
3	3	1			9	0	Other Loans		0	0			0	0			3	3	1	9	0		0	0	0	0
3	4	0	<u>Deposits Received</u>		0	0			0	0			0	0			3	4	0	0	0		0	0	0	0
3	4	0			1	0	From Contractors/ Suppliers		0	0			0	0			3	4	0	1	0		0	0	0	0
3	4	0			1	0			0	1	Earnest Money Deposit		0	0			3	4	0	1	0		0	1	0	0
3	4	0			1	0			0	1			0	1	Contractor's Earnest Money Deposit -		3	4	0	1	0		0	1	0	1

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
															Municipal Fund									
3	4	0		1	0			0	1			0	2	Contractor's Earnest Money Deposit – Specific Grants	3	4	0	1	0	0	1	1	0	2
3	4	0		1	0			0	1			0	3	Contractor's Earnest Money Deposit - Special Funds	3	4	0	1	0	0	1	0	3	
3	4	0		1	0			0	1			0	4	Contractor's Earnest Money Deposit– Scheme Expenditure	3	4	0	1	0	0	1	0	4	
3	4	0		1	0			0	1			0	5	Supplier's Earnest Money Deposit - Municipal Fund	3	4	0	1	0	0	1	0	5	
3	4	0		1	0			0	1			0	6	Supplier's Earnest Money Deposit – Specific Grants	3	4	0	1	0	0	1	0	6	
3	4	0		1	0			0	1			0	7	Supplier's Earnest Money Deposit - Special Funds	3	4	0	1	0	0	1	0	7	
3	4	0		1	0			0	1			0	8	Supplier's Earnest Money Deposit– Scheme Expenditure	3	4	0	1	0	0	1	0	8	
3	4	0		1	0			0	2	Security Deposit		0	0		3	4	0	1	0	0	2	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
3	4	0			1	0			0	2			0	1	Contractor's Security Money Deposit - Municipal Fund		3	4	0	1	0	0	2	0	1
3	4	0			1	0			0	2			0	2	Contractor's Security Money Deposit – Specific Grants		3	4	0	1	0	0	2	0	2
3	4	0			1	0			0	2			0	3	Contractor's Security Money Deposit - Special Funds		3	4	0	1	0	0	2	0	3
3	4	0			1	0			0	2			0	4	Contractor's Security Money Deposit– Scheme Expenditure		3	4	0	1	0	0	2	0	4
3	4	0			1	0			0	2			0	5	Supplier's Security Deposit- Municipal Fund		3	4	0	1	0	0	2	0	5
3	4	0			1	0			0	2			0	6	Supplier's Security Money Deposit – Specific Grants		3	4	0	1	0	0	2	0	6
3	4	0			1	0			0	2			0	7	Supplier's Security t Money Deposit - Special Funds		3	4	0	1	0	0	2	0	7
3	4	0			1	0			0	2			0	8	Supplier's Security Money Deposit– Scheme Expenditure		3	4	0	1	0	0	2	0	8

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
3	4	0			1	0			0	3	Retention Money		0	0			3	4	0	1	0	0	3	0	0
3	4	0			1	0			0	3			0	1	Contractor's Retention Money Deposit - Municipal Fund		3	4	0	1	0	0	3	0	1
3	4	0			1	0			0	3			0	2	Contractor's Retention Money Deposit –Specific Grants		3	4	0	1	0	0	3	0	2
3	4	0			1	0			0	3			0	3	Contractor's Retention Money Deposit -Special Funds		3	4	0	1	0	0	3	0	3
3	4	0			1	0			0	3			0	4	Contractor's Retention Money Deposit– Scheme Expenditure		3	4	0	1	0	0	3	0	4
3	4	0			1	0			0	3			0	5	Supplier's Retention Deposit- Municipal Fund		3	4	0	1	0	0	3	0	5
3	4	0			1	0			0	3			0	6	Supplier's Retention Money Deposit – Specific Grants		3	4	0	1	0	0	3	0	6
3	4	0			1	0			0	3			0	7	Supplier's Retention Money Deposit - Special		3	4	0	1	0	0	3	0	7

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
																Funds									
3	4	0		1	0			0	3			0	8			Supplier's Retention Money Deposit– Scheme Expenditure	3	4	0	1	0	0	3	0	8
3	4	0		2	0	Deposits- Revenues related		0	0			0	0				3	4	0	2	0	0	0	0	0
3	4	0		2	0			0	1	Deposits against Rental		0	0				3	4	0	2	0	0	1	0	0
3	4	0		2	0			0	2	Deposits against Water		0	0				3	4	0	2	0	0	2	0	0
3	4	0		2	0			0	3	Deposits against Auction		0	0				3	4	0	2	0	0	3	0	0
3	4	0		3	0	From Staff		0	0			0	0				3	4	0	3	0	0	0	0	0
3	4	0		8	0	From Others		0	0			0	0				3	4	0	8	0	0	0	0	0
3	4	1	Deposit works(Work s as executing Agencies)	0	0			0	0			0	0				3	4	1	0	0	0	0	0	0
3	4	1		1	0	Civil works		0	0			0	0				3	4	1	1	0	0	0	0	0
3	4	1		2	0	Electrical works		0	0			0	0				3	4	1	2	0	0	0	0	0
3	4	1		3	0	Others		0	0			0	0				3	4	1	3	0	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
3	5	0	Other Liabilities	0	0			0	0			0	0			3	5	0	0	0	0	0	0	0
3	5	0		1	0	Creditors		0	0			0	0			3	5	0	1	0	0	0	0	0
3	5	0		1	0			0	1	Contractor Control Accounts		0	0			3	5	0	1	0	0	1	0	0
3	5	0		1	0			0	1			0	1	Contractor's Control Accounts-Municipal Fund		3	5	0	1	0	0	1	0	1
3	5	0		1	0			0	1			0	2	Contractor's Control Accounts-Specific Grant		3	5	0	1	0	0	1	0	2
3	5	0		1	0			0	1			0	3	Contractor's Control Accounts-Special Fund		3	5	0	1	0	0	1	0	3
3	5	0		1	0			0	1			0	4	Contractor's Control Accounts-Scheme Expend.		3	5	0	1	0	0	1	0	4
3	5	0		1	0			0	2	Contractor's Advance Control Accounts		0	0			3	5	0	1	0	0	2	0	0
3	5	0		1	0			0	2			0	1	Contractor's Advance Control Accounts-Municipal Fund		3	5	0	1	0	0	2	0	1

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
3	5	0			1	0			0	2			0	2	Contractor's Advance Control Accounts-Specific Grant		3	5	0	1	0	0	2	0	2
3	5	0			1	0			0	2			0	3	Contractor's Advance Control Accounts-Special Fund		3	5	0	1	0	0	2	0	3
3	5	0			1	0			0	2			0	4	Contractor's Advance Control Accounts-Scheme Expenditure		3	5	0	1	0	0	2	0	4
3	5	0			1	0			0	3	Suppliers Control Accounts		0	0			3	5	0	1	0	0	3	0	0
3	5	0			1	0			0	3			0	1	Suppliers Control Accounts-Municipal Fund		3	5	0	1	0	0	3	0	1
3	5	0			1	0			0	3			0	2	Suppliers Control Accounts-Specific Grant		3	5	0	1	0	0	3	0	2
3	5	0			1	0			0	3			0	3	Suppliers Control Accounts-Special Fund		3	5	0	1	0	0	3	0	3
3	5	0			1	0			0	3			0	4	Suppliers Control Accounts-Scheme Expenditure		3	5	0	1	0	0	3	0	4
3	5	0			1	0			0	4	Suppliers Advance		0	0			3	5	0	1	0	0	4	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
										Control Accounts															
3	5	0		1	0			0	4			0	1	Suppliers Advance Control Accounts-Municipal Fund		3	5	0	1	0	0	4	0	1	
3	5	0		1	0			0	4			0	2	Suppliers Advance Control Accounts-Specific Grant		3	5	0	1	0	0	4	0	2	
3	5	0		1	0			0	4			0	3	Suppliers Advance Control Accounts-Special Fund		3	5	0	1	0	0	4	0	3	
3	5	0		1	0			0	4			0	4	Suppliers Advance Control Accounts-Scheme Expenditure		3	5	0	1	0	0	4	0	4	
3	5	0		1	0			0	5	Creditors For Expenses		0	0			3	5	0	1	0	0	5	0	0	
3	5	0		1	1	Employee liabilities (Liabilities towards Employees)		0	0			0	0			3	5	0	1	1	0	0	0	0	
3	5	0		1	1			0	1	Gross Salary Payable		0	0			3	5	0	1	1	0	1	0	0	
3	5	0		1	1			0	2	Net Salaries Payable		0	0			3	5	0	1	1	0	2	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
3	5	0		1	1			0	3	Salaries Unpaid Payable		0	0			3	5	0	1	1	0	3	0	0
3	5	0		1	1			0	4	P.F. Payable		0	0			3	5	0	1	1	0	4	0	0
3	5	0		1	1			0	5	Contribution to Municipal Pension Fund Payable		0	0			3	5	0	1	1	0	5	0	0
3	5	0		1	1			0	6	Contribution to Other Pension Fund Payable		0	0			3	5	0	1	1	0	6	0	0
3	5	0		1	1			0	7	Pension & Gratuity Payable		0	0			3	5	0	1	1	0	7	0	0
3	5	0		1	1			0	8	Welfare Funds		0	0			3	5	0	1	1	0	8	0	0
3	5	0		1	1			0	9	Leave Salary Payable		0	0			3	5	0	1	1	0	9	0	0
3	5	0		1	1			1	0	Bonus payable		0	0			3	5	0	1	1	1	0	0	0
3	5	0		1	1			9	9	Other Employee Liabilities Payable		0	0			3	5	0	1	1	9	9	0	0
3	5	0		1	2	Interest Accrued and due for payment		0	0			0	0			3	5	0	1	2	0	0	0	0
3	5	0		1	2			0	1	Loans		0	0			3	5	0	1	2	0	1	0	0
3	5	0		2	0	Recoveries		0	0			0	0			3	5	0	2	0	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
3	5	0		2	0			0	1	Recoveries Payable – Employees		0	0			3	5	0	2	0	0	1	0	0	
3	5	0		2	0			0	1			0	1	Recoveries Payable - Subscription to Provident Fund for Chief Municipal Officers		3	5	0	2	0	0	1	0	1	
3	5	0		2	0			0	1			0	2	Recoveries Payable - Subscription to Provident Fund for Permanent Officers		3	5	0	2	0	0	1	0	2	
3	5	0		2	0			0	1			0	3	Recoveries Payable - Subscription to Provident Fund for Permanent Staffs		3	5	0	2	0	0	1	0	3	
3	5	0		2	0			0	1			0	4	Recoveries Payable - Subscription to Provident Fund for Officers & Staffs on Deputation		3	5	0	2	0	0	1	0	4	
3	5	0		2	0			0	1			0	5	To Recoveries Payable - Subscription to Provident Fund for		3	5	0	2	0	0	1	0	5	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
															Contractual Officers & Staff									
3	5	0		2	0			0	1			0	6	To Recoveries Payable - Subscription to Provident Fund for Contingent Staff	3	5	0	2	0	0	1	0	6	
3	5	0		2	0			0	1			0	7	Recoveries Payable - Insurance Premium	3	5	0	2	0	0	1	0	7	
3	5	0		2	0			0	1			0	8	Recoveries Payable - Court Attachments	3	5	0	2	0	0	1	0	8	
3	5	0		2	0			0	1			0	9	Recoveries Payable - Loan Recovery	3	5	0	2	0	0	1	0	9	
3	5	0		2	0			0	1			1	0	Recoveries Payable Housing Loan to Employees	3	5	0	2	0	0	1	1	0	
3	5	0		2	0			0	1			1	1	Recoveries Payable Vehicle Loan to Employees	3	5	0	2	0	0	1	1	1	
3	5	0		2	0			0	1			1	2	Recoveries Payable Cycle Loan to Employees	3	5	0	2	0	0	1	1	2	
3	5	0		2	0			0	1			1	3	Recoveries Payable Festival Advance to Employees	3	5	0	2	0	0	1	1	3	
3	5	0		2	0			0	1			1	4	Recoveries Payable Interest due from	3	5	0	2	0	0	1	1	4	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head				Minor Head		Detailed head		Sub Detailed head		
3	5	0		2	0			0	1			1	5	Employees Loans		3	5	0	2	0		0	1	1	5	
3	5	0		2	0			0	1			1	6	Recoveries Payable – Income Tax Deducted at Source – Salaries		3	5	0	2	0		0	1	1	6	
3	5	0		2	0			0	1			9	9	Recoveries Payable – Employees-Others Recoveries from employees		3	5	0	2	0		0	1	9	9	
3	5	0		2	0			0	2	Recoveries Payable – Statutory Deductions		0	0			3	5	0	2	0		0	2	0	0	
3	5	0		2	0			0	2			0	1	Income Tax Deducted from Contractors/ Suppliers		3	5	0	2	0		0	2	0	1	
3	5	0		2	0			0	2			0	2	VAT Deducted payable		3	5	0	2	0		0	2	0	2	
3	5	0		2	0			0	2			0	3	Professional Tax		3	5	0	2	0		0	2	0	3	
3	5	0		2	0			0	2			9	9	Recoveries Payable - Other Statutory Deduction		3	5	0	2	0		0	2	9	9	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head				Minor Head		Detailed head		Sub Detailed head	
3	5	0			2	0			9	9	Recoveries Payable - Other Recoveries		0	0			3	5	0	2	0	0	9	9	0	0
3	5	0			3	0	Government Dues payable		0	0			0	0			3	5	0	3	0	0	0	0	0	0
3	5	0			3	0			0	1	Cess Payable		0	0			3	5	0	3	0	0	0	1	0	0
3	5	0			3	0			0	2	Court Attachments		0	0			3	5	0	3	0	0	0	2	0	0
3	5	0			3	0			0	3	VAT Payable		0	0			3	5	0	3	0	0	0	3	0	0
3	5	0			3	0			0	4	Duty on Transferof Properties payable		0	0			3	5	0	3	0	0	0	4	0	0
3	5	0			3	0			0	5	Share in Entertainment Tax payable		0	0			3	5	0	3	0	0	0	5	0	0
3	5	0			3	0			0	6	Other Government Dues Payable		0	0			3	5	0	3	0	0	0	6	0	0
3	5	0			4	0	Refunds payable		0	0			0	0			3	5	0	4	0	0	0	0	0	0
3	5	0			4	0			0	1	Refunds payable – Propoerty Taxes		0	0			3	5	0	4	0	0	0	1	0	0
3	5	0			4	0			0	1			0	1	Refunds payable - Holding Tax		3	5	0	4	0	0	0	1	0	1
3	5	0			4	0			0	1			0	2	Refunds payable - Water Tax		3	5	0	4	0	0	0	1	0	2

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head				Minor Head		Detailed head		Sub Detailed head	
3	5	0			4	0			0	1			0	3	Refunds payable - Latrine Tax		3	5	0	4	0		0	1	0	3
3	5	0			4	0			0	1			0	4	Refunds payable - Education Cess		3	5	0	4	0		0	1	0	4
3	5	0			4	0			0	1			0	5	Refunds payable – Health Cess		3	5	0	4	0		0	1	0	5
3	5	0			4	0			0	2	Refunds payable – Other Taxes		0	0			3	5	0	4	0		0	2	0	0
3	5	0			4	0			0	2			0	1	Refunds payable – Drainage Tax		3	5	0	4	0		0	2	0	1
3	5	0			4	0			0	2			0	2	Refunds payable – Advertisement Tax		3	5	0	4	0		0	2	0	2
3	5	0			4	0			0	2			0	3	Refunds payable – Profession Tax		3	5	0	4	0		0	2	0	3
3	5	0			4	0			0	2			0	4	Refunds payable – Tower Tax		3	5	0	4	0		0	2	0	4
3	5	0			4	0			0	2			0	5	Refunds payable – Lighting Tax		3	5	0	4	0		0	2	0	5
3	5	0			4	0			0	2			9	9	Refunds payable – Other Taxes –Others		3	5	0	4	0		0	2	9	9
3	5	0			4	0			0	3	Refund Payable – User Charges		0	0			3	5	0	4	0		0	3	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head				Minor Head		Detailed head		Sub Detailed head		
3	5	0			4	0			0	3			0	1			Refund Payable – Water Charges	3	5	0	4	0		0	3	0	1
3	5	0			4	0			0	3			9	9			Refund Payable – Other User Charges	3	5	0	4	0		0	3	9	9
3	5	0			4	0			0	4	Refund Payable - Fees		0	0				3	5	0	4	0		0	4	0	0
3	5	0			4	0			0	4			0	1			Refund Payable – License Fee	3	5	0	4	0		0	4	0	1
3	5	0			4	0			0	4			9	9			Refund Payable – Other Fee	3	5	0	4	0		0	4	9	9
3	5	0			4	0			0	5	Refund Payable - Rent		0	0				3	5	0	4	0		0	5	0	0
3	5	0			4	0			0	5			0	1			Refund Payable – Rent from Civic Amenities	3	5	0	4	0		0	5	0	1
3	5	0			4	0			0	5			0	2			Refund Payable – Rent from Office Buildings	3	5	0	4	0		0	5	0	2
3	5	0			4	0			0	5			0	3			Refund Payable – Rent from Guest Houses	3	5	0	4	0		0	5	0	3
3	5	0			4	0			0	5			0	4			Refund Payable – Rent from Lease on	3	5	0	4	0		0	5	0	4

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head				Minor Head		Detailed head		Sub Detailed head	
														Lands											
3	5	0		4	0			0	5			0	5	Refund Payable –from Lease rentals Other		3	5	0	4	0	0	5	0	5	
3	5	0		4	0			0	5			9	9	Refund Payable – Other Rents		3	5	0	4	0	0	5	9	9	
3	5	0		4	0			0	6	Refund Payable – Grants		0	0			3	5	0	4	0	0	6	0	0	
3	5	0		4	0			0	7	Refund Payable - Attached Properties		0	0			3	5	0	4	0	0	7	0	0	
3	5	0		4	0			0	8	Refund Payable - Deposit Works		0	0			3	5	0	4	0	0	8	0	0	
3	5	0		4	0			9	9	Refund Payable - Others		0	0			3	5	0	4	0	9	9	0	0	
3	5	0		4	1	Advance Collection of Revenues		0	0			0	0			3	5	0	4	1	0	0	0	0	
3	5	0		4	1			0	1	Advance Collection of Revenues – Property Taxes		0	0			3	5	0	4	1	0	1	0	0	
3	5	0		4	1			0	1			0	1	Advance Collection of Revenues -Holding Tax		3	5	0	4	1	0	1	0	1	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head				Minor Head		Detailed head		Sub Detailed head	
3	5	0			4	1			0	1			0	2	Advance Collection of Revenues -Water Tax		3	5	0	4	1		0	1	0	2
3	5	0			4	1			0	1			0	3	Advance Collection of Revenues -Latrine Tax		3	5	0	4	1		0	1	0	3
3	5	0			4	1			0	1			0	4	Advance Collection of Revenues - Education Cess		3	5	0	4	1		0	1	0	4
3	5	0			4	1			0	1			0	5	Advance Collection of Revenues – Health Cess		3	5	0	4	1		0	1	0	5
3	5	0			4	1			0	2	Advance Collection of Revenues – Other Taxes		0	0			3	5	0	4	1		0	2	0	0
3	5	0			4	1			0	2			0	1	Advance Collection of Revenues –Drainage Tax		3	5	0	4	1		0	2	0	1
3	5	0			4	1			0	2			0	2	Advance Collection of Revenues – Advertisement Tax		3	5	0	4	1		0	2	0	2
3	5	0			4	1			0	2			0	3	Advance Collection of Revenues –Profession Tax		3	5	0	4	1		0	2	0	3
3	5	0			4	1			0	2			0	4	Advance Collection of Revenues –Tower Tax		3	5	0	4	1		0	2	0	4

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head				Minor Head		Detailed head		Sub Detailed head	
3	5	0			4	1			0	2			0	5	Advance Collection of Revenues –Lighting Tax		3	5	0	4	1		0	2	0	5
3	5	0			4	1			0	2			9	9	Advance Collection of Revenues – Other Taxes –Others		3	5	0	4	1		0	2	9	9
3	5	0			4	1			0	3	Advance Collection of Revenues – User Charges		0	0			3	5	0	4	1		0	3	0	0
3	5	0			4	1			0	3			0	1	Advance Collection of Revenues –Water Charges		3	5	0	4	1		0	3	0	1
3	5	0			4	1			0	3			9	9	Advance Collection of Revenues –Other User Charges		3	5	0	4	1		0	3	9	9
3	5	0			4	1			0	4	Advance Collection of Revenues – Fee		0	0			3	5	0	4	1		0	4	0	0
3	5	0			4	1			0	4			0	1	Advance Collection of Revenues –License Fee		3	5	0	4	1		0	4	0	1
3	5	0			4	1			0	4			0	2	Advance Collection of Revenues – Advertisement Fees		3	5	0	4	1		0	4	0	2
3	5	0			4	1			0	4			9	9	Advance Collection of		3	5	0	4	1		0	4	9	9

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head				Minor Head		Detailed head		Sub Detailed head		
															Revenues –Other Fee											
3	5	0		4	1			0	5	Advance Collection of Revenues - Rent	0	0					3	5	0	4	1	0	5	0	0	0
3	5	0		4	1			0	5		0	1			Advance Collection of Revenues – Rent from Civic Amenities		3	5	0	4	1	0	5	0	1	
3	5	0		4	1			0	5		0	2			Advance Collection of Revenues – Rent from Office Buildings		3	5	0	4	1	0	5	0	2	
3	5	0		4	1			0	5		0	3			Advance Collection of Revenues – Rent from Guest Houses		3	5	0	4	1	0	5	0	3	
3	5	0		4	1			0	5		0	4			Advance Collection of Revenues – Rent from Lease on Lands		3	5	0	4	1	0	5	0	4	
3	5	0		4	1			0	5		0	5			Advance Collection of Revenues – Lease Rents Other		3	5	0	4	1	0	5	0	5	
3	5	0		4	1			0	5		9	9			Advance Collection of Revenues – Other Rents		3	5	0	4	1	0	5	9	9	
3	5	0		4	1			9	9	Advance Collection of Revenues - Other	0	0					3	5	0	4	1	9	9	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
3	5	0		8	0	Others		0	0			0	0			3	5	0	8	0	0	0	0	0
3	5	0		8	0			0	1	Liability in respect of Stale Cheque		0	0			3	5	0	8	0	0	1	0	0
3	5	0		8	0			0	2	Lease Charges Payable		0	0			3	5	0	8	0	0	2	0	0
3	5	0		8	0			0	3	Hire Purchase Advance		0	0			3	5	0	8	0	0	3	0	0
3	5	0		8	0			0	4	Interest Control Receivables-Hire Purchase		0	0			3	5	0	8	0	0	4	0	0
3	5	0		9	0	Sales Proceeds		0	0			0	0	Note: This account will not have balance at the year end		3	5	0	9	0	0	0	0	0
3	5	0		9	0			0	1	Sales Proceeds - Attached Properties		0	0			3	5	0	9	0	0	1	0	0
3	5	0		9	0			0	2	Sales Proceeds - Stores		0	0			3	5	0	9	0	0	2	0	0
3	6	0	Provisions	0	0			0	0			0	0			3	6	0	0	0	0	0	0	0
3	6	0		1	0	Provisions for Expenses		0	0			0	0			3	6	0	1	0	0	0	0	0
3	6	0		1	0			0	1	Provisions for Expenses-		0	0			3	6	0	1	0	0	1	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head				Minor Head		Detailed head		Sub Detailed head		
										Contractors																
3	6	0		1	0			0	2	Provisions for Expenses-Suppliers		0	0				3	6	0	1	0	0	2	0	0	0
3	6	0		1	0			0	3	Provisions for Expenses-Others		0	0				3	6	0	1	0	0	3	0	0	0
3	6	0		2	0	<b>Provisions for Interest</b>						0	0				3	6	0	2	0	0	0	0	0	0
3	6	0		2	0			0	1	Provision for Interest Accrued and not due		0	0				3	6	0	2	0	0	1	0	0	0
3	6	0		3	0	<b>Provision for Other Assets</b>		0	0			0	0				3	6	0	3	0	0	0	0	0	0
3	6	0		3	0			0	1	Stores		0	0				3	6	0	3	0	0	1	0	0	0
3	6	0		3	0			0	2	Investment		0	0				3	6	0	3	0	0	2	0	0	0
<b>Asset</b>																										
4	1	0	<b>Fixed Assets</b>		0	0		0	0			0	0				4	1	0	0	0	0	0	0	0	0
4	1	0		1	0	<b>Land</b>		0	0			0	0				4	1	0	1	0	0	0	0	0	0
4	1	0		1	0			0	1	<b>Land-Municipality</b>		0	0				4	1	0	1	0	1	0	0	1	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	1	0			1	0			0	1			0	1	Gardens		4	1	0	1	0	0	1	0	1
4	1	0			1	0			0	1			0	2	Grounds		4	1	0	1	0	0	1	0	2
4	1	0			1	0			0	1			0	3	Ghats		4	1	0	1	0	0	1	0	3
4	1	0			1	0			0	1			0	4	Parks		4	1	0	1	0	0	1	0	4
4	1	0			1	0			0	1			0	5	Parking Lots		4	1	0	1	0	0	1	0	5
4	1	0			1	0			0	1			0	6	Open markets		4	1	0	1	0	0	1	0	6
4	1	0			1	0			0	1			9	9	Other Lands Municipality		4	1	0	1	0	0	1	9	9
4	1	0			1	0			0	2	Land-Transferred Institution		0	0			4	1	0	1	0	0	2	0	0
4	1	0			2	0	Buildings		0	0			0	0			4	1	0	2	0	0	0	0	0
4	1	0			2	0			0	1	Buildings - Municipality		0	0			4	1	0	2	0	0	1	0	0
4	1	0			2	0			0	1			0	1	Administrative Buildings		4	1	0	2	0	0	1	0	1
4	1	0			2	0			0	1			0	2	Community Centre Buildings		4	1	0	2	0	0	1	0	2
4	1	0			2	0			0	1			0	3	Staff Quarter Buildings		4	1	0	2	0	0	1	0	3
4	1	0			2	0			0	1			0	4	Market		4	1	0	2	0	0	1	0	4

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	1	0		2	0			0	1			0	5		Buildings									
4	1	0		2	0			0	1			0	6		Public Comfort Stations	4	1	0	2	0	0	1	0	5
4	1	0		2	0			0	1			0	7		Hospital Buildings	4	1	0	2	0	0	1	0	6
4	1	0		2	0			0	1			0	8		School Buildings	4	1	0	2	0	0	1	0	7
4	1	0		2	0			0	1			0	9		Guest House Buildings	4	1	0	2	0	0	1	0	8
4	1	0		2	0			0	1			0	9		Slaughter House Buildings	4	1	0	2	0	0	1	0	9
4	1	0		2	0			0	1			1	0		Tolls	4	1	0	2	0	0	1	1	0
4	1	0		2	0			0	1			9	9		Other Buildings Municipality	4	1	0	2	0	0	1	9	9
4	1	0		2	0			0	2	Land-Transferred Institution		0	0			4	1	0	2	0	0	2	0	0
4	1	0		3	0	Roads & Bridges		0	0			0	0			4	1	0	3	0	0	0	0	0
4	1	0		3	0			0	1	Concrete Roads		0	0			4	1	0	3	0	0	1	0	0
4	1	0		3	0			0	2	Black Topped Roads		0	0			4	1	0	3	0	0	2	0	0
4	1	0		3	0			0	3	Other Roads		0	0			4	1	0	3	0	0	3	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	1	0			3	0			0	4	Bridges		0	0			4	1	0	3	0	0	4	0	0
4	1	0			3	0			0	5	Culverts		0	0			4	1	0	3	0	0	5	0	0
4	1	0			3	1	Sewerage & Drainage		0	0			0	0			4	1	0	3	1	0	0	0	0
4	1	0			3	1			0	1	Sewerage		0	0			4	1	0	3	1	0	1	0	0
4	1	0			3	1			0	2	Drainage		0	0			4	1	0	3	1	0	2	0	0
4	1	0			3	2	Waterways		0	0			0	0			4	1	0	3	2	0	0	0	0
4	1	0			3	2			0	1	Bore wells		0	0			4	1	0	3	2	0	1	0	0
4	1	0			3	2			0	2	Open wells		0	0			4	1	0	3	2	0	2	0	0
4	1	0			3	2			0	3	Reservoirs		0	0			4	1	0	3	2	0	3	0	0
4	1	0			3	2			0	4	Distribution & Regulation System		0	0			4	1	0	3	2	0	4	0	0
4	1	0			3	2			0	5	Transmission		0	0			4	1	0	3	2	0	5	0	0
4	1	0			3	3	Public Lighting		0	0			0	0			4	1	0	3	3	0	0	0	0
4	1	0			3	3			0	1	Lamp Posts		0	0			4	1	0	3	3	0	1	0	0
4	1	0			3	3			0	2	Transformers		0	0			4	1	0	3	3	0	2	0	0
4	1	0			3	3			0	3	Sub-Stations		0	0			4	1	0	3	3	0	3	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	1	0			4	0	Plants & Machinery		0	0			0	0			4	1	0	4	0	0	0	0	0
4	1	0			4	0			0	1	Plants & Machinery - Municipality		0	0			4	1	0	4	0	0	1	0	0
4	1	0			4	0			0	1			0	1	Fogging Machine		4	1	0	4	0	0	1	0	1
4	1	0			4	0			0	1			0	2	Electric Crematorium		4	1	0	4	0	0	1	0	2
4	1	0			4	0			0	1			9	9	Other Plant & Machinery		4	1	0	4	0	0	1	9	9
4	1	0			4	0			0	2	Plants & Machinery - Transferred Institution		0	0			4	1	0	4	0	0	2	0	0
4	1	0			5	0	Vehicles		0	0			0	0			4	1	0	5	0	0	0	0	0
4	1	0			5	0			0	1	Vehicles - Municipality		0	0			4	1	0	5	0	0	1	0	0
4	1	0			5	0			0	1			0	1	Ambulance		4	1	0	5	0	0	1	0	1
4	1	0			5	0			0	1			0	2	Buses		4	1	0	5	0	0	1	0	2
4	1	0			5	0			0	1			0	3	Cars		4	1	0	5	0	0	1	0	3
4	1	0			5	0			0	1			0	4	Jeeps		4	1	0	5	0	0	1	0	4

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
4	1	0			5	0			0	1			0	5		Cranes	4	1	0	5	0	0	1	0	5	
4	1	0			5	0			0	1			0	6		Trucks	4	1	0	5	0	0	1	0	6	
4	1	0			5	0			0	1			0	7		Water Tanker	4	1	0	5	0	0	1	0	7	
4	1	0			5	0			0	1			0	8		Road Roller	4	1	0	5	0	0	1	0	8	
4	1	0			5	0			0	1			0	9		Hand Carts	4	1	0	5	0	0	1	0	9	
4	1	0			5	0			0	1			1	0		Bull Dozers	4	1	0	5	0	0	1	1	0	
4	1	0			5	0			0	1			1	1		Tractors	4	1	0	5	0	0	1	1	1	
4	1	0			5	0			0	1			9	9		Other Vehicles	4	1	0	5	0	0	1	9	9	
4	1	0			5	0			0	2	Vehicles - Transferred Institution		0	0			4	1	0	5	0	0	2	0	0	
4	1	0			6	0	Office & Other Equipments		0	0			0	0			4	1	0	6	0	0	0	0	0	
4	1	0			6	0			0	1	Office & Other Equipments - Municipality		0	0						6	0		0	0	0	0
4	1	0			6	0			0	1			0	1		Air Conditioner	4	1	0	6	0	0	1	0	1	
4	1	0			6	0			0	1			0	2		Air Cooler	4	1	0	6	0	0	1	0	2	
4	1	0			6	0			0	1			0	3		Water Cooler	4	1	0	6	0	0	1	0	3	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	1	0			6	0			0	1			0	4		Refrigerators	4	1	0	6	0	0	1	0	4
4	1	0			6	0			0	1			0	5		Vacuum Cleaner	4	1	0	6	0	0	1	0	5
4	1	0			6	0			0	1			0	6		Computers	4	1	0	6	0	0	1	0	6
4	1	0			6	0			0	1			0	7		Printers	4	1	0	6	0	0	1	0	7
4	1	0			6	0			0	1			0	8		Fax	4	1	0	6	0	0	1	0	8
4	1	0			6	0			0	1			0	9		Xerox Machines	4	1	0	6	0	0	1	0	9
4	1	0			6	0			0	1			1	0		Typewriter	4	1	0	6	0	0	1	1	0
4	1	0			6	0			0	1			1	1		Calculator	4	1	0	6	0	0	1	1	1
4	1	0			6	0			0	1			1	2		Telephone& PBX Board	4	1	0	6	0	0	1	1	2
4	1	0			6	0			0	1			1	3		Intercom Network	4	1	0	6	0	0	1	1	3
4	1	0			6	0			0	1			1	4		Wireless Equipment	4	1	0	6	0	0	1	1	4
4	1	0			6	0			0	1			9	9		Other Office & Other Equipments	4	1	0	6	0	0	1	9	9
4	1	0			6	0			0	2	Office & Other Equipments - Transferred		0	0			4	1	0	6	0	0	2	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
4	1	0		7	0	Furniture, Fixtures, fittings and Electrical Appliances		0	0			0	0			4	1	0	7	0	0	0	0	0	0
4	1	0		7	0			0	1	Furniture, Fixtures, fittings and Electrical Appliances- Municipality		0	0			4	1	0	7	0	0	0	0	0	0
4	1	0		7	0			0	1			0	1	Cabinets		4	1	0	7	0	0	1	0	1	0
4	1	0		7	0			0	1			0	2	Cupboards		4	1	0	7	0	0	2	0	2	0
4	1	0		7	0			0	1			0	3	Chairs		4	1	0	7	0	0	3	0	3	0
4	1	0		7	0			0	1			0	4	Tables		4	1	0	7	0	0	4	0	4	0
4	1	0		7	0			0	1			0	5	Partitions		4	1	0	7	0	0	5	0	5	0
4	1	0		7	0			0	1			0	6	Beds / Cots		4	1	0	7	0	0	1	0	6	0
4	1	0		7	0			0	1			0	7	Trollies		4	1	0	7	0	0	1	0	7	0
4	1	0		7	0			0	1			5	0	Other Furniture & Fixtures		4	1	0	7	0	0	1	5	0	0
4	1	0		7	0			0	1			5	1	Fans		4	1	0	7	0	0	1	5	1	0
4	1	0		7	0			0	1			5	2	Electrical		4	1	0	7	0	0	1	5	2	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
															Fittings									
4	1	0		7	0			0	1			5	3		Generators	4	1	0	7	0	0	1	5	3
4	1	0		7	0			0	1			9	9		Other Fittings & Electrical Appliances	4	1	0	7	0	0	1	9	9
4	1	0		7	0			0	2	Furniture, Fixtures, Fittings and Electrical Appliances- Transferred Institution		0	0			4	1	0	7	0	0	2	0	0
4	1	0		8	0	Other Fixed Assets		0	0			0	0			4	1	0	8	0	0	0	0	0
4	1	0		8	0			0	1	Other Fixed Assets- Municipality		0	0			4	1	0	8	0	0	1	0	0
4	1	0		8	0			0	2	Other Fixed Assets- Transferred Institution		0	0			4	1	0	8	0	0	2	0	0
4	1	0		9	0	Assets Under Disposal		0	0			0	0		Note: This account will not have balance at the year end	4	1	0	9	0	0	0	0	0
4	1	1	Accumulated	0	0			0	0			0	0			4	1	1	0	0	0	0	0	0

Major Head		Major head Descriptions	Minor Head		Minor head description	Detail Head Code		Detail head Description	Sub Detailed head		Sub Detail head Description	Major Head			Minor Head		Detailed head		Sub Detailed head	
		Depreciation																		
4	1	1		2	0	Buildings	0	0		0	0		4	1	1	2	0	0	0	
4	1	1		3	0	Roads & Bridges	0	0		0	0		4	1	1	3	0	0	0	
4	1	1		3	1	Sewerage and Drainage	0	0		0	0		4	1	1	3	1	0	0	
4	1	1		3	2	Waterways	0	0		0	0		4	1	1	3	2	0	0	
4	1	1		3	3	Public Lighting	0	0		0	0		4	1	1	3	3	0	0	
4	1	1		4	0	Plant & Machinery	0	0		0	0		4	1	1	4	0	0	0	
4	1	1		5	0	Vehicles	0	0		0	0		4	1	1	5	0	0	0	
4	1	1		6	0	Office & Other Equipments	0	0		0	0		4	1	1	6	0	0	0	
4	1	1		7	0	Furniture, Fixtures, Fittings and Electrical Appliances	0	0		0	0		4	1	1	7	0	0	0	
4	1	1		8	0	Other Fixed Assets	0	0		0	0		4	1	1	8	0	0	0	
4	1	2	Capital Works in Progress	0	0		0	0		0	0		4	1	2	0	0	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	1	2		0	1	Municipal Fund-		0	0			0	0			4	1	2	0	1	0	0	0	0
4	1	2		1	0	Specific Grants		0	0			0	0			4	1	2	1	0	0	0	0	0
4	1	2		1	0			0	1	Capital WIP-Development Fund-Housing		0	0			4	1	2	1	0	0	1	0	0
4	1	2		1	0			0	2	Capital WIP-Development Fund-IT & E-Governance		0	0			4	1	2	1	0	0	2	0	0
4	1	2		1	0			0	3	Capital WIP-Development Fund- Water Supply		0	0			4	1	2	1	0	0	3	0	0
4	1	2		1	0			0	4	Capital WIP -Development Fund-Public Works		0	0			4	1	2	1	0	0	4	0	0
4	1	2		1	0			0	5	Capital WIP -Development Fund-Health & Sanitation		0	0			4	1	2	1	0	0	5	0	0
4	1	2		1	0			0	6	Capital WIP- JNNURM Grant		0	0			4	1	2	1	0	0	6	0	0
4	1	2		1	0			0	7	Capital WIP -		0	0			4	1	2	1	0	0	7	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
										SPUR Grant															
4	1	2		1	0			0	8	Capital WIP-Fund for Transferred Institution		0	0			4	1	2	1	0	0	8	0	0	
4	1	2		1	0			9	9	Capita WIP-Other Specific Grant		0	0			4	1	2	1	1	9	9	0	0	
4	1	2		2	0	Special funds		0	0			0	0			4	1	2	2	0	0	0	0	0	
4	1	2		3	0	Specific Schemes		0	0			0	0			4	1	2	3	0	0	0	0	0	
4	2	0	Investments (General Funds)		0	0		0	0			0	0			4	2	0	0	0	0	0	0	0	
4	2	0		1	0	Investment in Central Government Securities		0	0			0	0			4	2	0	1	0	0	0	0	0	
4	2	0		2	0	Investment in State Government Securities		0	0			0	0			4	2	0	2	0	0	0	0	0	
4	2	0		3	0	Debentures & Bond		0	0			0	0			4	2	0	3	0	0	0	0	0	
4	2	0		4	0	Preference Shares		0	0			0	0			4	2	0	4	0	0	0	0	0	
4	2	0		5	0	Equity Share		0	0			0	0			4	2	0	5	0	0	0	0	0	

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	2	0			6	0	<b>Units of Mutual Fund</b>		0	0			0	0			4	2	0	6	0	0	0	0	0
4	2	0			8	0	<b>Other Investment</b>		0	0			0	0			4	2	0	8	0	0	0	0	0
4	2	0			8	0			0	1	Investments in bank Fixed Deposits (FDR)		0	0			4	2	0	8	0	0	1	0	0
4	2	0			9	0	<b>Accumulated Provisions</b>		0	0			0	0			4	2	0	9	0	0	0	0	0
4	2	1	<b>Investment (Other Funds)</b>		0	0			0	0			0	0			4	2	1	0	0	0	0	0	0
4	2	1			1	0	<b>Investment in Central Government Securities</b>		0	0			0	0			4	2	1	1	0	0	0	0	0
4	2	1			1	0			0	1	Central Government Securities -Special Funds		0	0			4	2	1	1	0	0	1	0	0
4	2	1			1	0			0	2	Central Government Securities- Grant		0	0			4	2	1	1	0	0	2	0	0
4	2	1			1	0			0	3	Central Government		0	0			4	2	1	1	0	0	3	0	0

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4	2	1		2	0	Investment in State Government Securities	0	0		Securities –Loan						4	2	1	2	0	0	0	0	0
4	2	1		2	0		0	1	State Government Securities -Special Funds		0	0				4	2	1	2	0	0	1	0	0
4	2	1		2	0		0	2	State Government Securities -Grant		0	0				4	2	1	2	0	0	2	0	0
4	2	1		2	0		0	3	State Government Securities -Loan		0	0				4	2	1	2	0	0	3	0	0
4	2	1		3	0	Debentures & Bond	0	0			0	0				4	2	1	3	0	0	0	0	0
4	2	1		3	0		0	1	Debentures & Bond- Special Funds		0	0				4	2	1	3	0	0	1	0	0
4	2	1		3	0		0	2	Debentures & Bond -Grant		0	0				4	2	1	3	0	0	2	0	0
4	2	1		3	0		0	3	Debentures & Bond- Loan		0	0				4	2	1	3	0	0	3	0	0

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4	2	1			4	0	<b>Preference Shares</b>		0	0			0	0			4	2	1	4	0	0	0	0	0	0
4	2	1			4	0			0	1	Preference Shares -Special Funds		0	0			4	2	1	4	0	0	0	1	0	0
4	2	1			4	0			0	2	Preference Shares- Grant		0	0			4	2	1	4	0	0	0	2	0	0
4	2	1			4	0			0	3	Preference Shares -Loan		0	0			4	2	1	4	0	0	0	3	0	0
4	2	1			5	0	<b>Equity Share</b>		0	0			0	0			4	2	1	5	0	0	0	0	0	0
4	2	1			5	0			0	1	Equity Share - Special Funds		0	0			4	2	1	5	0	0	0	1	0	0
4	2	1			5	0			0	2	Equity Share- Grant		0	0			4	2	1	5	0	0	0	2	0	0
4	2	1			5	0			0	3	Equity Share- Loan		0	0			4	2	1	5	0	0	0	3	0	0
4	2	1			6	0	<b>Units of Mutual Fund</b>		0	0			0	0			4	2	1	6	0	0	0	0	0	0
4	2	1			6	0			0	1	Units of Mutual Fund- Special Funds		0	0			4	2	1	6	0	0	0	1	0	0
4	2	1			6	0			0	2	Units of Mutual Fund -Grant		0	0			4	2	1	6	0	0	0	2	0	0
4	2	1			6	0			0	3	Units of Mutual		0	0			4	2	1	6	0	0	0	3	0	0

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4	2	1		8	0	Other Investment	0	0		Fund –Loan						4	2	1	8	0	0	0	0	0
4	2	1		8	0		0	1	Fixed Deposits - Special Funds		0	0				4	2	1	8	0	0	1	0	0
4	2	1		8	0		0	2	Fixed Deposits - Grant		0	0				4	2	1	8	0	0	2	0	0
4	2	1		8	0		0	3	Fixed Deposits - Loan		0	0				4	2	1	8	0	0	3	0	0
4	2	1		9	0	Accumulated Provisions	0	0			0	0				4	2	1	9	0	0	0	0	0
4	3	0	Stock – in-hand (Current asset)	0	0		0	0			0	0				4	3	0	0	0	0	0	0	0
4	3	0		1	0	Stores	0	0			0	0				4	3	0	1	0	0	0	0	0
4	3	0		1	0		0	1	Opening Stock - Stores		0	0				4	3	0	1	0	0	1	0	0
4	3	0		1	0		0	2	Purchase of Material - Stores		0	0				4	3	0	1	0	0	2	0	0
4	3	0		1	0		0	3	Closing Stock - Stores		0	0	Opening stock and Purchases to have nil balance			4	3	0	1	0	0	3	0	0

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4	3	0			2	0	Loose Tools		0	0			0	0			4	3	0	2	0	0	0	0	0	0
4	3	0			2	0			0	1	Opening Stock Loose Tools		0	0			4	3	0	2	0	0	1	0	0	0
4	3	0			2	0			0	2	Purchase of Material - Loose Tools		0	0			4	3	0	2	0	0	2	0	0	0
4	3	0			2	0			0	3	Closing Stock - Loose Tools		0	0			4	3	0	2	0	0	3	0	0	0
4	3	0			8	0	Others		0	0			0	0			4	3	0	8	0	0	0	0	0	0
4	3	0			8	0			0	1	Opening Stock Others		0	0			4	3	0	8	0	0	1	0	0	0
4	3	0			8	0			0	2	Purchase of Material - Others		0	0			4	3	0	8	0	0	2	0	0	0
4	3	0			8	0			0	3	Closing Stock - Others		0	0			4	3	0	8	0	0	3	0	0	0
4	3	1	Sundry Debtors ( Receivables) (Year Wise)		0	0			0	0			0	0			4	3	1	0	0	0	0	0	0	0
4	3	1			1	0	Receivables for Property Taxes					0	0			4	3	1	1	0	0	0	0	0	0	
4	3	1			1	0			0	1	Property Tax (Current)		0	0			4	3	1	1	0	0	1	0	0	0

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4	3	1			1	0			0	2	Property Tax (Arrears)		0	0			4	3	1	1	0	0	2	0	0
4	3	1			1	1	Receivables for Water Taxes (Blocked)		0	0			0	0			4	3	1	1	1	0	0	0	0
4	3	1			1	9	Receivables for Other Taxes		0	0			0	0			4	3	1	1	9	0	0	0	0
4	3	1			1	9			0	1	Receivables for Profession Tax		0	0			4	3	1	1	9	0	1	0	0
4	3	1			1	9			0	1			0	1	Receivables for Profession Tax – Individual/Firm/Organisation /Others-Current		4	3	1	1	9	0	1	0	1
4	3	1			1	9			0	1			0	2	Receivables for Profession Tax – Individual/Firm/Organisation /Others-Arrear		4	3	1	1	9	0	1	0	2
4	3	1			1	9			0	2	Receivables for Advertisement Tax		0	0			4	3	1	1	9	0	2	0	0

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4	3	1			1	9			0	2			0	1			Receivables for-Advertisement Tax-Current	4	3	1	1	9	0	2	0	1
4	3	1			1	9			0	2			0	2			Receivables for-Advertisement Tax-Arrear	4	3	1	1	9	0	2	0	2
4	3	1			1	9			0	3	Receivables for-Tower Tax-		0	0				4	3	1	1	9	0	3	0	0
4	3	1			1	9			0	3			0	1			Receivables for-Tower Tax-Current	4	3	1	1	9	0	3	0	1
4	3	1			1	9			0	3			0	2			Receivables for-Tower Tax-Arrear	4	3	1	1	9	0	3	0	2
4	3	1			1	9			0	4	Receivables for-sewerage Tax-		0	0				4	3	1	1	9	0	4	0	0
4	3	1			1	9			0	4			0	1			Receivables for-sewerage Tax-Current	4	3	1	1	9	0	4	0	1
4	3	1			1	9			0	4			0	2			Receivables for-sewerage Tax-Arrear	4	3	1	1	9	0	4	0	2
4	3	1			1	9			9	9	Receivables for other taxes-		0	0				4	3	1	1	9	9	9	0	0

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4	3	1			1	9			9	9			0	1	Receivables for other taxes- Current		4	3	1	1	9	9	9	9	0	1
4	3	1			1	9			9	9			0	2	Receivables for other taxes- Arrears		4	3	1	1	9	9	9	9	0	2
4	3	1			2	0	Receivables for Cess		0	0			0	0			4	3	1	2	0	0	0	0	0	0
4	3	1			3	0	Receivable for Fees & User Charges		0	0			0	0			4	3	1	3	0	0	0	0	0	0
4	3	1			3	0			0	1	Receivable for User Charges		0	0			4	3	1	3	0	0	0	1	0	0
4	3	1			3	0			0	1			0	1	Receivable for Water Charges- Current		4	3	1	3	0	0	0	1	0	1
4	3	1			3	0			0	1			0	2	Receivable for Water Charges- Arrear		4	3	1	3	0	0	0	1	0	2
4	3	1			3	0			0	1			9	8	Receivable for Other User Charges- Current		4	3	1	3	0	0	0	1	9	8
4	3	1			3	0			0	1			9	9	Receivable for Other User		4	3	1	3	0	0	0	1	9	9

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
																Charges –Arrear								
4	3	1		3	0			0	2	Receivable for Fees	0	0				4	3	1	3	0	0	2	0	0
4	3	1		3	0			0	2		0	1				4	3	1	3	0	0	2	0	1
4	3	1		3	0			0	2		0	2				4	3	1	3	0	0	2	0	2
4	3	1		3	0			0	2		0	3				4	3	1	3	0	0	2	0	3
4	3	1		3	0			0	2		0	4				4	3	1	3	0	0	2	0	4
4	3	1		3	0			0	2		9	8				4	3	1	3	0	0	2	9	8
4	3	1		3	0			0	2		9	9				4	3	1	3	0	0	2	9	9
4	3	1		4	0	Receivable from other sources		0	0		0	0				4	3	1	4	0	0	0	0	0

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4	3	1			4	0			0	1	Rent Receivable from Municipal Properties	0	0					4	3	1	4	0	0	1	0	0
4	3	1			4	0			0	1		0	1	Rent Receivable – Rent from Civic Amenities- Current				4	3	1	4	0	0	1	0	1
4	3	1			4	0			0	1		0	2	Rent Receivable – Rent from Civic Amenities- Arrear				4	3	1	4	0	0	1	0	2
4	3	1			4	0			0	1		0	3	Rent Receivable – Rent from Office Buildings- Current				4	3	1	4	0	0	1	0	3
4	3	1			4	0			0	1		0	4	Rent Receivable – Rent from Office Buildings Arrear -				4	3	1	4	0	0	1	0	4
4	3	1			4	0			0	1		0	5	Rent Receivable – Rent from Guest Houses- Current- Arrear				4	3	1	4	0	0	1	0	5
4	3	1			4	0			0	1		0	6	Rent Receivable – Rent from Guest Houses-				4	3	1	4	0	0	1	0	6

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4	3	1			4	0			0	1			0	7	Arrear												
4	3	1			4	0			0	1			0	8	Rent Receivable – Rent from Lease on Lands -Current	4	3	1	4	0	0	1	0	7			
4	3	1			4	0			0	1			0	8	Rent Receivable – Rent from Lease on Lands-Arrear	4	3	1	4	0	0	1	0	8			
4	3	1			4	0			0	1			9	8	Rent Receivable – Other Rents-Current	4	3	1	4	0	0	1	9	8			
4	3	1			4	0			0	1			9	9	Rent Receivable – Other Rents -Arrear	4	3	1	4	0	0	1	9	9			
4	3	1			4	0			0	2	Interest accrue & due		0	0					4	3	1	4	0	0	2	0	0
4	3	1			4	0			0	2			0	1	Interest accrue & due- Municipal Fund Investments	4	3	1	4	0	0	2	0	1			
4	3	1			4	0			0	2			0	2	Interest accrue & due- Special Fund Investments	4	3	1	4	0	0	2	0	2			

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4	3	1			4	0			0	2			0	3			Interest accrue & due-Grant Fund Investments	4	3	1	4	0	0	2	0	3
4	3	1			4	0			0	3	Interest accrued but not due		0	0				4	3	1	4	0	0	3	0	0
4	3	1			4	0			0	3			0	1			Interest accrue & but not due-Municipal Fund Investments	4	3	1	4	0	0	3	0	1
4	3	1			4	0			0	3			0	2			Interest accrue & but not due - Special Fund Investments	4	3	1	4	0	0	3	0	2
4	3	1			4	0			0	3			0	3			Interest accrue & but not due-Grant Fund Investments	4	3	1	4	0	0	3	0	3
4	3	1			4	0			0	4	Receivables against Hire Purchase		0	0				4	3	1	4	0	0	4	0	0
4	3	1			4	0			0	5	Receivables against Lease Rentals		0	0				4	3	1	4	0	0	5	0	0
4	3	1			4	0			0	6	Interest due from		0	0				4	3	1	4	0	0	6	0	0

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										employee loans														
4	3	1		4	0			9	9	Other Receivable	0	0				4	3	1	4	0	9	9	0	0
4	3	1		5	0	Receivable from Government		0	0		0	0				4	3	1	5	0	0	0	0	0
4	3	1		5	0			0	1	Grants Receivable from Government	0	0				4	3	1	5	0	0	1	0	0
4	3	1		8	0	Receivables control accounts		0	0		0	0		Note: This account will not have balance at the year end		4	3	1	8	0	0	0	0	0
4	3	1		8	0			0	1	Receivables Control Account – Property Taxes	0	0				4	3	1	8	0	0	1	0	0
4	3	1		8	0			0	2	Receivables Control Account – Profession Taxes	0	0				4	3	1	8	0	0	2	0	0
4	3	1		8	0			0	2		0	1		Profession tax- Individual (Employees)		4	3	1	8	0	0	2	0	1
4	3	1		8	0			0	2		0	2		Profession tax – Firms/Organisation		4	3	1	8	0	0	2	0	2
4	3	1		8	0			0	2		0	3		Profession Tax- Others		4	3	1	8	0	0	2	0	3

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4	3	1			8	0			0	3	Receivables Control Accounts –Advertisement Tax		0	0			4	3	1	8	0	0	3	0	0	0
4	3	1			8	0			0	4	Receivables Control Account - Water Charges		0	0			4	3	1	8	0	0	4	0	0	0
4	3	1			8	0			0	5	Receivables Control Accounts – Electricity Charges		0	0			4	3	1	8	0	0	5	0	0	0
4	3	1			8	0			0	6	Receivables Control Accounts - Rent		0	0			4	3	1	8	0	0	6	0	0	0
4	3	1			8	0			0	7	Receivables Control Accounts - License Fees		0	0			4	3	1	8	0	0	7	0	0	0
4	3	1			8	0			0	8	Receivables Control Accounts –Advertisement Fee		0	0			4	3	1	8	0	0	8	0	0	0
4	3	1			9	1	State Govt Cesses/ levies in Property Taxes - Control account		0	0			0	0			4	3	1	9	1	0	0	0	0	0

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4	3	1			9	9	State Govt Cesses/ levies in Other Taxes - Control account		0	0			0	0			4	3	1	9	9	0	0	0	0
4	3	2	Accumulated Provisions against Debtors (Receivables)		0	0			0	0			0	0			4	3	2	0	0	0	0	0	0
4	3	2			1	0	Provision for outstanding Property Taxes		0	0			0	0			4	3	2	1	0	0	0	0	0
4	3	2			1	1	Provision for outstanding water Taxes (Blocked)		0	0			0	0			4	3	2	1	1	0	0	0	0
4	3	2			1	2	Provision for outstanding Other Taxes		0	0			0	0			4	3	2	1	2	0	0	0	0
4	3	2			1	2			0	1	Provision for outstanding Profession Tax		0	0			4	3	2	1	2	0	1	0	0
4	3	2			1	2			0	2	Provision for outstanding Advertisement Tax		0	0			4	3	2	1	2	0	2	0	0

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4	3	2			1	2			0	3	Provision for outstanding Tower Tax		0	0			4	3	2	1	2	0	3	0	0
4	3	2			1	2			9	9	Provision for outstanding Other Taxes		0	0			4	3	2	1	2	9	9	0	0
4	3	2			2	0	Provision for outstanding Cess		0	0			0	0			4	3	2	2	0	0	0	0	0
4	3	2			3	0	Provision for outstanding Fees & User Charges		0	0			0	0			4	3	2	3	0	0	0	0	0
4	3	2			3	0			0	1	Provision for outstanding User Charges		0	0			4	3	2	3	0	0	1	0	0
4	3	2			3	0			0	1			0	1		Provision for outstanding Water Charges	4	3	2	3	0	0	1	0	1
4	3	2			3	0			0	1			0	2		Provision for outstanding Other User Charges	4	3	2	3	0	0	1	0	2
4	3	2			3	0			0	2	Provision for outstanding Fees		0	0			4	3	2	3	0	0	2	0	0
4	3	2			3	0			0	2			0	1		Provision for outstanding	4	3	2	3	0	0	2	0	1

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
4	3	2		3	0			0	2			0	2	License Fees											
4	3	2		3	0			0	2			0	2	Provision for outstanding Advertisement Fees	4	3	2	3	0	0	2	0	2	0	2
4	3	2		3	0			0	2			0	3	Provision for outstanding Other Fees	4	3	2	3	0	0	2	0	3	0	3
4	3	2		4	0	Provision for outstanding other receivable		0	0			0	0		4	3	2	4	0	0	0	0	0	0	
4	3	2		4	0			0	1	Provision for outstanding Rent Receivable		0	0		4	3	2	4	0	0	1	0	0	0	
4	3	2		4	0			0	1			0	1	Provision for outstanding Rent Receivable-Rent from Civic Amenities-	4	3	2	4	0	0	1	0	1	0	1
4	3	2		4	0			0	1			0	2	Provision for outstanding Rent Receivable-Rent from Office Buildings-	4	3	2	4	0	0	1	0	2	0	2

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
4	3	2			4	0			0	1			0	3			Provision for outstanding Rent Receivable-Rent from Guest Houses-	4	3	2	4	0	0	1	0	3
4	3	2			4	0			0	1			0	4			Provision for outstanding Rent Receivable-Rent from Lease on Lands-	4	3	2	4	0	0	1	0	4
4	3	2			4	0			0	1			9	9			Provision for outstanding Rent Receivable-Other Rent	4	3	2	4	0	0	1	9	9
4	3	2			4	0			9	9	Provision for outstanding Other Receivable		0	0				4	3	2	4	0	0	2	0	0
4	3	2			9	1	<b>State Govt Cesses/ levies in Holding Taxes - Provision Account</b>		0	0			0	0				4	3	2	9	1	0	0	0	0
4	3	2			9	2	<b>State Govt Cesses/ levies in Water Taxes -</b>		0	0			0	0				4	3	2	9	2	0	0	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
4	3	2		9	9																				
4	4	0	Prepaid Expenses	0	0			0	0			0	0												
4	4	0		1	0	Prepaid Establishment Expenses		0	0			0	0												
4	4	0		2	0	Prepaid Administration Expenses		0	0			0	0												
4	4	0		3	0	Prepaid Operations & Maintenance Expenses		0	0			0	0												
4	4	0		4	0	Prepaid Interest & Finance Charges		0	0			0	0												
4	4	0		5	0	Prepaid Programme Expenses		0	0			0	0												
4	5	0	Cash & Bank Balances	0	0			0	0			0	0												

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
4	5	0			1	0	Cash Balance		0	0			0	0			4	5	0	1	0	0	0	0	0	0
4	5	0			1	0			0	1	Main A/c. Cash Balance		0	0			4	5	0	1	0	0	1	0	0	0
4	5	0			1	0			0	2	Special Fund-Cash Balance		0	0			4	5	0	1	0	0	2	0	0	0
4	5	0			1	0			0	3	Grant Funds- Cash Balance		0	0			4	5	0	1	0	0	3	0	0	0
4	5	0			2	1	Balance With Banks Main Municipal Fund-Nationalised Banks		0	0			0	0			4	5	0	2	1	0	0	0	0	0
					2	1			0	1	State Bank of India-1100111111-Main Municipal Fund		0	0			4	5	0	2	1	0	1	0	0	0
4	5	0			2	2	Balance With Banks Main Municipal Fund-Other Scheduled Banks		0	0			0	0			4	5	0	2	2	0	0	0	0	0
4	5	0			2	3	Balance With Banks Main Municipal Fund-Scheduled Co-		0	0			0	0			4	5	0	2	3	0	0	0	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
4	5	0			2	4	<b>operative Banks</b>											4	5	0	2	4	0	0	0	0
4	5	0			2	5	<b>Balance With Banks Main Municipal Fund- Post Office (blocked)</b>		0	0			0	0			4	5	0	2	5	0	0	0	0	
4	5	0			2	5	<b>Balance With Banks Main Municipal Fund- Treasury</b>		0	0			0	0			4	5	0	2	5	0	0	0	0	
4	5	0			4	1	<b>Balance with Bank Special Funds- Nationalised Banks</b>		0	0			0	0			4	5	0	4	1	0	0	0	0	
4	5	0			4	2	<b>Balance with Bank Special Funds- Other Scheduled Banks</b>		0	0			0	0			4	5	0	4	2	0	0	0	0	
4	5	0			4	3	<b>Balance with Bank Special Funds -Scheduled Co-operative Banks</b>		0	0			0	0			4	5	0	4	3	0	0	0	0	
4	5	0			4	4	<b>Balance with Bank Special Funds -Post Office</b>		0	0			0	0			4	5	0	4	4	0	0	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
							(blocked)																		
4	5	0		4	5	Balance with Bank Special Funds- Treasury		0	0			0	0			4	5	0	4	5	0	0	0	0	
4	5	0		6	1	Balance with Bank Specific Grant Funds- Nationalised Banks		0	0			0	0			4	5	0	6	1	0	0	0	0	
4	5	0		6	2	Balance with Bank Specific Grant Funds - Other Scheduled Banks		0	0			0	0			4	5	0	6	2	0	0	0	0	
4	5	0		6	3	Balance with Bank Specific Grant Funds- Scheduled Co-operative Banks		0	0			0	0			4	5	0	6	3	0	0	0	0	
4	5	0		6	4	Balance with Bank Specific Grant Funds -Post Office (blocked)		0	0			0	0			4	5	0	6	4	0	0	0	0	
4	5	0		6	5	Balance with Bank Specific Grant Funds-		0	0			0	0			4	5	0	6	5	0	0	0	0	

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
						Treasury																			
4	6	0	Loans, Advance and Deposits with others	0	0			0	0			0	0			4	6	0	0	0	0	0	0	0	0
4	6	0		1	0	Loan and advances to employees		0	0			0	0			4	6	0	1	0	0	0	0	0	0
4	6	0		1	0			0	1	Salary Advance		0	0			4	6	0	1	0	0	1	0	0	0
4	6	0		1	0			0	2	House Building Allowance		0	0			4	6	0	1	0	0	2	0	0	0
4	6	0		1	0			0	3	Permanent Advance		0	0			4	6	0	1	0	0	3	0	0	0
4	6	0		1	0			0	4	Festival Advance Loan		0	0			4	6	0	1	0	0	4	0	0	0
4	6	0		1	0			0	5	Vehicle Advances		0	0			4	6	0	1	0	0	5	0	0	0
4	6	0		1	0			0	6	Travel Advance		0	0			4	6	0	1	0	0	6	0	0	0
4	6	0		1	0			0	7	Vehicle Advance		0	0			4	6	0	1	0	0	7	0	0	0
4	6	0		1	0			0	8	Medical Advance		0	0			4	6	0	1	0	0	8	0	0	0
4	6	0		1	0			0	9	Advance for project						4	6	0	1	0	0	9	0	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	6	0			1	0			9	9	Loans to Employee		0	0			4	6	0	1	0	9	9	0	0
4	6	0			2	0	Employee Provident Fund Loans		0	0			0	0			4	6	0	2	0	0	0	0	0
4	6	0			3	0	Loan To Others		0	0			0	0			4	6	0	3	0	0	0	0	0
4	6	0			4	0	Advance to Suppliers and contractors		0	0			0	0			4	6	0	4	0	0	0	0	0
4	6	0			4	0			0	1	Advance to Suppliers		0	0			4	6	0	4	0	0	1	0	0
4	6	0			4	0			0	1			0	1		Advance to Suppliers - Advance paid - Municipal Fund	4	6	0	4	0	0	1	0	1
4	6	0			4	0			0	1			0	2		Advance to Suppliers - Advance paid – Specific Grants	4	6	0	4	0	0	1	0	2
4	6	0			4	0			0	1			0	3		Advance to Suppliers - Advance paid – Special Funds	4	6	0	4	0	0	1	0	3
4	6	0			4	0			0	1			0	4		Advance to Suppliers -	4	6	0	4	0	0	1	0	4

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
																Advance paid – Scheme Expenditure								
4	6	0		4	0			0	1			0	5		Advance to Suppliers - Hire Purchase Assets -Municipal Fund	4	6	0	4	0	0	1	0	5
4	6	0		4	0			0	2	Advance to Contractors		0	0			4	6	0	4	0	0	2	0	0
4	6	0		4	0			0	2			0	1		Advance to Contractors - Advance paid - Municipal Fund	4	6	0	4	0	0	2	0	1
4	6	0		4	0			0	2			0	2		Advance to Contractors - Advance paid - Specific Grants	4	6	0	4	0	0	2	0	2
4	6	0		4	0			0	2			0	3		Advance to Contractors - Advance paid - Special Funds	4	6	0	4	0	0	2	0	3
4	6	0		4	0			0	2			0	4		Advance to Contractors - Advance paid - Scheme Expenditure	4	6	0	4	0	0	2	0	4

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
4	6	0			4	0			0	2			0	5			Advance to Contractors - Materials Issued to Contractors - Municipal Fund	4	6	0	4	0	0	2	0	5
4	6	0			4	0			0	2			0	6			Advance to Contractors - Materials Issued to Contractors - Specific Grants	4	6	0	4	0	0	2	0	6
4	6	0			4	0			0	2			0	7			Advance to Contractors - Materials Issued to Contractors - Special Fund	4	6	0	4	0	0	2	0	7
4	6	0			4	0			0	2			0	8			Advance to Contractors - Materials Issued to Contractors - Scheme Expenditure	4	6	0	4	0	0	2	0	8
4	6	0			5	0	Advance to others		0	0			0	0				4	6	0	5	0	0	0	0	0
4	6	0			5	0			0	1	Advance to						4	6	0	5	0	0	0	1	0	0

Major Head		Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	6	0		5	0			0	1			0	1		Implementing Agencies									
4	6	0		5	0			0	1			0	1		Advance to Implementing Agencies - Municipal Fund	4	6	0	5	0	0	1	0	1
4	6	0		5	0			0	1			0	2		Advance to Implementing Agencies – Specific Grants	4	6	0	5	0	0	1	0	2
4	6	0		5	0			0	1			0	3		Advance to Implementing Agencies – Special Funds	4	6	0	5	0	0	1	0	3
4	6	0		5	0			0	1			0	4		Advance to Implementing Agencies – Scheme Expenditure	4	6	0	5	0	0	1	0	4
4	6	0		5	0			0	2	Advance to Projects		0	0			4	6	0	5	0	0	2	0	0
4	6	0		5	0			0	2			0	1		Advance to Projects - Municipal Fund	4	6	0	5	0	0	2	0	1
4	6	0		5	0			0	2			0	2		Advance to Projects –	4	6	0	5	0	0	2	0	2

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head		
4	6	0		5	0			0	2				0	3	Specific Grant											
4	6	0		5	0			0	2				0	4	Advance to Projects – Special Fund	4	6	0	5	0	0	2	0	3		
4	6	0		5	0			0	2				0	4	Advance to Projects – Scheme Expenditure	4	6	0	5	0	0	2	0	4		
4	6	0		5	0			9	9	Other Advances		0	0			4	6	0	5	0	9	9	0	0		
4	6	0		5	0			9	9				0	1	Other Advances - Municipal Fund	4	6	0	5	0	9	9	0	1		
4	6	0		5	0			9	9				0	2	Other Advances – Specific Grant	4	6	0	5	0	9	9	0	2		
4	6	0		5	0			9	9				0	3	Other Advances – Special Fund	4	6	0	5	0	9	9	0	3		
4	6	0		5	0			9	9				0	4	Other Advances -Scheme Expenditure	4	6	0	5	0	9	9	0	4		
4	6	0		6	0	Deposits with external Agencies		0	0				0	0		4	6	0	6	0	0	0	0	0		
4	6	0		6	0			0	1	Deposit with Electricity Board		0	0			4	6	0	6	0	0	1	0	0		

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	6	0			6	0			0	2	Telephones		0	0			4	6	0	6	0	0	2	0	0
4	6	0			6	0			0	3	Water		0	0			4	6	0	6	0	0	3	0	0
4	6	0			6	0			0	4	Petrol Pumps		0	0			4	6	0	6	0	0	4	0	0
4	6	0			8	0	Other current assets		0	0			0	0			4	6	0	8	0	0	0	0	0
4	6	0			8	0			0	1	Hire Purchase Instalments Receivable		0	0			4	6	0	8	0	0	1	0	0
4	6	0			8	0			0	2	Scheme Expenditure Control Account		0	0			4	6	0	8	0	0	2	0	0
4	6	1	Accumulated provisions against Loans ,Advances and Deposits		0	0			0	0			0	0			4	6	1	0	0	0	0	0	0
4	6	1			1	0	Loans to Others Accumulated provision		0	0			0	0			4	6	1	1	0	0	0	0	0
4	6	1			2	0	Advances Accumulated provision		0	0			0	0			4	6	1	2	0	0	0	0	0

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	6	1			3	0	<b>Deposits Accumulated provision</b>		0	0			0	0			4	6	1	3	0	0	0	0	
4	7	0	Other Assets	0	0			0	0			0	0			4	7	0	0	0	0	0	0		
4	7	0			1	0	<b>Deposit Works - Expenditure</b>		0	0			0	0	Note: This account will not have balance at year end		4	7	0	1	0	0	0	0	
4	7	0			2	0	<b>Inter Unit Accounts</b>		0	0			0	0	Note: This account will not have balance after consolidation of all AUs accounts		4	7	0	2	0	0	0	0	
4	7	0			3	0	<b>Interest Control Payable</b>		0	0			0	0			4	7	0	3	0	0	0	0	
4	7	0			3	0			0	1	<b>Interest Control Payable - Leases</b>		0	0			4	7	0	3	0	0	1	0	
4	7	0			3	0			0	2	<b>Interest Control Payable - Hire Purchase</b>		0	0			4	7	0	3	0	0	2	0	
4	8	0	Miscellaneous Expenditure W/O	0	0			0	0			0	0			4	8	0	0	0	0	0	0		

Major Head			Major head Descriptions		Minor Head		Minor head description		Detail Head Code		Detail head Description		Sub Detailed head		Sub Detail head Description		Major Head			Minor Head		Detailed head		Sub Detailed head	
4	8	0			1	0	<b>Loan Issue Expenses</b>		0	0			0	0			4	8	0	1	0	0	0	0	0
4	8	0			2	0	<b>Discount on Issue of loans</b>		0	0			0	0			4	8	0	2	0	0	0	0	0
4	8	0			3	0	<b>Others - Miscellaneous Expenditure to be written off</b>		0	0			0	0			4	8	0	3	0	0	0	0	0

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## Chapter Five

### 5. General Accounting Procedures

**This chapter on General Accounting Procedures aims to...**

- Provides you a basic idea of Books of Account, Forms & Registers Maintained by the Municipality and,
- Provide an overview of General Accounting procedure under the accrual based accounting System.

**By the end of this chapter, you should...**

- Be aware of the applicable Accounting Procedure and Books of Accounts, Forms & Registers maintained and,
- Understanding of the Accounting Procedure

#### Introduction

5.1 This chapter discusses the Books of Accounts to be maintained and the General Accounting Procedures to be followed by the Municipality under the accrual based accounting system.

#### Books of Accounts

5.2 The Books of accounts shall be maintained separately for each financial year as prescribed by the Bihar Municipal Act 2007 and in accordance with the National Municipal Accounting Manual modified as per the need of the respective State. Separate Books of Accounts shall be maintained for each Fund, as prescribed by the Government.

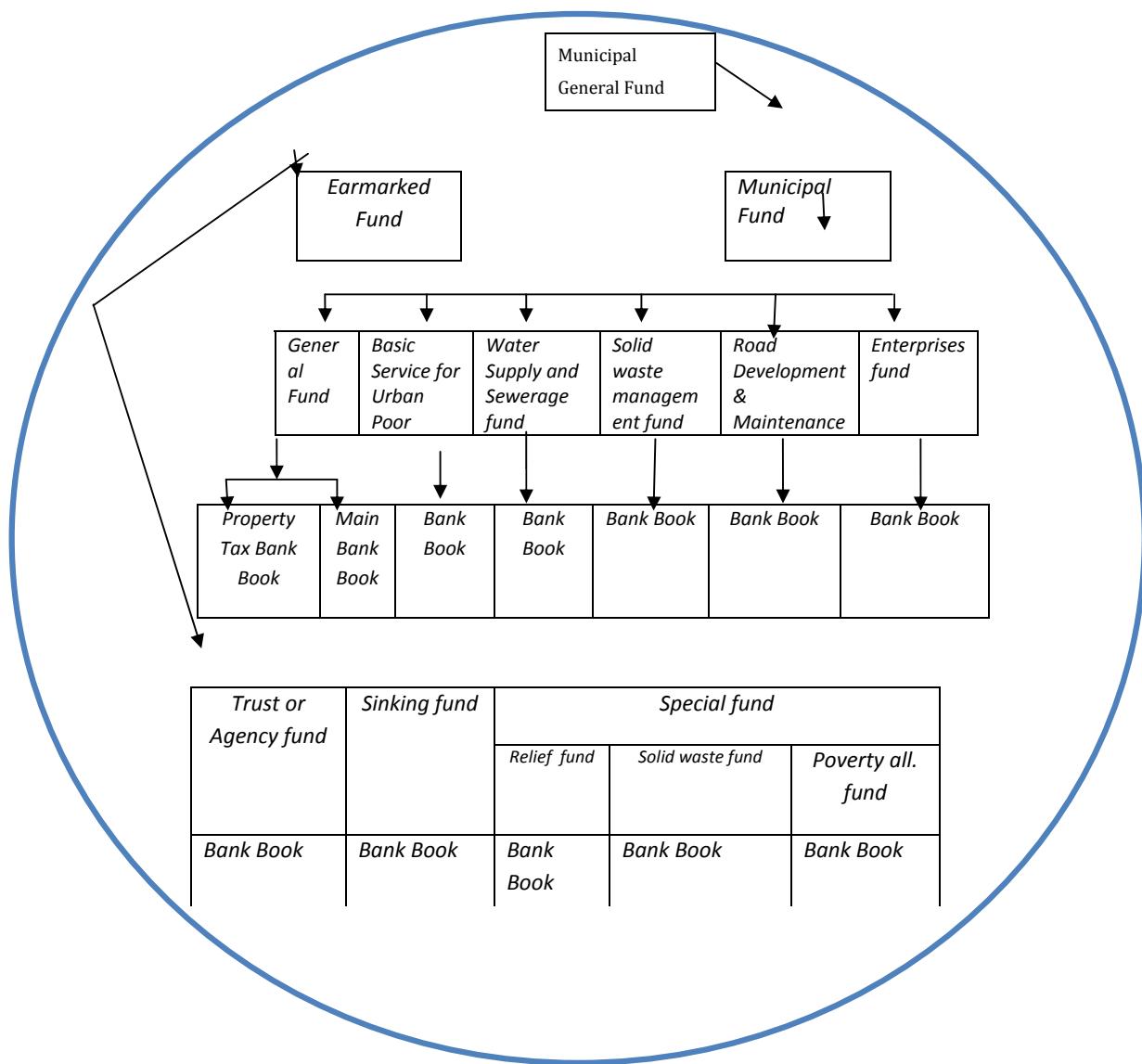
5.2A Bihar Treasury code and Bihar Financial Rules shall be followed. If any provision of this manual contravenes; provision of Bihar Treasury Code and Bihar Financial Rules shall prevail.

5.3 The following are the primary Books of Accounts that shall be maintained at the Municipality:

a. **Cash Book (Form GEN-1A)** shall be the Book of Original Entry for recording transactions involving Cash. The Cash Book has two sides, viz., "Receipt" and "Payment". All Cash collections on behalf of the Municipalities shall be recorded on the "Receipt" side and all Cash payments shall be recorded on the "Payment" side including Cash deposits and withdrawal from Bank.

b. **Bank Book (Form GEN-1B)** shall be the Book of Original Entry for recording transactions involving Bank. The Bank Book has two sides, viz.,

“Receipt” and “Payment”. All collections on behalf of the Municipalities shall be recorded on the “Receipt” side and all payments shall be recorded on the “Payment” side. Separate Bank Books may be maintained in respect of each Bank account. Designated Bank Accounts may be operated for deposit of collections pertaining to Property & Other Taxes, Water Supply, Cess, Public Works, Special Funds, Grants received in Advance, etc., as has been provided in the applicable rules and regulations. The details of the Bank Book under separate fund can be seen below:-



- c. **Journal Book (Form GEN-2)** shall be the Book of original entry for recording all transactions other than those involving Cash and/or Bank. A non- Cash/Bank transaction is first recorded in the Journal Book by dividing into its debit and credit aspects, from which a posting is done in the relevant ledger account. Recording of income in respect of Property & Other Taxes Bills raised, recording of liability on receipt of supplier's bills

are examples of transactions, which shall be first recorded in the Journal Book.

- d. **Ledger (Form GEN-3)** shall be the Book that shall contains all the accounts as specified in the Chart of Accounts. The Ledger has two sides, viz, “Debit” (Dr.) and “Credit” (Cr.). The head of account which is “Debited” while recording the accounting entry in the Journal Book (Form GEN-2) or which is recorded on the “Payment” side of the Cash Book/ Bank Book (Form GEN-1) shall be posted on the “Debit” side of the Ledger. Similarly the head of account which is “Credited” while recording the accounting entry in the Journal Book or which is recorded on the “Receipt” side of the Cash Book/Bank Book shall be posted on the “Credit” side of the Ledger. Each entry in the Cash Book, Bank Book and the Journal Book shall have a posting in the Ledger (except transactions relating to deposit into or withdrawal of Cash from Bank or transfer of amount from one Bank to another Bank account). The Ledger shall provide a listing of all the transactions in respect of a head of account during an accounting period. The posting of the entries from the Books of original entry to the Ledger has been explained later in this chapter.

## Accounting Documents

5.4 Vouchers prepared at the Municipalities shall form the base documents for recording the transactions in the Books of Original Entry. Vouchers shall be numbered separately for each type and shall be distinctly coded for each Fund. The Voucher numbering shall begin afresh every year. The accounting documents to be prepared by the Municipalities are described below:

- a. Cash/Bank Receipt Voucher (Form GEN-4) shall be the document prepared for recording receipt entries in the Cash Book/Bank Book. The Cash Receipt Voucher shall be prepared for receipts in Cash and the Bank Receipt Voucher for receipts by Cheques, Demand Drafts, Banker's Cheques, etc., which need to be deposited in the Bank for realisation. **Separate series of numbers shall be maintained for cash transactions and for each Bank account.** For example, the Bank Receipt Vouchers in respect of Bank Account A and B may have the series BRV-A-1 onwards and BRV-B-1 onwards respectively.
- b. Contra Voucher (Form GEN-6) shall be the document prepared for recording transactions involving deposit of Cash into the Bank, withdrawal of Cash from Bank or transfer of amount from one Bank to another.
- d. Journal Voucher (Form GEN-7) shall be the document prepared

for recording entries in the Journal Book. These entries would not involve any Cash/Bank related transactions.

### **Other Registers/Forms**

- 5.5 The specific Books of Accounts, Forms and Registers to be maintained at the various departments of the Municipality may be defined in various rules and regulations governing them. However forms for supporting inputs required from various departments for recording the transactions are prescribed in the subsequent chapters. Some of the other General Registers and Forms which shall be required to be maintained are provided in Table 5.1 below.

**Table 5.1**  
**Other General Registers and Forms**

Sr. No.	Name of the Form	Form Number
1	Receipt	GEN-8
2	Receipt Register	GEN-9
3	Statement on Status of Cheques Received	GEN-10
4	Collection Register	GEN-11
5	Memorandum of Collection	GEN-12
6	Summary of Daily Collection	GEN-13
7	Register of Bills for Payment	GEN-14
8	Payment Order	GEN-15
9	Cheque Issue Register	GEN-16
10	Register of Advance	GEN-17
11	Register of Permanent Advance	GEN-18
12	Deposit Register	GEN-19
13	Summary Statement of Deposits Adjusted	GEN-20
14	Demand Register	GEN-21
15	Bill for Municipal Dues	GEN-22
16	Summary Statement of Bills Raised	GEN-23
17	Register of Notice Fee, Warrant Fee, Other Fees	GEN-24
18	Summary Statement of Notice Fee, Warrant Fee, Other Fees	GEN-25
19	Register of Refunds, Remissions and Write-offs	GEN-26
20	Summary Statement of Refunds and Remissions	GEN-27
21	Summary Statement of Write-Offs	GEN-28
22	Statement of Outstanding Liability for Expenses	GEN-29
23	Documents Control Register/Stock Account of Receipt/Cheque Book	GEN-30
24	Register of Immovable Property	GEN-31
25	Register of Movable Property	GEN-32
26	Register of Land	GEN-33

27	Function-wise Income Subsidiary Ledger	GEN-34
28	Function-wise Expense Subsidiary Ledger	GEN-35
29	Asset Replacement Register	GEN-36
30	Register of Public Lighting System	GEN-37

5.6 The formats of all Books, Registers, and Forms referred in this chapter and those listed above (Form GEN-8 to GEN-37) are annexed to this chapter.

The Immovable and Movable properties for which Separate formats have been furnished are as under:

Immovable Properties :-		
1	Building Register	GEN-38
2	Statues and Heritage Assets Register	GEN-39
3	Road and Street Register	GEN-40
4	Bridges, Flyover, Subway and Causeway Register	GEN-41
5	Drains(Including Undergrounds Drains)Register	GEN-42
6	Ponds And Lakes Register	GEN-43
Movable Properties:-		
7	Plant and Machinery Register	GEN-44
8	Vehicle Register	GEN-45
9	Office Equipment Register	GEN-46
10	Furniture and Fixture Register	GEN-47
11	Computer and Peripheral Register	GEN-48
12	Software Register	GEN-49

### Procedure to Be Followed For Accounting of Collections

5.7 The collections in respect of the receipts of the Municipality may be made by Collection Officers ((Bill Collectors/ Department/ Transferred Institution), Collection Counters (i.e. Designated Banks Branches / External Collection Counters/Direct Credit to Banks, etc.) and Municipal Collection Offices (i.e. Zone Offices/Head Office, etc.), etc. The General procedure for the receipt, deposit and accounting of the collections shall be as follows:

a. Collection by Collection Officer (Bill Collectors/ Department/ Transferred Institution)

- Issue of receipt:

The Collection Officer shall issue a Receipt in Form GEN – 8, to the party for all collections made in Cash/ Cheques/ Demand Draft.

- Entry in the Collection Register:

The Collections for a day shall be posted under the relevant columns, of the Collection register maintained in Form GEN - 11 and the collections of a day shall be totaled and written in the words and figures below the last posting for the day right across the pages and signed by the officer making the collections.

- Preparation of Memorandum of Collection:

The Collection Officer shall also prepare a department wise Memorandum of Collections, maintained in Form GEN - 12 when the collections are made. The daily total of the collections shall be written in words and figures in the Memorandum and signed by him as in the Collections Register.

- Verification by the Clerk of the concerned Department:

The Receipt Book containing the copy of the receipts granted to the parties shall be produced before the designated Clerk of the Department, along with the Collection Register and the true copy of the posting taken in "Memorandum of Collections" which shall be checked by the Clerk. He shall affix his initials against each entry in the columns provided for the purpose both in the Collection Register and in the Memorandum of Collection, in token of his having verified in full the posting made therein.

- Authorisation by the Head of the Department:

The Head of the Department shall authorise the Memorandum of Collection. The Collection Register, the Memorandum and the Receipt Books shall be returned to the Collection Officer for remittance to the designated Municipal Collection Office. The Head of the Department, shall on a periodic basis, actually check the Memorandum of Collection with the Collection Register.

- Remittance at the designated Municipal Collection Office:

The Collection Officers shall remit the amounts collected at the Municipal Collection Office and shall submit a copy of the Memorandum of Collections along with it.

b. Collection at Collection Counters (Designated Bank Branches /External Collection Counters/ Direct Credit to Banks, etc.)

There shall be a designated person in the Municipality to liaise with the Collection Counters on a daily basis for the purpose of recording the daily collections. A separate Collection Register and Memorandum of Collections shall be maintained to record the collections made at these Counters.

- Obtaining of daily collection details:

The designated person shall liaise with the Collection Counters and obtain the details of individual receipts for the day. In the case of collections at the banks, the collections shall include both account transfers and over the counter receipts.

- *Issue of receipt:*

The designated person shall issue individual Receipt in Form GEN – 8, to all the parties who paid at/through these Collection Counters.

- *Entry in the Collection Register:*

The Collections for a day shall be posted under the relevant columns, of the Collection Register maintained in Form GEN - 11 and the collections of a day shall be totaled and written in the words and figures below the last posting for the day right across the pages and signed by the designated person.

- *Preparation of Memorandum of Collection:*

The designated person shall also prepare a department wise Memorandum of Collections, maintained in Form GEN – 12. The daily total of the collections shall be written in words and figures in the Memorandum and signed by him as in the Collections Register.

The Memorandum of Collection of each department shall be sent to the concerned department along with all Challan and supporting bills, for updation of their records.

- *Entry in the Register of Cheques Received:*

The designated person shall make an entry in the Register of Cheques Received, maintained in Form GEN –9 for all the Cheques received by it. Register of Cheques Received can be maintained in perforated sheets, so that the second copy can be used for depositing Cheques with Bank or other Municipal Collection Offices of the Municipality.

- *Submission to Accounts Department:*

The Memorandum of Collections shall be submitted to the Municipal Collection Office along with the Deposit Slip (in case the amount is deposited in the bank directly)/Copy of the Register of Cheques Received (where the amount is not deposited directly by the Collection Officers) so that the accounting entries for the same shall be passed.

c. Collection at the Municipal Collection Office (Zone/Head Office)

- *Issue of receipt:*

The Municipal Collection Office shall issue a Receipt in Form GEN – 8, to the party for all collections made in Cash/ Cheques/ Demand Draft.

- *Entry in the Collection Register:*

- Entry for the Collections made by the Collection Officers:

The Municipal Collection Office shall pass a consolidated entry in the Collection Register from the Memorandum of Collections submitted by the Collection Officers.

- Entry for the Collections made at its own office:

The Collections for a day, shall be posted under the relevant columns, of the Collection Register maintained in Form GEN - 11 and the collections of a day shall be totaled and written in words and figures below the last posting for the day right across the pages and signed by the officer making the collections.

- *Preparation of Memorandum of Collection:*

- Entry for the Collections made by the Collection Officers:

The Municipal Collection Office shall pass a consolidated entry in the department wise Memorandum of Collections maintained in Form GEN - 12 from the Memorandum of Collections submitted by the Collection Officers.

- *Entry for the Collections made at its own office:*

The Municipal Collection Office shall also prepare a department wise Memorandum of Collections, maintained in Form GEN - 12 for the collections made at its office. The daily total of the collections shall be written in word and figures in the Memorandum and signed by him as in the Collections Register.

The Memorandum of Collection of each department shall be sent to the concerned department for updation of their records. The Memorandum of Collection submitted by the Collection Officers and all supporting Bills and Chalans shall also be attached for reference.

- *Verification by the Clerk of the concerned Department:*

The Receipt Book containing the copy of the receipts granted to the parties shall be produced before the designated Clerk of the Department, along with the Collection Register and the true copy of the posting taken in "Memorandum of Collections" which shall be checked by the Clerk. He shall affix his initials against each entry in the columns provided for the purpose both in the Collection Register and in the Memorandum of Collection, in token of his having verified in full the posting made therein.

- *Authorisation by the Head of the Department:*

The Head of the Department shall authorise the Memorandum of Collection. The Collection Register, the Memorandum and the Receipt Books shall be returned to the Collection Officer for

remittance to the Bank/Municipal Collection Office. The Head of the Department shall on a periodic basis, actually check the Memorandum of Collection with the Collection Register.

- *Entry in the Register of Cheques Received:*

The Municipal Collection Office shall make an entry in the Register of Cheques Received, maintained in Form GEN –9 for all the Cheques received by it and by the Collection Officers. Register of Cheques Received can be maintained in perforated sheets, so that the second copy can be used for depositing Cheques with Bank or other Municipal Collection Offices of the Municipality.

- *Preparation of Summary of Daily Collection:*

Based on the details from the Collection Register, the Collection Counters and Municipal Collection Office shall prepare a Summary of Daily Collection in Form GEN-13. The Summary of Daily Collection is a covering sheet that provides a summary of the total revenues collected by the Municipal Collection Office.

- *Submission to Accounts Department:*

The Summary of Daily Collection shall be submitted to the Accounts Department along with all the Memorandum of Collections and the Deposit Slip (in case the amount is deposited in the bank directly) / Copy of the Register of Cheques Received (where the amount is not deposited directly by the Collection Officers) so that the accounting entries for the same shall be passed.

### **At the Accounts Department**

- a. Deposit in Bank /Treasury. All sums received in Cash/Cheques/Demand Drafts shall be remitted into the Bank/Treasury Account(s) (other than Public Account) the next working day. Remittance into the Bank/Treasury shall be made through Chalans prepared in duplicate. The Chalans shall be prepared by the Cashier and signed by the Chief Municipal Officer or any other officer authorised by him on this behalf. The original acknowledged by the Bank/Treasury shall be filed in the Municipal Office by the Cashier.
- b. Preparation of Bank/Cash Receipt Voucher. The Accounts Department shall prepare a Bank/Cash Receipt Voucher (Form GEN-4) for all collections made in Cash/Cheque/Demand Draft and pass the entry for recording the collections based on the Summary of Daily Collection (Form GEN-13) received on a daily basis.

For example, the following entry shall be passed in respect of receipt of Security Deposit received by Cheque.

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
340100200	To Security Deposit **		Credit
<b>Source Document:</b> Summary of Daily Collection -Form GEN-13			
<b>Records Updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and Account number

\*\* Use the appropriate head of account as applicable

Note: In the case where amount is collected by the external Collection Counters, as the amount is yet to be collected, the Accounts Department shall pass the entry debiting the 'Receivable from external Collection Counters' and crediting the respective 'Income head'

c. Entry in Bank Book. In practice, the above entry shall be passed in the Bank Book (Form GEN-1B), in the "Bank" column on the "Receipt" side, as follows:

DRAFT

Name of the Municipality (extracts)

**BANK BOOK**

Receipts							Payments							
Date	Voucher No.	Function code	Account Code	Particulars	L/F	Amount (Rs.) Illustrative Figures	Date	Vouchr No.	Cheque No.	Function code	Account Code	Particulars	L/ F	Amount (Rs.) Illustrative Figures
1/1/09				To Security Deposits		1,00,000								

(Extracted Bank Book)

d . Posting in the Ledger:-From the Bank book,a posting shall be made to the Ledger (Form GEN-3) in the “Deposit from Contractors - Security Deposit” Account on the “Credit” side, as shown below:

**Deposit from contractors - Security Deposit**

Dr.							Cr.		
Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)
					1/1/09		By Bank Account		1,00,000

e. Similarly, cash collections in respect of Water Supply shall be accounted as follows:

Code	Particulars	Debit	Credit
450100000	Cash Account	Debit	
431800400	To Receivables Control Account – Water Charges		Credit
<b>Source Document:</b> Summary of Daily Collection -Form GEN-13 <b>Records Updated:</b> Bank Book, Ledger			

- f. In practice, the above entry shall be passed in the relevant Cash Book (Form GEN-1A), in the “Receipt” side and posted to the Ledger (Form GEN-3), as follows:

**CASH BOOK**

Receipts							Payments						
Date	Voucher No.	Function Code	Account Code	Particulars	L/F	Amount (Rs.) (Illustrative figure)	Date	Voucher No.	Function Code	Account Code	Particulars	L/F	Amount (Rs.) (Illustrative figure)
1/1/09				To Receivables Control Account – Water Charges		50,000							

**Receivables Control account**

Dr.							Cr.		
Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)
					1/1/09		By Cash Account*		50,000

\*Specify the name of the bank and account number

- g. The entries to be passed for recording the collection of revenues have been provided in the subsequent chapters.
- h. Updation of Subsidiary Ledgers. The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major revenues in Form GEN - 34. The Subsidiary Ledgers would provide function-wise break-up of above-mentioned income earned/received by the Municipalities on a daily basis. Separate folios shall be maintained for each function within the Subsidiary Ledger for recording incomes in respect of each function. When some income is earned, it will be first recorded in the Cash Book/ Bank Book on the receipt side or in the journal from bills submitted by the concerned departments. Thereafter the entry will be posted to the credit of the appropriate income account in the Main Ledger. Simultaneously, the amount will also be recorded in the folio for the concerned function in the Subsidiary Ledger under the respective income column.
- i. This is illustrated with reference to the Function Revenue Department which have received from various type of heads as listed below:

Day 1

Property Tax: Rs. 1,0000  
Rent from Office Building Rs. 5000  
Stamp Duty from transfer of Property: Rs. 100,000

Day 2

Tax on Advertisement Rs. 20000  
Rent from Market Rs.50000  
Professional Tax- 10000

- j. The folio for the Revenue in the Subsidiary Ledger shall provide for separate columns for various major heads on Income for which the incomes are received. The details of income received, after being posted in the General ledger, shall be posted in the relevant Subsidiary Ledger as follows:

**Table 5.2**  
**Function wise Income Subsidiary Ledger**

**Function: Revenue**

Date	Ref. No.	Particulars	Total Amount	Tax Revenue	Assigned Revenue	Rental Income
1 2	1	Property Tax	10000	10000		
	2	Rent from Office Building	5000			
	3	Stamp duty on Transfer of Property	100000		<b>100000</b>	5000
	4	Tax on Advertisement	20000	20000		
	5	Rent from Market	50000			50000
	6	Professional Tax	10000	10000		
		<b>Total for the month</b>	<b>195000</b>	<b>40,000</b>	<b>100000</b>	<b>55000</b>
		Cum. total at the beginning of the month	NIL	NIL	NIL	NIL
		Cum. Total at the end of the month	<b>195000</b>	<b>40,000</b>	<b>100000</b>	<b>55000</b>

- k. **Updation of Other Subsidiary Ledgers.** After the updation of Income wise Subsidiary Ledger, other Subsidiary Ledgers may be updated for receipt of Security Deposit, etc.
- l. Each of the above entries will be first posted in the respective ledger accounts in the Main Ledger. Thus, *the Main Ledger will be a complete record from which a Trial Balance can be prepared*. However, *for ascertaining function-wise details the Subsidiary Ledger will need to be referred*.
- m. Summary of major head wise income for each of the function may be prepared from the Subsidiary Ledgers in the following format (Table 5.3).

**Table 5.3**  
**Summary of major head wise Income**

Sl. No	Function code	Functions Head	Total Income	Major Heads of Income			
				Tax	Assigned Revenue	Rental	...
		Revenue Education Health	195000	40,000	100000	55000	
<b>Total for the major Heads of Income</b>			<b>195000</b>	<b>40,000</b>	<b>100000</b>	<b>55000</b>	

n. Summary total of major heads of Income prepared as stated above must agree with the major income head wise schedules prepared from Trial Balance.

- o. Updation of details regarding Cheques/Drafts deposited. The realisation/return of the Cheques/Drafts shall be followed up with the Bank by the designated person (who has deposited the Cheques). The details of the realisation/non-realisation of the Cheques/Drafts shall be communicated to the Accounts Department by the Collection Counter/ Municipal Collection Office who have actually deposited the Cheques and co-ordinating with the Bank, through a Statement on Status of Cheques Received, prepared in Form GEN-10. In respect of Cheques which have become dishonoured, the details shall be intimated to the Cashier. The Cashier shall prepare a Summary Statement of Cheques dishonoured in the same format as that of Summary of Daily Collection in Form GEN - 13.
- p. Based on the Statement of Dishonoured Cheques, the Accounts Department shall reverse the entry passed in "g" above i.e. on preparation of Bank Receipt Voucher.

For e.g. Security Deposit received by Cheque and deposited in Main Bank Account is dishonoured. The Accounts Department shall pass the following entry for reversal of receipt.

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
340100200	Security Deposit*	Debit	
450210000	To Bank Account**		Credit
<b>Source Document:</b> Summary Statement of Dishonoured Cheques			
<b>Records Updated:</b> Bank Book, Ledger			

\* Use the appropriate head of account as applicable

\*\* Specify name of the Bank and Account number

- q. Subsidiary Ledgers shall be adequately updated for the reversal entry to be passed in respect of Fees & User Charges and Sale & Hire Charges due to dishonour of Cheques.
- r. An administrative charge is normally levied on the dishonoured Cheques.

### **PROCEDURE TO BE FOLLOWED FOR ACCOUNTING OF PAYMENTS**

- 5.8 The payments of the Municipality may be done by Cash or drawing of Cheques or through Bill System.
- 5.9 The procedure in respect of payments, made by the drawal of Cheques is given below:
- a. Receipt of Claims.  
The Claims against the Municipality shall be received at the Accounts Department. The details of the bill shall be entered in the Register of Bills for Payment in Form GEN -14 and the Claims shall be sent to the respective

department for verification of the claim.

b. Verification at the Concerned Department:

The concerned department shall make an entry in the Register of Bills for Payment in Form GEN 14 – maintained in the department and verify the claims received. A Bill (the type of bill is dependent on the nature of claim/payment) shall be prepared. The Bill shall be stamped as ‘certified for payment’ and signed by the concerned authorities.

c. Preparation of Payment Order:

On approval of the payment by the concerned authorities, a Payment Order (Form GEN – 15) shall be prepared at the concerned department. The Bills, the Payment Order and the supporting for the Claim shall be sent to the Accounts Section/pre audit Section.

d. The person responsible for Accounts / Pre – Audit shall ensure the following relating to the Payment Order.

- Whether the supporting documents such as invoices, bills, etc are stamped with ‘certified for payment’ and signed by the authorities of the concerned department;
- Whether adequate budget appropriation/provision is available under the particular head.
- Whether evidence of entry into Purchase /Fixed Assets/ Investments Register with folio and reference numbers are attached/ available;
- A Work/Job Completion Certificate is received and a copy is attached with the payment voucher in the case of release of security or other caution deposits relating to construction or acquisition of fixed assets;
- Whether a copy of the purchase order with update of items / stocks received along with the reference to goods in good condition / satisfactory condition as per specification receipt/ gate pass note, etc is attached with the payment voucher.
- Further, physical verification of the concerned Registers such as Fixed Assets/ Stocks/ Investments, etc. may also be carried out to ensure that the bills under ‘payment order’ are entered in the registers.

e. In case of any queries in the process of verification of ‘Payment Order’ explained above, including non-reference to the relevant folio/page number of the Stock/Measurement Book or Fixed Asset Register or Register of Bills for Payment, the same shall be noted on the Payment Order and shall be forwarded back to the respective department.

f. The concerned department shall resolve the query raised (in d. above), make the necessary changes in the Payment Order and the other Registers/Forms, if required, and forward the documents back to the Accounts /Pre-Audit Section for review of the revised Payment Order.

g. Accrual of Bill. After a satisfactory verification of the Payment Order and its supporting, the Payment Order shall be released for payment. On

approval of payment, entry shall be updated in the Register of Bills for Payment maintained at Accounts Department (Form GEN-14) and a Journal Voucher is prepared.

- h. Preparation of a Cash/Bank Payment Voucher. A Cash/Bank Payment Voucher (Form GEN-5) shall be prepared for payment and verified by the Accounts Department.  
(The entries to be passed for recording the expenditure and payments have been provided in the subsequent chapters, e.g., Chapter 11 - Public Works, Chapter 12- Stores, Chapter 13-Establishment Expenditure, Chapter 15-Other Revenue Expenditures, etc)
- i. Preparation of Cheque. On verification of the Cash/Bank Payment Voucher, a Cheque shall be prepared. The date of preparation of the Bank Payment Voucher shall be the date of the Cheque. The person preparing the Cheque shall mention the date of the Cheque. An entry of the Cheque prepared shall be made in the Cheque Issue Register, maintained in Form GEN-16.
- j. Signing of the Cheque. The authorised signatory (ies) shall sign the Cheque, Cash/Bank Payment Voucher and Cheque Issue Register.
- k. Recording of entry for payment. After the signing of the Cash/Bank Payment Voucher, the Accounts Department shall pass the entry for the payment. For example, the Accounts Department shall pass the following entry for payment of rent in respect of municipal building:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
220100000	Rent, Rates & Taxes	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records Updated:** Bank Book, Ledger

\* Specify name of the Bank and Account number

- l. Entry in Bank Book. In practice, the above entry shall be passed in the Bank Book (Form GEN-1B), on the “Payment” side, as follows:

**BANK BOOK**

Receipts							Payments							
Date	Voucher No.	Function code	Account Code	Particulars	L/F	Amount (Rs.) (Illustrative figure)	Date	Voucher No.	Cheque No.	Function code	Account Code	Particulars	L/F	Amount ((Illustrative figure) Rs.)
						1/1/09						By, Rent rates & taxes		15,000 ←

- m. Posting in the Ledger. From the Bank Book, a posting shall be made to the Ledger (Form GEN-3) in the “Rent, Rates & Taxes” Account on the “Debit” side, as shown below:

**Rent, Rates & Taxes Account**

Dr.													Cr.
Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Account Code		Particulars	Folio		Amount (Rs.) (Illustrative figure)		
1/1/09		To Bank Account*		15,000 ←									

\* Specify name of the Bank and account number

- n. Similarly, payment made to a contractor towards construction of a building block shall be accounted as follows (separate Bank Book shall be maintained for Designated Public Works Bank Account):

Code	Particulars	Debit	Credit
350100101	Contractors Control Account – Municipal Fund	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15

**Records Updated:** Bank Book, Ledger

\* Specify name of the Bank and Account number

- o. In practice, the above entry shall be passed in the Public Works Bank Book (Form GEN-1), on the “Payment” side and posted to the Ledger (Form GEN-3), as follows:

### BANK BOOK

Receipts							Payments							
Date	Voucher No.	Function code	Account Code	Particulars	L/F	Amount (Rs.)	Date	Voucher No.	Cheque No.	Function code	Account Code	Particulars	L/F	Amount (Rs.)
							1/1/09					By, Contractors Control Account – Municipal Fund		5,00,000

### Contractors Control Account

Dr.	Particulars				Cr.			
Date	Account Code	Folio	Amount (Rs.) (Illustrative figure)	Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)
1/1/09		To Bank Account *	5,00,000					

p. Updation of Subsidiary Ledgers for expenditures. The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major expense head in Form GEN – 35. The Subsidiary Ledgers would provide function-wise break-up of above-mentioned expenses incurred by the Municipalities on a daily basis. Separate folios shall be maintained for each function. When some expenditure is incurred, it will be first recorded in the Cash Book/ Bank Book on the payment side or in the credit side from Journal Voucher submitted. Thereafter the entry will be posted to the credit of the appropriate expense account in the Main Ledger. Simultaneously, the amount will also be recorded in the folio for the concerned function in the Subsidiary Ledger under the respective expense column.

q. This is illustrated with reference to the Function Public works, which have incurred various types of expenses as listed below.

Day 1

Salaries of staff Rs. 50,000  
 Books & Periodicals Rs. 5,000  
 Consumption of stores Rs15,000

Day 2

Repairs to Roads Rs.100,000  
 Communication expenses Rs.5,000  
 Computer consumables Rs.10,000

r. The folio for the Expense in the Subsidiary Ledger shall provide for separate columns for various major heads of expenses. The details of expenses incurred, after being posted in the General ledger under the respective expense head, shall be posted in the relevant Subsidiary Ledger as follows:

**Table 5.4**  
**Function wise Expenses Subsidiary**  
**Ledger**

Date	Ref. No.	Particulars	Total Amount	Major Heads of Expenses			
				Establishment	Administration	Operations & maintenance	...
1	1	Salaries of staff	50,000	50,000	5,000	15,000	
	2	Books & Periodicals	5,000				
	3	Consumption of Stores	15,000				
	4	Repairs to Roads	100,000				
	5	Communication expenses	5,000				
	6	Computer Consumables	10,000				
	:						
		<b>Total for the month</b>	<b>185000</b>	<b>50,000</b>	<b>20,000</b>	<b>115000</b>	
		Cum. total at the beginning of the month	NIL	NIL	NIL	NIL	NIL
		Cum. Total at the end of the month	<b>185000</b>	<b>50,000</b>	<b>20000</b>	<b>115000</b>	

s. Each of the above entries will be first posted in the respective ledger

accounts in the Main Ledger. Thus, *the Main Ledger will be a complete record from which a Trial Balance can be prepared.* However, for ascertaining function-wise details the Subsidiary Ledger will need to be referred.

- t. Summary of major head wise expenses for each of the function may be prepared from the Subsidiary Ledgers in the following format (Table 5.5).

**Table 5.5**  
**Summary of major head wise expenses**

Sl. No.	Function code	Functions Head	Total Income	Major Heads of Expenses			
				Establishment	Administration	Operations & maintenanc	...
1		Public Works	37,0000	10,0000	4,0000	23,0000	
2		.....					
3							
<b>Total for the major Heads of Expenses</b>			37,0000	10,0000	4,0000	23,0000	

- u. Summary total of major heads of Expenses prepared as stated above must agree with the major expenses detailed head wise schedules prepared from Trial Balance.
- v. Updation of Other Subsidiary Ledgers. After the updation of Expense wise Subsidiary Ledger, other Subsidiary Ledgers like party wise ledgers, etc. may be updated for payments made.

### **ACCOUNTING FOR JOURNAL ENTRIES**

- 5.10 For transactions other than those involving Cash and/or Bank, the Accounts Department shall prepare a Journal Voucher (Form GEN-7) for recording the entry in the Journal Book. The following example illustrates the recording of entry in the Journal Book:
- 5.11 For recording the entry in respect of the raising of demand in respect of Property and Other Taxes, the Accounts Department shall prepare a Journal Voucher (Form GEN-7) and pass the following entry in the Journal Book (Form GEN-2):

<b>Journal Book of</b>		<b>name of the Municipality</b>	
<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
431100100	Receivables for Property Taxes (Current)	Debit	
110010000	To Holding Tax		Credit
<b>Source Document:</b> Summary Statement of Demand Raised <b>Records Updated:</b> Journal Book, Ledger			

- 5.12 Posting in the Ledger. From the Journal Book, a posting shall be made to the Ledger (Form GEN-3) as shown below:

**Receivables for Property Tax (Current) Account**

Dr.					Cr.				
Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)
1/1/09		To Holding Tax		50,000					

**Holding Tax (General) Account**

Dr.					Cr.				
Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Account Code	Particulars	Folio	Amount (Rs.) (Illustrative figure)
					1/1/09		By Receivables of Property Taxes (Current)		50,000

\* Insert Detailed Head Codes of Account as applicable.

5.14 The Journal Entries are also passed for rectification of errors in recording of earlier transactions.

For example, if the income in respect of sale of Forms has been taken as Registration Fees from PW contractors:

a. The entry which should have been actually passed would be:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
150110100	To Sale of Tender Forms		Credit

**Source Document:** Summary of Daily Collection – Form GEN - 13  
**Records Updated:** Bank Book, Ledger

\* Specify name of the Bank and Account number

But the entry has been wrongly passed as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
140100500	To Contractor Registration Fee		Credit

**Source Document:**  
**Records Updated:** Bank Book, Ledger

\* Specify name of the Bank and Account number

b. To rectify the above, the Accounts Department shall prepare a Journal Voucher

(Form GEN-7) and pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
140100500	Contractor Registration Fee	Debit	
150110100	To Sale of Forms - Tender Forms		Credit

**Source Document:**  
**Records Updated:** Journal, Bank Book, Ledger

\* Specify name of the Bank and Account number

#### **PERMANENT/OFFICIAL ADVANCE**

5.15 For permanent advance (imprest cash) provided to the various officers/departments of the Municipality, such payments shall be initially recorded as an advance provided. The details of the expenditure incurred against the advance shall be recorded in a Register of Advance maintained at the various departments in Form GEN-17. The details of the advances given shall be recorded in the Register of Permanent Advance in Form GEN-18. The concerned department shall prepare Payment Order (Form GEN-15) for replenishment of the permanent advance.

5.16 Similarly, the employees of the Municipality to whom official advances are provided for incurring expenditure on behalf of the Municipality shall prepare a Payment Order for the expenditure incurred as soon as the purpose for which the advance was provided is accomplished.

5.17 The Payment Order prepared for expenditure incurred against the permanent

advance or against the official advance shall be approved in the same manner as the Payment Order prepared for normal expenditure.

### **BANK CHARGES**

5.18 Based on the nature of Banking services availed by a Municipality, service charges or transaction processing charges (for example Demand Draft commission, outstation Cheque clearing charges, etc) are charged by the Banks.

5.19 The Bank through an Advice gives details of their charges. Municipalities shall account for the Bank Charges based on the Debit Advices. In the absence of receipt and accounting for Bank charges, these will be listed in the Bank Reconciliation Statements prepared as explained in Chapter 26 on Reconciliation Procedures, as items not accounted by the Municipality. The accounting entry shall be passed as on the date of reconciliation . Accounting entry for Bank Charges shall be as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
240700000	Bank Charges	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Bank Statement  
**Records Updated:** Bank Book, Ledger

\* Specify name of the Bank and Account number

### **STALE/OBSOLETE CHEQUES**

5.20 The normal validity period of a Cheque is within three months in the case of Cheques drawn on the Treasury and six months in all other cases from their date of issue (or such shorter period as decided by the Government), from the date of the Cheque. On expiry of the validity period, in case the Cheque has not been paid, it becomes a stale Cheque.

5.21 At period end, the Accounts Department shall review the Cheque Issue Register (Form GEN-16) and the Bank Reconciliation Statements (format provided in Table 26.2 of Chapter 26 on Reconciliation Procedures) to identify the Cheques, which have become stale. It shall prepare a Bank Receipt Voucher (Form GEN-4) for recording a notional receipt in respect of the stale Cheques. The necessary details shall be updated in the Cheque Issue Register (Form GEN-16). In respect of the stale Cheques, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
350800100	To Liability in respect of Stale Cheques		Credit

**Source Document:** Cheque Issue Register – Form GEN - 16  
**Records Updated:** Bank Book, Ledger

\* Specify name of the Bank and Account number

5.22 When a fresh Cheque is issued against the stale Cheques, the Accounts Department shall prepare a Bank Payment Voucher (Form GEN-5). After approval and signing of the Bank Payment Voucher by the concerned authorities, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
-------------	--------------------	--------------	---------------

350800100	Liability in respect of Stale Cheques	Debit	
350800100	To Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN - 15			
<b>Records Updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and Account number

5.23 Liability in respect of Stale Cheques account shall be reviewed periodically and those Stale Cheques which were not revalidated for a period of 3 years or such period as may be specified by the Government from the date of original issue shall be reversed as 'Write back of Liability for Stale Cheques' under Other incomes of the Municipality. Accounts Department shall pass the following entry for recognition of other income:

Code	Particulars	Debit	Credit
350800100	Liability in respect of Stale Cheques	Debit	
180500000	To Unclaimed Refund Payable/ Liabilities Written Back		Credit
<b>Source Document:</b>			
<b>Records Updated:</b> Journal Book, Ledger			

### **GENERAL INSTRUCTION FOR PAYMENTS**

5.24 All payments made by the Accounts Department shall be recorded in the Cash Book/ Bank Book (Form GEN-1A &1B) on a daily basis, as and when the transactions happen.

5.25 Payments exceeding the limits prescribed by the Director of Local Bodies shall be made only by "Account Payee Crossed" Cheque, Demand Draft, Electronic Clearance System or Direct Credit to Payee's bank account or other modes as approved from time to time.

5.26 All claims against the Municipality, which are barred by time under any provisions of law relating limitation, are ordinarily to be refused and no claim on account of such time barred items is to be paid without the sanction of the Council/ DLB . This question shall be decided on the merits of each case.

5.27 In case of payments made by Drafts that are issued by Banks through a written instruction other than a Cheque, i.e., an authorisation letter, etc., the copy of the authorising document shall be attached to the Payment Order (Form GEN-15). The entry for payments made in this manner shall be recorded on receiving the Drafts from the Bank. A copy of the draft shall also be attached to the Payment Order. As a policy the Draft, shall be collected on the day the Draft becomes ready for collection and the accounting entry for the same shall be passed on the same day.

5.28 In respect of Cheques, which are cancelled or lost, the Accounts Department shall update the Cheque Issue Register (Form GEN-16) against the specific Cheque numbers. The Cheques cancelled shall bear the approval of the authorised signatories on the Cheque and in the Cheque Issue Register.

### **ACCOUNTING FOR CONTRA ENTRIES**

5.29 Contra entry means an Accounting Entry that is recorded on one sides of a Cash

Book and in other side of Bank Book or it may be one side of one Bank to Other Bank, showing inflow and outflow of funds at the same time. Contra entries are entries for recording deposit of Cash in the Bank, withdrawal of Cash from the Bank or transfer of funds from one Bank to another. For example, Cash deposited with Bank would be reflected as inflow in "Bank Book" on "Receipt" side and simultaneously as outflow in "Cash Book" on "Payment" side. Similarly, balances transferred from one Bank account to another would be shown as inflow in "Bank Book" on "Receipt" side in the receiving Bank account and simultaneously as outflow in "Bank Book" on "Payment" side in the paying Bank account. For recording of a Contra Entry, the Accounts Department shall prepare a Contra Voucher (Form GEN-6). In respect of Contra Entries, the following entries shall be passed:

**For recording Cash deposited into Bank**

Code	Particulars	Debit	Credit
450210000	Bank Account*	Debit	
450100000	To Cash Account		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank  
**Records Updated:** Cash Book, Bank Book

\* Specify name of the Bank and Account number

**For recording Cash withdrawn from Bank**

Code	Particulars	Debit	Credit
450100000	Cash Account	Debit	
450210000	To Bank Account*		Credit

**Source Document:**  
**Records Updated:** Cash Book, Bank Book

\* Specify name of the Bank and Account number

**For recording transfer of funds from one Bank to another**

Code	Particulars	Debit	Credit
450210000	Main Bank Account*	Debit	
450210000	To Designated Bank Account*		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank, Intimation from the Bank  
**Records Updated:** Bank Book

\* Specify name of the Bank and Account number

5.30 Contra Entries shall also be recorded for rectification of entries involving Cash and/or Bank transactions. For example, if the amount deposited in the Designated Property Tax Bank Account has been wrongly debited to Designated Water Supply Bank Account, then the following entry shall be passed to rectify the error:

Code	Particulars	Debit	Credit
450210000	Main Bank Account *	Debit	
450210000	To Designated Water Supply Bank Account*		Credit

**Source Document:**  
**Records Updated:** Bank Book, Ledger

\* Specify name of the Bank and Account number

**Name of The Municipality (Main)****BANK BOOK****(General Fund)**

Receipts							Payments							
Date	Voucher No.	Function code	Account Code	Particulars	L/F	Amount (Rs.)	Date	Voucher No.	Cheque No.	Function code	Account Code	Particulars	L/F	Amount (Rs.)
1/1/09				To, Designated water Supply Bank Account		5,00,000								

**BANK BOOK****(Water supply Fund)**

Receipts							Payments							
Date	Voucher No.	Function code	Account Code	Particulars	L/F	Amount (Rs.)	Date	Voucher No.	Cheque No.	Function code	Account Code	Particulars	L/F	Amount (Rs.)
							1/1/09					By, Main Bank Account		5,00,000

### **Banking arrangements**

5.31 Municipalities may enter arrangements with their Bankers, as permitted by the rules, as listed below in respect of collections and payments. Such arrangements would enable Municipalities in improvement of funds management. However transactions for local fund shall be dealt with treasury account as stipulated in Bihar Treasury Code, 2011.

#### **5.32 Illustrative list of arrangements with Banks:**

- Acting as an authorised collection agency for direct collection. This facilitates collection at all authorised branches of the Bank providing easy access.
- Online Collection through Internet Banking/Credit Card
- Operation of collection counter at Municipalities' offices
- Arrangement for collection of Deposits from authorised collection centers at a fixed time (say end of the day)
- Issuing daily Debit/Credit Advises
- Issue Account Statements on a weekly basis or for such other periods
- Tele Banking facilities
- Salary Credit for employees
- Collection through direct credit to the municipality account
- Payment through direct debit to municipality account
- Electronic Clearing System for payments.
- Bank statement to be sent in soft copy
- Internet banking, viewing bank statements through internet/sending the bank statements by e-mail.

### **INTERNAL CONTROLS**

#### **5.33 The following General internal controls shall be observed by the Municipalities:**

- a. The closing balance of Cash as per the Cashier's Cash Book shall be verified daily with the physical Cash balance at all the Municipal Collection Offices by the Accounts Officer or any person designated for the purpose and must be signed by the person verifying the Cash.
- b. Cash in chest should be insured for theft, fire, etc.
- c. The officers designated by the Municipality for operating the Designated Bank Accounts shall co-ordinate with the Banks on a daily basis and ascertain the status of the Cheques/Drafts deposited by them.
- d. Bank reconciliation shall be carried out monthly by the officers of the Municipality designated for the purpose of handling the Bank accounts and

the same shall be duly verified and signed by the Chief Municipal Officer and Accounts Officer.

- e. At the time of approving payment, the Accounts Department shall ensure that the Payment Order provides reference of Register of Bills for Payment, Measurement Book, Stock Ledger or Fixed Asset Register, as the case may be, depending on the purpose for which payment is made.
- f. At the time of recording collections, the Accounts Department shall ensure that the total amount of collections as per the Collection Register tallies with the total collections as per Summary of Daily Collection in Form GEN - 13.
- g. Original copies of all the cancelled documents such as receipts, payment vouchers shall be retained in the office file with reasons / justification for cancellation written on the cancelled documents.
- h. Original copies of all vouchers for each year shall be bound and kept in safe custody.
- i. 'Liability for Stale Cheques account should be reviewed at the end of every quarter and all the stale Cheques dated more than 3 years or such period as may be specified by the Government from the date of original issue shall be identified and reversed as other income of the Municipality.
- j. The Accounts Officer shall ensure stamping of all the bills once approved for approval and then for payment to ensure the same bill is not processed once again.
- k. The Accounts Officer shall ensure that all the Bank charges accounted based on the Bank reconciliation statement are supported with original Bank debit advises.
- l. Payments shall be made only against original bills and supportings unless supported by indemnity.
- m. The Accounts Officer shall verify the Register of Implementing Officer Wise Allotment and Utilisation of Funds on a monthly basis and identify cases where allotment has been made but against which no Statement of expenditure has been received and follow up with the Implementing Officers regarding the same.

5.34 The Chief Municipal Officer and Accounts Officer shall certify all Reconciliation Statements.

**FORM GEN NO 1A**

\_\_\_\_\_**Name of the Municipality**  
**NAME OF FUND-**

**CASH BOOK**

Receipts							Payments							
Date	Voucher. No.	Function Code	Account Code	Particulars	L/F	Amount (Rs.)	Date	Voucher. No.	Function Code	Account Code	Particulars	L/F	Amount (Rs.)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
<b>Total</b>								<b>Total</b>						

Instructions:

1. A separate Cash Book shall be used for each Fund.

2. Cash book shall be balanced daily, and the closing balance of each day shall be carried forward to the next day.
3. Account Head and narration shall be recorded in the Particulars columns.

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**FORM GEN NO 1B**

\_\_\_\_\_ Name of the Municipality

**NAME OF FUND:**

BANK BOOK

Receipts							Payments							
Date	Voucher No.	Function Code	Account Code	Particulars	L/F	Amount (Rs.)	Date	Voucher No.	Cheque No.	Function Code	Account Code	Particulars	L/F	Amount (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Instructions:

1. A separate Bank Book shall be used for each Fund.
2. Bank book shall be balanced every day and the closing balance of each day shall be carried forward to the next day.
3. Account Head and narration shall be recorded in the Particulars columns.

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**FORM GEN NO 2**

**Name of the Municipality**

**NAME OF FUND:**

**JOURNAL BOOK**

Date	Voucher No	Account Code	Particulars	L/ F	Debit Amount (Rs.)	Credit Amount (Rs.)
1	2	3	4	5	6	7

Instructions:

1. A separate Journal Book shall be used for each Fund

## **FORM GEN NO 3**

## Name of the Municipality

**FUND Code;** -----

**Name of the Ledger Account:**

## **Account Code :**

## Instructions:

1. Separate Ledger shall be maintained for each Fund.
  2. All entries from Cash book, Bank Book and Journal except contra entries shall be posted to the respective accounts in the Ledger.
  3. Each account in the Ledger shall be balanced at the end of each month, and the balance shall be carried to the next month.

**FORM GEN NO 4**

**Name of the Municipality  
RECEIPT VOUCHER**

Fund Code:

Name of the Depositor-

Cash/Bank/Cheque in Hand Account Code:

Voucher No:-

Date:-

Ref No. -

Function Account Code	Function Code Desc	Account Head Code	Account Head Desc.	Amount (Rs.)
1	2	3	4	5
Total				
Amount (in words):				
Narration				
Prepared by:	Approved by:			Posted by:

Instructions:

1. Separate Receipt Vouchers shall be prepared in respect of cash receipts, receipts by way of cheques, and direct credit in different bank/treasury accounts
2. Separate Receipt vouchers shall be prepared for receipts pertaining to different funds.

**FORM GEN NO 5**

**Name of the Municipality**

**PAYMENT VOUCHER**

Fund Code:

Voucher No-

Name of the Claimant:

Voucher Date -

Cash/Bank Account Code:

<b>Function Code</b>	<b>Function Head</b>	<b>Account Head Code</b>	<b>Account Head Desc</b>	<b>Payment Order No/Date</b>	<b>Amount (Rs)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Total					
Amount Paid (in words):					
Narration					
Prepared by:				Approved by:	Posted by:
Received Payment (Signature of Receiver)					

Instructions:

1. A separate Payment Voucher shall be prepared in respect of each payment.
2. Payment Order shall be attached to the Payment Voucher.

**FORM GEN NO 6****Name of the Municipality****CONTRA VOUCHER**

Fund Code:

Voucher No:

<b>Cash/Bank Account Code</b>	<b>Cash/Bank Account Head</b>	<b>Debit Amount (Rs.)</b>	<b>Credit Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Amount</b>			
<b>Cheque Number/date</b>			
<b>Narration-</b>			
<b>Prepared By</b>		<b>Approved By:</b>	<b>Posted By</b>

Instructions:

1. A Contra voucher shall be prepared only for transfers, remittances or withdrawals within the same Fund. In case of Inter-fund transfers, a payment voucher shall be prepared in the accounts of the transferor Fund, and a receipt voucher shall be prepared in the books of the transferee fund.

**FORM GEN NO 7****Name of the Municipality****JOURNAL VOUCHER**

Fund Code:

Voucher No-

Voucher Date-

<b>Account Code</b>	<b>Account Head</b>	<b>Debit Amount (Rs.)</b>	<b>Credit Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
Total			
Narration-			
Prepared By	Approved By	Posted By	

FORM GEN 8

\_\_\_\_\_ Name of the Municipality

## **RECEIPT**

***Receipt No/***

*Date*

**Cash**  **/Cheque**

Received from Shri.....a sum of Rs.....(Rupees ..... ) vide Cheque /Draft No.  
Dated                    drawn on (Name of Bank) , -----Branch , towards for Property No/Assessment No.....

SI No	Account Code	Particulars	<u>Period (A/H/Q/M[1])</u>	Amount Rs
1		Property Tax		
2		Water Charges		
3		Trade License Fees		
4		Building License Fees		
5		Development Charges		
6		Birth/Death Certificate		
7		Penalties		

N.B. Cheques/drafts/bankers cheques are subject to realization

Signature of the person receiving the Payment

Instructions:

1. The receipt shall be prepared in triplicate.
2. The original shall be handed over to the Payee. The duplicate shall be sent by the Cashier to the concerned department after verifying and signing it, and the triplicate shall be retained in the Receipt book

[\[1\] A=Annual;H=Half Yearly,Q=Quarterly ,M=Monthly](#)

**Form GEN-9****Name of the Municipality****REGISTER OF CHEQUES RECEIVED****Date:****Accounting Unit:****Sr. No.:****Fund Code:**

Sr. No.	Receipt Number	Receipt Date	Mode of receipt of Cheque/Draft	Name of the Drawer/payer	Cheque/Draft No.	Amount of Cheque	Deposited into Bank Account No.	Date of Deposit	Date of Realisation	Whether Returned Yes/No	Remarks*
1	2	3	4	5	6	7	8	9	10	11	12
	Days total **										

**Prepared By\*\*\*:** \_\_\_\_\_  
**Date:** \_\_\_\_\_

\* Specify the details of the substitute cheque received in case of dishonour of the cheque.

**Note:**

1. For each entry made; record the Name, Designation, and Signature of the person making the entry in the register and the person checking the entry.
2. This can be prepared in perforated sheets, as the same shall be used for making support to the deposit slip into the designated bank account or to other collection offices.

***Form GEN-10***\_\_\_\_\_**Name of the Municipality****STATEMENT ON STATUS OF CHEQUES RECEIVED**

FROM \_\_\_\_\_ BY \_\_\_\_\_

Sr. No.: \_\_\_\_\_

Accounting Unit:

Fund Code:

Sr. No.	Sr. No. of the Statement of Cheques Received Register	Date of the Statement of Cheques Received Register	Cheque/ Draft No.	Amount (Rs.)	Deposited into Bank Account No.	Realised/ Returned	Date of Realisation/ Return intimation from the bank
1	2	3	4	5	6	7	8

Prepared By\* : \_\_\_\_\_ Received By\*: \_\_\_\_\_

Checked By\* : \_\_\_\_\_ Dated: \_\_\_\_\_

Dated:

\* Record the name, designation and signature of the person.

**Form GEN-11**

**Name of the MUNICIPALITY**

**COLLECTION REGISTER OF \_\_\_\_\_ FOR THE YEAR 20\_\_ to 20\_\_**

**Accounting Unit  
Fund Code:-**

Sr. No.	Date of Receipt	Receipt No. with book	Name of the payer	Reference number **	Particulars of Income					Total (Rs.)	Remarks	
					Account Head*	Account Head *	Account Head *	Account Head *	Others (Specify)*			
1	2	3	4	5	6	7	8	9	10	11		
	Opening											
	Days total #											
	Closing total											

**Prepared By\*\*\* :** \_\_\_\_\_

**Checked By\*\*\* :** \_\_\_\_\_ **Entered By :\*\*\*** \_\_\_\_\_

\* Specify the head of Income under which collection is made

\*\* Specify the identification details in respect of the cheque, e.g., Bill No. in case of Property & Other Tax Collections, Tender No./Work Order No. in case of Earnest Money Deposit or Security Deposit, etc.

\*\*\* Record the name, designation and signature of the person.

# This total shall be tallied with total as per the Receipt Register for the day and also the amount as per the 'Summary of daily collections' Note: Each day's collection should be recorded on a separate page of the Register and every page should be signed as provided.

## Form GEN-12

Name of the Municipality  
**MEMORANDUM OF COLLECTION OF \_\_\_\_\_ FOR THE YEAR 20\_\_ to 20\_\_**

Name of the Collection Officer:

Accounting Unit:

Fund Code:

Sr. No.	Date of Receipt	Receipt No. with book no.	Name of the payer	Reference Number **	Function Code	Particulars of Receipts					Total of each receipt (Rs.)	Daily Total	Tax Clerk	Remarks
						Account Head Code * (Rs.)	Account Head Code * (Rs.)	Account Head Code * (Rs.)	Account Head Code * (Rs.)	Others (Specify) * (Rs.)				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
	Opening total													
	Days total #													
	Closing total													

\* Specify the head of Receipts under which collection is made

\*\* Specify the identification details in respect of the cheque, e.g., Bill No. in case of Property &amp; Other Tax Collections, Tender No./Work Order No. in case of Earnest Money Deposit or Security Deposit, Assessment Number etc.

\*\*\* Record the name, designation and signature of the person.

# This total shall be tallied with total as per the amount as per the 'Summary of daily collections'

Note: Each day's collection should be recorded on a separate page of the Register and every page should be signed as provided.

**Form GEN-13**

Name of the Municipality \_\_\_\_\_

**SUMMARY OF DAILY COLLECTION OF  
COLLECTION OFFICE/COLLECTION CENTRE**

Accounting Unit:

Sr. No:

Fund Code:

Sr. No.	Particulars	Function Code	Field Code	Head of Account	Subsidiary Ledger Code	Amount	Deposited With*
1	2	3	4	5	6	7	8
	<b>Revenue accounted for on Cash basis #</b>						
1	Entertainment Tax	Revenue - Tax					
2	Water Connection Charges	Water Supply					
3	Road Cutting Charges	Water Supply					
	<b>Revenue accounted for on Accrual basis</b>						
1	Property Tax	Revenue - Tax					
2	Rental Income from Municipal	Rental Income					
	<b>Other Receipts</b>						
1	Loans						
2	Grants						
3	Deposits						
	<b>Grand Total</b>						

**Amount in Words : Rupees****Receipt No. issued by the Collection Office:****(in case collections are deposited with Collection Office)**

Cash		Rs: _____
Cheque		Rs: _____
(For cheques realised)		
Total		Rs. _____

**Prepared By\*\*:** \_\_\_\_\_**Examined and entered****Checked By\*\*:** \_\_\_\_\_**Accountant/Authorised Officer****Dated:****Dated:**

\* Specify the Bank Name and Account Number in case of amount directly deposited with bank.

\*\* Record the name, designation and signature of the person.

# For revenues accounted for on Cash basis, one consolidated figure for the total collections may be given instead of giving a receipt-wise entry.

- # Examples of cash basis of accounting of the few of the revenue items are as follows:
- a. Entertainment Tax has to be recognised only on actual receipt basis

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**Form GEN-14**

**Name of the MUNICIPALITY**

**REGISTER OF BILLS FOR PAYMENT FOR THE YEAR**

**Accounting Unit:  
Fund Code:**

Sr. No.	Date of presentation by the Supplier/ Department	Name of Party/ Department*	Particulars	Amount of Bill (Rs.)	Initials of Authorised Officer	Date of Sanction	Voucher No.	Amount Sanct- ioned (Rs.)	Date of Payment or issue of cheque	Amount Dis- allowed (Rs.)	Balance outstanding at the end of the year (Rs.)	Reason for delay in payment	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14

\* In respect of the register maintained at the Accounts Department, mention the date of presentation of the bill by the concerned department and the name of the department.

Note: For each entry made; record the Name, Designation, and Signature of the person making the statement and the person checking the entry.

**Form GEN-15**

**Name of the MUNICIPALITY**

**PAYMENT ORDER**

Voucher No.:

Date:

**Bill No.:**

**Name and address of Payee:**

**Accounting Unit:**

**Stock / Bills for Payment:**

**Fund Code:**

**Reference to \_\_\_\_\_ Book / Register**

**Head of Account:**

**Measurement / Fixed Asset:**

Sr. No.	Particular of work or articles		Quality or weight	Rate	Unit	Amount (Rs.)
1	2		3	4	5	6
	Total amount (in words) .. Rs.					
	(1) Amount allotted ..	Certified that the rate and quantities shown in this bill are correct and the materials, articles have been received in good condition and have been entered in the appropriate supplies register on numerical account at page .....				
	(2) Previous expenditure .. Rs.					
	(3) Expenditure shown in the bill.. Rs.					
	Total of 2 and 3 .. Rs.					
	Balance available .. Rs.	Date .....				
	Submitted to the Designated Authority for sanction	Resolution N .....	..... the			
		Sum R <sup>0</sup> .....	(in "ard <sup>0</sup> ) .....			
		Shown in the bill is sanctioned.				
<b>I have examined the claim and found it correct in all respects.</b>						
	Date .....					Date .....
<b>Chief Accounts Officer      Commissioner      or the Authorised Officer</b>						
	Pay Rupees ..... (in words)	To				
	.....	The Accountant for payment.				
	Date Authorised Officer	Date Commissioner or the Authorised Officer				
	Received payment of Rs ..... . . . . .	date .....				
	(	and entered in the cash book on Page .....				
	..... .... in	nts Officer				
	Stamp	Chief Accou ed Officer	Commissioner	or		
	Payees Signature					

**Form GEN-16**

Name of the MUNICIPALITY

**CHEQUE ISSUE REGISTER**

Accounting Unit:

Fund Code:

Sr. No.	Date	Bank Payment Voucher No. & Date	Payment Order Number & Date	Name of the Payee	Nature of Payment	Cheque/ Draft No.	Date of the Cheque/ Draft	Amount (Rs.)	Entered By	Signature of the First Authorised Signatory	Signature of the Second Authorised Signatory	Date of Issue of Cheque/ Draft	Signature of the Recipient of Cheque/ Draft	Date of Clearance	Remarks *
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

\* Specify the details of the stale cheques and the subsequent revalidation of the cheque or issue of the fresh cheques.

Note: For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

***Form GEN-17*****Name of the MUNICIPALITY****REGISTER OF ADVANCES FOR THE YEAR 20 \_\_\_ to 20 \_\_\_****Accounting Unit:  
Fund Code:**

Sr. No.	Date	Name of the person to whom the advance is paid	Particulars of the Advance	Bank Payment Voucher Number &	Payment Order Number & Date	Amount (Rs.)	Date of Repayment/ Adjustment	Voucher Number of Repayment/ Adjustment	Balance remaining unadjusted at the	Remarks
1	2	3	4	5	6	7	8	9	10	11

**Note:**

1. After each entry, leave few blank spaces depending on the repayment/adjustment schedule of the Advance
2. For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry

**Form GEN-18**\_\_\_\_\_  
**Name of the MUNICIPALITY****REGISTER OF PERMANENT ADVANCE**

Of \_\_\_\_\_ for the year

Accounting Unit:  
Fund Code:

Initial disbursement/Recoupment of the Permanent Advance					Expenditure				Daily Balance (Rs.)	Initials of the officer holding the advance	Remarks
Sr. No.	Date	Payment Order No.	Sr. No. of Expenditures for which Payment	Amount (Rs.)	Nature of Expenditure	Date of Bill	To whom paid	Amount Paid (Rs.)			
1	2	3	4	5	6	7	8	9	10	11	12
									(5-9)		

Note:

For each entry made; record the Name, Designation and Signature of the person making the statement and the person checking the entry.

**FORM GEN NO 19****REGISTER OF DEPOSITS FOR THE YEAR ENDED IN RESPECT OF -----**

Accounting Un:

Fund Code

Deposits Received					Deposit Refund/adjustment			Balance
Name of depositor	Particulars of deposit	Receipt Voucher Number and Date	Amount	Due Date for Refund of Deposit received	Reference number of Deposit Refund Advice (BMAR...)	Voucher Number and Date	Amount of Deposit repaid/adjusted	Balance
1	2	3	4	5	6	7	8	9

## Notes:

1. Separate pages may be set apart for each class of deposit.
2. Separate Registers shall be maintained for each Year.
3. The balances in the Register shall be totaled, and reconciled with the balances in the respective account in the Ledger at the end of every Half-Year.
4. At the beginning of every Year, the details and balances shall be brought forward in the new Registers in respect of deposits remaining unpaid at the end of the previous year.

**Form GEN-20**\_\_\_\_\_  
Name of the Municipality**SUMMARY STATEMENT OF DEPOSITS ADJUSTED  
DURING THE PERIOD \_\_\_\_\_***In respect of \_\_\_\_\_ (Head of Account)*Accounting Unit:  
Fund Code:

Sr. No.	Particulars of the Head	Arrears (Rs.)	Current Demand (Rs.)	Total (Rs.)	Deposits Adjusted Register No.
1	2	3	6	7	
<b>Total</b>					
Prepared by				Examined and Entered	
Checked by				Accountant/Authorised Officer	
			Dated		

\* Record the name, designation and signature of the person.  
 Separate register shall be maintained for each head of deposit.

**Form GEN-21**

**Name of the MUNICIPALITY**

**DEMAND REGISTER OF \_\_\_\_\_ INCOME FOR THE YEAR 20\_\_ to 20\_\_**  
**Department**

**Ward or Circle**

Fund Code:-

Field code:-

Sr.	Date	Bill No.	Name of the	Particulars	Demand								Collections						
					Revenue* (Rs.)	Revenue* (Rs.)	Notice Fee (Rs.)	Warrant Fee (Rs.)	Other Fees (Rs.)	Penalty (Rs.)	Others (Specify)	Total (Rs.)	Receipt Number & Date of collection	Revenue* (Rs.)	Revenue* (Rs.)	Notice Fee (Rs.)	Warrant Fee (Rs.)	Other Fees (Rs.)	Penalty (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
				Arrears															
				Year (Others)															
				Year (-3)															
				Year (-2)															
				Year (-1)															
				Current Year															
				Bill **															
<b>Collections</b>		<b>Remission/Write-off</b>								<b>Balance</b>								<b>Remarks</b>	
<b>Others</b>	<b>Total (Rs.)</b>	No. and date of order	Revenue* (Rs.)	Revenue* (Rs.)	Notice Fee (Rs.)	Warrant Fee (Rs.)	Other Fees (Rs.)	Penalty (Rs.)	Others (Specify)	Total (Rs.)	Revenue* (Rs.)	Revenue * (Rs.)	Notice Fee (Rs.)	Warrant Fee (Rs.)	Other Fees (Rs.)	Penalty (Rs.)	Others (Specify)	Total (Rs.)	
<b>21</b>	<b>22</b>	<b>23</b>	<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>	<b>31</b>	<b>32</b>	<b>33</b>	<b>34</b>	<b>35</b>	<b>36</b>	<b>37</b>	<b>38</b>	<b>39</b>	<b>40</b>

\* Separate columns shall be maintained in respect of each revenue for which demand is raised in the same bill. \*\* Entries shall be separately made for each bill raised. Entry shall be made only for the current demand raised. Notes:

1. Please provide a reference of the Bill No. for Notice Fee, Warrant Fee, Other Fees and Penalty in Column No. 3.
2. Please provide a reference of Form GEN-30 (Register of Refunds, Remissions and Write-offs for remission and write-offs in Column No. 23.
3. For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

**Form GEN-22****Name of the Municipality**

BILL OF \_\_\_\_\_ RECEIPTS  
FOR THE PERIOD \_\_\_\_\_

No. \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Serial No. in Demand Register \_\_\_\_\_

The Receipts shown below amounting to \_\_\_\_\_ are due from you in respect of Rs. \_\_\_\_\_ and you are requested to pay the same within \_\_\_\_\_ days of presentation of this bill.

Particulars*	Arrears (Rs.)	Fresh Demand (Rs.)		Total (Rs.)
		Arrears	Current	
1	2	3	4	5
Notice Fee				
Warrant Fee				
Other Fees				
Others, Specify _____				
<b>Total Bill Raised</b>				
Less: Advance Adjusted				
<b>Balance Payable</b>				
Amount in Words : Rupees _____				
If, within the said period of _____ days:				
(a) the sum demanded in this bill is not paid; or				
(b) no cause is shown to the satisfaction of the Commissioner, why the same should not be paid; or				
(c) no appeal is preferred according to section _____ of the Act governing the ULB ; a notice of demand will be served upon you for the payment of the said sum.				
The ULB reserves the right to adjust any deposits/sum lying with it, if the amount of this bill is not paid				
<b>Prepared By:***</b>				
<b>Office:</b> _____		<b>Checked By:***</b> _____		
<b>Dated:</b> _____		<b>Chief Municipal Officer/Authorised</b>		

\* Specify each &amp; every Receipts head separately for which bill is raised, if raised in the same bill.

\*\* Amount to be inserted in words.

\*\*\* Record the name, designation and signature of the person.

**Form GEN-23**

### Name of the Municipality

**SUMMARY STATEMENT OF BILLS RAISED FOR THE PERIOD  
*in respect of* \_\_\_\_\_**

**Sr. No.**

**Accounting Unit:  
Fund Code:  
Field Code:**

\* Record the name, designation and signature of the person.

Note: This statement should be prepared separately for each ward and then consolidated.

**Form GEN-24****Name of the Municipality**
**REGISTER OF NOTICE FEE, WARRANT FEE, OTHER FEES AND PENALTIES CHARGED**  
*In respect of \_\_\_\_\_*
**Accounting Unit:****Fund Code:****Field Code:**

Sr. No.	Date	Name and Address of the payer	Particulars	Funci- on Code	Fresh Bill No.	Notice Fee				Warrant Fee				Other Fee				Remarks
						Notice No.	Date of Issue	Date of Service	Fee Charged (Rs.)	War- rant No.	Date of Issue	Date of Service	Fee Charged (Rs.)	Particu- lars	Date of Charge	Fee Charged (Rs.)		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	

**Note:**

1. A reference of the Bill No. and fees charged should be made in Form GEN-23 (Demand Register).
2. For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

**Form GEN-25**

\_\_\_\_\_ Name of the Municipality

**SUMMARY STATEMENT OF NOTICE FEE, WARRANT FEE, OTHER FEES FOR  
THE PERIOD \_\_\_\_\_  
*in respect of* \_\_\_\_\_ Receipts**

Accounting Unit:

Fund Code:

Field Code:

Sr. No.

Particulars	Function Code	Amount (Rs.)
1	2	3
Notice Fee		
Warrant Fee		
Other Fees		
<b>Total</b>		

Amount in Words : Rupees : \_\_\_\_\_

Prepared By\* : \_\_\_\_\_ Examined and entered \_\_\_\_\_

Checked By\* : \_\_\_\_\_ Accountant/Authorised Officer \_\_\_\_\_

Dated: \_\_\_\_\_ Dated: \_\_\_\_\_

\* Record the name, designation and signature of the person

**Form GEN-26**

## Name of the Municipality

## **REGISTER OF REFUND, REMISSIONS & WRITE-OFF**

*in respect of* \_\_\_\_\_

**Accounting Unit :  
Fund Code:  
Field Code:**

**Note:**

1. A reference of the L/F no. of this Register for remissions and write-offs should be made in the Demand Register (Form GEN-23).
  2. For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

**Form GEN-27**

\_\_\_\_\_ Name of the Municipality

**SUMMARY STATEMENT OF REFUND AND REMISSIONS FOR  
THE PERIOD \_\_\_\_\_  
*in respect of* \_\_\_\_\_**

Sr.No.

Accounting Unit:

Fund Code:

Field Code:

Particulars	Function Code	Refund /							Total Rs.	
		Advances # Rs.		Receivables # Rs.		Refund Payable # Rs.				
		Arrears	Current	Arrears	Current	Arrears	Current			
1	2	3	4	5	6	7	8	9		
<b>Total</b>										
Amount in Words : Rupees _____										
Prepared By :**		Examined and entered								
Checked By :**	_____	Accountant/Authorised Officer								
Dated:		Dated:								

\*\* Record the name, designation, and signature of the person.

# The details of whether refunds/remissions are treated as 'refunds payable' or adjustment of receivables or 'Revenues received in advance' shall be entered in this form in order to account for the refunds/remissions Accordingly.

**Form GEN-28**

\_\_\_\_\_ Name of the Municipality

**SUMMARY STATEMENT OF WRITE-OFFS FOR THE**

**PERIOD \_\_\_\_\_**

*in respect of \_\_\_\_\_*

**Sr. No.:**

**Accounting Unit: Fund**

**Code:**

**Field Code:**

Particulars	Function Code	Arrears
1	2	3
<b>Total</b>		

Amounts in Words : Rupees \_\_\_\_\_

**Prepared By :**\*\*\* \_\_\_\_\_ **Examined and entered**

**Checked By :**\*\*\* \_\_\_\_\_ **Accountant/Authorised Officer**

**Dated:** \_\_\_\_\_ **Dated:** \_\_\_\_\_

\*\*\* Record the name, designation and signature of the person

**Form GEN-29**

\_\_\_\_\_ Name of the Municipality

**STATEMENT OF OUTSTANDING LIABILITY FOR EXPENSES As on**

**Date:**

**Sr.No:**

**Accounting Unit:**

**Fund Code:**

**Field Code:**

Sr. No.	Name of the Supplier/ Contractor	Nature of Payable	Function Code	Head of Account Code	Date of Bill	Bill Amount (Rs.)	In respect of Grant/ Special Fund Code	Remarks
1	2	3	4	5	6	7	8	9
	<b>Total</b>							

\* Record the name, designation and signature of the person.

## Form GEN-30

\_\_\_\_\_  
Name of the MunicipalityDOCUMENT CONTROL REGISTER/STOCK ACCOUNT OF RECEIPT/CHEQUE BOOK Kind of  
Document \_\_\_\_\_Accounting Unit:  
Fund Code:

Receipt						Issue				To whom issued			
Date	From whom received	Number of Forms	Books		Voucher No. and Date	Number of Forms	Books		Designation	Signature of person receiving forms			
			No.	No. of pages			No.	No. of pages					
1	2	3	4	5	6	7	8	9	10	11			
Balance						Return of books and forms				Initials of the person returning the books	Initials		
Number of Forms	Books		Initials		Date	Number of Forms	Books				Clerk	Authorised officer	
	No.	No. of pages	Clerk	Authorised Officer			No.	No. of pages					
12	13	14	15	16	17	18	19	20	21	22	23	24	

Note : For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

## FORM GEN NO 31

**REGISTER OF IMMOVABLE PROPERTIES (OTHER THAN LAND)**

Accounting Unit:-  
Fund Code:-

Asset Identification No	Description of the Asset	Dimensions (Plinth Area/ Length/Breadth etc)	Reference to Land Register	Mode of acquisition	Date of acquisition/Improvement	Work Order/Procurement Order Reference	For what purpose used (Department)	Whether Revenue Yielding (Y/N). If Yes, reference to relevant DCB Register
1	2	3	4	5	6	7	8	9

Cost of acquisition/Opening Written down value Rs	Cost of additions, if any during the Year Rs	Depreciation for the Year Rs	Accumulated Depreciation Rs	Closing Written Down value Rs (10+11-13)	Date of Disposal	Receipt Voucher No.	Sale Value (Rs.)	Initials of the Authorised Officer
10	11	12	13	14	15	16	17	18

## FORM GEN NO 32

[Rule 86(1) (iii)]

## REGISTER OF MOVABLE PROPERTIES

Accounting Unit:-  
Fund Code:-

Asset Identification No  1	Description of the Asset  2	Mode of acquisition  3	Date of acquisition/Addition  4	Work Order/Procurement Order Reference  5	Location (Department)  6	Cost of acquisition/Opening Written down value  7	Cost of additions, if any during the Year Rs  8

Depreciation for the Year  9	Accumulated Depreciation  10	Closing Written Down value Rs(7+8-10)  11	Date of Disposal  12	Receipt Voucher No.  13	Sale Value (Rs.)  14	Other Particulars, if any  15	Initials of the Authorized Officer  16

**FORM GEN NO 33 (a)****REGISTER OF LAND**

Asset identification No:

Description:

Location :

Survey No of the land:

Area (Sq mtr):

Title documents available:

Mode of acquisition:

From whom acquired:

Specify whether any building, trees  
etc are acquired with the land:

Security Deposit retained:

Accounting Unit:-  
Fund Code:-

Date of acquisition/improvement	Cost of acquisition/improvement	Details of improvement	For what purpose used(Reference to Immovable Properties Register, if any)	Whether Revenue Yielding (Y/N). If yes, reference to Special DCB Register/Miscellaneous DCB Register	Date of Deletion	Mode of Deletion	Receipt Voucher No.	Disposal Value, if any (Rs.)	Initials of the Authorised Officer
1	2	3	4	5	6	7	8	9	10

Instructions:

1. Separate Registers shall be maintained for each Fund.
2. Separate Registers shall be maintained for each class of assets.
3. Separate sheet shall be used for each asset.
4. Details of sale/disposal shall be recorded in the year of sale/disposal.
5. If there is a change in the purpose/use of the asset, the change shall be indicated in Column 4.
6. Unique asset identification numbers shall be provided for all assets.
7. In the year of acquisition, the cost of acquisition shall be entered in column 2.
8. Any subsequent improvements shall also be written in the same column in the year in which improvement has taken place.
9. Each entry shall be checked, and signed by the Accounts superintendent.
10. A separate register has to be maintained for properties on which the ULB has no ownership rights, but has utilization rights.
11. Though such properties do not form part of the assets of the ULB, the Register shall be maintained as a measure of control, and no depreciation shall be charged on such assets.

FORM GEN NO 33 (b)

# Vacant Municipal Land Inventory Analysis

**Name of the City:**

**Form GEN - 34**

\_\_\_\_\_ Name of the Municipality  
**FUNCTION -WISE RECEIPTS SUBSIDIARY LEDGER**

**Accounting Unit :**  
**Fund Code :**  
**Function Code:**

Date	Ref. No.	Particulars	Total Amount	Income			
				Revenue Grants	Fees & User charges	Sale & Hire Charges	...
1	2	3	4	5	6	7	8
	:						
	:						
		<b>Total for the month</b>					
		Cum. total at the beginning of the month					
		Cum. Total at the end of the month					

\* For each Major Revenue, columns for functions relevant to revenue will only be opened

**Form GEN - 35**\_\_\_\_\_  
**Name of the Municipality****FUNCTION -WISE EXPENDITURE SUBSIDIARY LEDGER****Accounting Unit:****Fund Code:****Function Code:**

Date 1	Ref. No. 2	Particulars 3	Total Amount 4	Expenditure			
				Establishment 5	Administration 6	Operations & maintenanc 7	... 8
		<b>Total for the month</b>					
		Cum. total at the beginning of the month					
		Cum. Total at the end of the month					

\* For each Major Revenue, columns for functions relevant to revenue will only be opened

## FORM GEN NO 36

## ASSET REPLACEMENT REGISTER

Accounting Unit:-  
Fund Code:-

Sr. No.	Source			Utilised						Balance (Rs.)
	Date of transfer to Asset Replacement Bank Account	Voucher No.	Amount (Rs.)	Date of acquisition /construction /improvement	Payment Order No./Date.	Voucher No./Date	Cost of acquisition/ construction /improvement (Rs.)(please specify incidental cost separately)	Work Order/Procurement Order Reference	Ref. No. of Asset Register *	
1	2	3	4	5	6	7	8	9	10	11

Notes:

1. Separate folio should be used for different Asset-class.
2. For each entry made, record the Name, Designation and Signature of the person making entry in the register and the person checking the entry.

3 Reference shall be provided for Register of Immovable property, Register of Movable property, etc.

**Form GEN-37**

Name of the Municipality

Area / Location / Survey  
No.:

**REGISTER OF PUBLIC LIGHTING SYSTEM**

Accounting Unit:  
Fund Code:

Field Code:

Title documents available:

Mode of acquisition

Warranty / Defects Liability Clause:

Security Deposit retained:

Date and amount of Security Deposit released:

Sr. No.	Asset Identification No.	Number of lamp posts	Meters of cables used	Date of acquisition / improvement	Mode of acquisition	Payment Order No.	Ref. No. of Cash Book/ Bank Book / Journal Book / Ledger where entry is	Cost of acquisition / improvement (Rs.)	To whom paid	Purpose of Expenditure	Source of Fund Codes
1	2	3	4	5	6	7	8	9	10	11	12
<b>Total for the year 20**-20**</b>											
<b>Total for the year 20**-20**</b>											

<b>Opening Written Down Value (Rs.) (equal to column 9 in first year)</b>		<b>Year of Depreciat ion</b>	<b>Depreciation provided (Rs.)</b>	<b>Closing Written Down Value of the property (Rs.)</b>	<b>Date of Disposal</b>	<b>Receipt Voucher No.</b>	<b>Name of the person to whom Property disposed</b>	<b>Value Realise d (Rs.)</b>	<b>Initials of the Authorised Officer</b>	<b>Remarks</b>
<b>13</b>		<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>
				<b>(13-15)</b>						
<b>Total for the year 20**-20**</b>										
<b>Total for the year 20**-20**</b>										

**Note:**

1. Separate Registers shall be maintained in respect of each location.
2. At the end of the accounting year, the amount in column 16 in respect on the current year shall be the amount to be entered in column 13 of the next year (next row).
3. In the year in which there is any improvement to the asset, add the cost of improvement to the current year's opening written down value.
4. Cost incurred in acquisition and erection of lampposts and that in respect of cables shall be indicated separately.
5. For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.
6. Totals should be taken at the end of each year in respect of total cost incurred on acquisition / improvement (from the date of acquisition) for each of the location.

**Form GEN-38**

**Name of the Municipality** \_\_\_\_\_

**Address of the Municipality** \_\_\_\_\_

Details of Acquisition		
Date of acquisition	Payment Advice No.	Cost of acquiring the land (Rs.)
15-03-2018	PA/2018/12345	12,50,000

# BUILDING REGISTER



### Note :

Buildings should be categorised into municipal offices, residential quarters, godowns, shopping centres, hospitals, auditoriums, schools, swimming pool, temples, factory shed for water works and drainage system, library, slaughterhouse, market etc.

\*Prepare a separate annexure for Heritage Building.

**FORM GEN-39**

**Name of the Municipality** \_\_\_\_\_

**Address of the Municipality** \_\_\_\_\_

# STATUES AND HERITAGE ASSETS REGISTER

Was the structure subject to any improvement such as renovation, extension or otherwise after acquisition? (Yes / No)	If yes, specify details of improvement			Total Cost (Rs.)	Financial Year	Depreciation provided (rate of depreciation = ..... %)				Details of sale / disposal		
	Date of Improvement	Payment Advice No.	Cost of Improvement (Rs.)			Accumulated depreciation as on 1 April of financial year	Depreciation provided during the financial year	Adjustment to Depreciation Account	Accumulated depreciation as on 31 March of financial year	Date of disposal	Receipt No.	Amount (Rs.)
14	15	16	17	18	19	20	21	22	23	24	25	26

FORM GEN-40

**Name of the Municipality** \_\_\_\_\_

**Address of the Municipality** \_\_\_\_\_

## **ROAD AND STREET REGISTER**

## **Notes :**

1. Prepare ward-wise, area-wise list of roads, streets, lanes and footpaths.
  2. Improvement would mean conversion of the road from one type of construction to another type of construction, for instance, conversion of a tar road into a concrete road or extension of the road, etc.
  3. Specify the details of the footpaths annexed to the roads, streets, or lanes immediately below the details of the said road, street or lane.

Form-GEN-41

**Name of the Municipality** \_\_\_\_\_

## **Address of the Municipality**

## **BRIDGES, FLYOVER, SUBWAY AND CAUSEWAY REGISTER**

Was the structure subject to any improvement such as extension or otherwise after acquisition ? (Yes / No)	If yes, specify the details of improvement			Total Cost (Rs.)	Financial Year	Depreciation provided (rate of depreciation = ..... %)				Details of sale / disposal / damage, etc.		
	Date of Improvement	Payment Advice No.	Cost of Improvement (Rs.)			Accumulated depreciation as on 1 April of financial year	Depreciation provided during the financial year	Adjustment to Depreciation Account	Accumulated depreciation as on 31 March of financial year	Date of disposal	Receipt No.	Amount, if any (Rs.)
16	17	18	19	20	21	22	23	24	25	26	27	28

**FORM GEN 42**

Name of the Municipality \_\_\_\_\_

Address of the Municipality \_\_\_\_\_

**DRAINS (INCLUDING UNDURGROUND DRAINS) REGISTER**

Sr. No.	Description of the drain, specifying whether it is open or underground drain	Name of the road/stree t where the drains are located	Survey no. of the land where drains are located	Dimension of the structure			Area of the land where the drains are constructed (acre / sq. m.)	In case of property acquired, specify the estimated date of completion of constructio n along with date of acquisition by the ULB	From whom acquired	Mode of acquisition	Give reference of the available title document s	In case property is constructe d by the ULB, specify the date of constructi on	Details of Acquisition		
				Length	Breadth	Height / Diameter							Date of acquisitio n	Paymen t Advice No.	Cost of acqui sition (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16



FORM GEN 43

**Name of the Municipality** \_\_\_\_\_

## **Address of the Municipality**

## PONDS AND LAKES REGISTER



FORM GEN 44

**Name of the Municipality** \_\_\_\_\_

## **Address of the Municipality**

## PLANT AND MACHINERY REGISTER



**FORM GEN 45**

Name of the Municipality \_\_\_\_\_

Address of the Municipality \_\_\_\_\_

**VEHICLE REGISTER**

Sr.No.	Description of the vehicle specifying whether it is LCV, HCV or cars, jeeps etc. and its 'make'	Year of manufacture	Registration details	Engine No.	Chassis No.	Capacity	Location	Give reference of the available title document s	Year of acquisition	Acquired from whom	Mode of acquisition	Details of Acquisition / Development		
												Date of acquisition	Payment Advice No.	Cost of acquisition (Rs.)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15



FORM GEN 46

**Name of the Municipality** \_\_\_\_\_

## **Address of the Municipality**

## **OFFICE EQUIPMENT REGISTER**



FORM GEN 47

**Name of the Municipality** \_\_\_\_\_

## **Address of the Municipality**

## FURNITURE & FIXTURE REGISTER



## **FORM GEN 48**

**Name of the Municipality** \_\_\_\_\_

## **Address of the Municipality**

# COMPUTERS & PERIPHERAL REGISTERS



FORM GEN 49

**Name of the Municipality** \_\_\_\_\_

## **Address of the Municipality**

## **SOFTWARE REGISTER**



## Chapter Six

### 6. Property & Other Taxes

**This chapter on Property & Other Taxes is aimed at...**

- Property and Other Taxes are the main Source of revenue of Municipalities.
- Making you aware of the basic accounting principles & procedure for recording transactions relating to Property & Other taxes and,
- Familiarising you with accounting practices for Property & Other related transaction.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to

#### Introduction

6.1 This chapter contains the recommended accounting system for Property and other Taxes related transactions.

##### 6.1.1 Property Tax

6.2 Property Tax, the main source of income of Municipalities, is levied on residential, commercial properties and Land holdings. Property Tax is collected from the citizens and organisations, which own the properties. In respect of Property Tax on State or Central Government departments or undertakings, the Property Tax is received from the State or Central Government, as the case may be and in respect of Government undertakings, Property Tax is received directly from such undertakings or from the State or Central Government.

6.3 Property Tax may comprise of the following:

- Holding Tax -
- Water Tax
- Latrine Tax
- Education Cess
- Health Cess
- Any other taxes

6.4 In addition to the taxes referred above, following may be collected by the Property Revenue Department:

- Notice Fee, Warrant Fee, Other Fees and interest and penalties charged for delays and defaults made by the taxpayers.

6.5 Certain taxes may also be collected on behalf of the Government with the Property Tax e.g. Education Cess, Health Cess.

#### **6.1.2 Advertisement Tax**

6.6 Advertisement Tax is collected on the advertisement rights given to external agencies to advertise in the Municipal area. It is a common practice among the Municipalities to auction the right to collect advertisement taxes.

#### **6.1.3 Entertainment & Show Tax**

6.7 Entertainment Tax is another source of income for the Municipalities. It is levied on cinema theatres based on the shows and on any other entertainment programmes conducted in the Municipality, based on the collections.

#### **6.1.4 Profession Tax**

6.8 Profession Tax is levied by the Municipality from the institutions in a Municipality and from the persons employed in these institutions, based on the salary drawn by each of them. The Municipality raises a demand in case of Profession Tax to be paid by the Individual/Firm/Others but it is the responsibility of the employers to remit the taxes of the employees in their institution depending upon the salary level of the employees.

#### **6.1.5 Other Taxes**

6.9 There are other taxes like Toll Tax which are levied by some Municipalities on a bridge within Municipal area and administered by the Municipality.

### **Accounting Principles**

6.10 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Property and Other Taxes:

- a. Property and related Taxes (collected as part of the Property Tax)
  - I. Revenue in respect of Property and related Taxes shall be recognised in the period in which they become due and demands are ascertainable.
  - II. In case of new or changes in assessments, it shall be accrued in the month in which the demand is served.
  - III. Collections to be made on behalf of Government i.e., Education Cess, Health Cess and included in the Property tax demand shall be reckoned together with Property tax demand and credited to a control account called "State Government Levies in Taxes- Control Account."
  - IV. The liability towards dues to the Government for collections on its behalf shall be recognised as and when they are collected.

b. Advertisement Tax

- I. Advertisement Taxes, in case auctioned to external agencies, shall be recognised as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the Advertisement Tax shall be accrued at the point when tax is paid and permission is granted. After the first year, Advertisement Tax shall be accrued when renewal is due.

c. Entertainment Tax

- I. Entertainment Tax shall be recognised as income on actual receipt.

d. Profession Tax

- I. Revenues in respect of Profession Tax on Institutions/ Professionals/ Traders shall be accrued in the year to which it pertains when demands are ascertainable based on applicable Acts of the State.

- II. Revenues in respect of Profession Tax from employees shall be recognised on actual receipt.

e. General Policies in respect of Taxes recognised on accrual basis

- I. Interest element and Penalties, if any, in demand shall be reckoned only on receipt.

- II. Revenue in respect of Notice Fee, Warrant Fee and Other Fees charged shall be recognised when the bills for the same are raised.

- III. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the Municipality in the demand, based on the following provisioning norms:

Outstanding for more than 2 year but not exceeding 3 years: 25%

Outstanding for more than 3 years but not exceeding 4 years: 50%  
(additional 25%)

Outstanding for more than 4 years but not exceeding 5 years: 75%  
(additional 25%)

Outstanding for more than 5 years: 100% (additional 25%)

- IV. While making provision for receivables as stated above, the relevant proportion of State Government Levies in Property Taxes - Control account' shall also be provided by debiting to a separate account.

- V. Any additional provision for demand outstanding (net on overall basis) required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the Municipality.

- VI. 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, wherever applicable.
- VII. Write-offs of taxes shall be adjusted against the provisions made and to that extent recoverable shall get reduced.
  - VIII. Any subsequent collection or recovery of ‘Receivables for Property & Other Taxes,’ which were already written off shall be recognised as a ‘Prior Period Income’.
  - IX. Demands raised with retrospective effect shall be treated as ‘Prior Period Income’ to the extent it pertains to earlier years.
  - X. In cases of revisions to demand, if related to earlier years, any increase in demand shall be treated as ‘Prior Period Income’ and any decrease in demand shall be treated as ‘Prior Period Expense’.
  - XI. Part-payments received shall be first adjusted against penalty and interest, arrear demand and current demand in the listed order. Part Payments of arrear demand or current demand shall be proportionately divided among the various taxes collected as a part of Property Tax, including collections to be made on behalf of the Government.
  - XII. Advance/ excess payment of taxes shall be treated as a liability till the tax becomes due, at which point, it shall be adjusted against receivables.
  - XIII. Wherever self-assessment of taxes are prevalent, income shall be accrued based on records available with the Municipality when it becomes due as per the provisions of the Act. Further, changes arising out of self-assessment will be treated as ‘Change in Demand’ and will be accounted accordingly.

## **Accounting Records and Procedures**

- 6.11 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Property & Other Taxes. For the purposes of accounting of Property & Other taxes there are certain forms, registers, etc., which are specific to Property & Other Taxes, e.g., Summary Statement of Head-wise Collection of Property & Other Taxes (Form P&OT-3). These (Form P&OT-1 to P&OT-5) are annexed to this chapter,
- 6.12 The accounting of the various aspects relating to Incomes accounted on accrual basis in respect of Property and related taxes have been discussed below:

### **INCOMES ACCOUNTED ON ACCRUAL BASIS**

#### **A. Property Tax and related taxes**

##### **TAX BILLS**

6.13 A Summary Statement of Bills Raised shall be prepared ward-wise and tax-head-wise, in Form P&OT-1 on Half Yearly/Quarterly /Monthly basis within 7 days from the end of the previous Half year/Quarter /Month in case of Property Tax and related taxes. This forms the base for accounting and the following entry shall be passed.

a. Recording of demand raised on existing assessments:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431100100	Receivable for Property Taxes (Current)	Debit	
431100200	Receivable for Property Taxes (Arrears)	Debit	
110010000	To Holding Tax		Credit
110020000	To Water Tax		Credit
110030000	To Latrine		Credit
110520100	To Education Cess		Credit
110520200	To Health Cess		Credit
280100100	To Prior Period Income – Holding Tax		Credit
280100200	To Prior Period Income - Water Tax		Credit
280100300	To Prior Period Income – Latrine Tax		Credit
280100400	To Prior Period Income – Education Cess		Credit
280100500	To Prior Period Income – Health Cess		Credit
280209900	To Others*		Credit
431910000	To State Government Cesses/levies in Property Taxes – Control account*		Credit
<b>Source Document:</b> Summary Statement of Bills raised Form P & OT – 1			
<b>Records Updated:</b> Journal Book, Ledger			

\* Specify the heads of each income for which demand is raised.

**Note:** The postings in the Ledger Account of “Receivables for Property Tax” Account and Revenue accounts shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the Bank account is involved, there will be no entry in the Journal Book.

6.14 If arrears of Property Income are included while issuing the fresh demand, entry shall be passed only in respect of the fresh demand. Entries in respect of the arrears would have already been recorded earlier.

6.15 Cesses/Levies collected on behalf of Government together with Property Tax demand shall be reckoned and credited to control account, “State Government Cesses/ levies in Property Taxes - Control account” above. However the liability to the Government arises only upon collection. The treatment of this is discussed subsequently.

a. Recording of demand raised in case of new assessments:

In case of new assessments, demand may be raised for a period earlier to the financial year in which the assessment is made. In such case the demand should be split according to the period to which it relates and income related to earlier period be accounted as Prior period Income. Details of the new assessment shall be communicated to the Accounts Department in Form P & OT – 1 and the accounting entry is the same as in the case of demand raised on existing assessments.

b. Recording of Change in assessments:

Any demand raised earlier may undergo changes by court order / by the order of Chief Municipal Officer / by any other competent authority. This may either lead to increase or decrease in demand amount. A Summary Statement of Demand Adjustments Raised shall be prepared, in Form P&OT- 2 on monthly basis within 7 days from the end of the previous month. This forms the base for accounting and the following entry shall be passed.

- i. In case the revised demand is more than what was recorded earlier, then, the entry to be passed is same as accounting of existing demand, for the difference amount.
- ii. In case the revised demand is less than what was recorded earlier, the entry passed earlier has to be reversed for the difference. The reversal shall be reflected in the current year revenue incase the revision in demand relates to the current year and in any other case the

reversal shall be accounted as prior period expenses. The remission / refund amount shall be adjusted against Receivables if the demand is outstanding. The accounting entry for the same is as follows.

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
110900100	Tax remissions and refunds-Holding Tax	Debit	
110900200	Tax remissions and refunds-Water Tax	Debit	
110900300	Tax remissions and refunds- Latrine Tax	Debit	
110900400	Tax remissions and refunds- Education Cess	Debit	
110900500	Tax remissions and refunds- Health Cess	Debit	
280500100	Prior Period Expenses - Tax Remission & Refund – Holding Tax	Debit	
280500200	Prior Period Expenses - Tax Remission & Refund - Water Tax	Debit	
280500300	Prior Period Expenses - Tax Remission & Refund – Latrine Tax	Debit	
280500400	Prior Period Expenses - Tax Remission & Refund – Education Cess	Debit	
280500500	Prior Period Expenses - Tax Remission & Refund – Health Cess	Debit	
431910000	State Government Cesses/levies in Property Taxes – Control account*	Debit	
431100100	To Receivables for Property Taxes (Current)		Credit
431100200	To Receivables for Property Taxes (Arrears)		Credit
<b>Source Document:</b> Summary Statement of Demand Adjustments Raised - Form P&OT-2			
<b>Records Updated:</b> Journal Book, Ledger Account			

\* Specify the heads of each income for which demand is raised.

iii. If the demand is already paid, it will either be taken as credit and adjusted against future payments or will be paid to the tax payee as refund depending on the governing principle of the Municipality. The amount of refunds/remissions shall be credited to the account ‘Advance Collection of Revenues’ when it is to be adjusted against future payments. If it is to be refunded then it shall be credited to the Refunds payable account. The Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
110900100	Tax remissions and refunds-Holding Tax	Debit	
110900200	Tax remissions and refunds-Water Tax	Debit	
110900300	Tax remissions and refunds- Latrine Tax	Debit	
110900400	Tax remissions and refunds- Education Tax	Debit	
110900500	Tax remissions and refunds-Health Cess	Debit	
280500100	Prior Period Expenses - Tax Remission & Refund – Holding tax	Debit	
280500200	Prior Period Expenses - Tax Remission & Refund - Water Tax	Debit	
280500300	Prior Period Expenses - Tax Remission & Refund – Latrine Tax	Debit	
280500400	Prior Period Expenses - Tax Remission & Refund – Education Cess	Debit	
280500500	Prior Period Expenses - Tax Remission & Refund – Health Cess	Debit	
350400100	To Refund Payable – Property Tax		Credit
<b>Source Document:</b> Summary Statement of Refunds and Remissions – Form P&OT – 4			
<b>Records Updated:</b> Journal Book, Ledger Account			

6.16 Recording of payment of refunds/remissions granted. The Revenue Department shall prepare a Payment Order (Form GEN-15) in respect of the refunds and

communicate the details of refunds/remissions made to the Accounts Department. It shall also update the Register of Demand and other registers. To record refunds/remissions payment, the Accounts Department shall pass the following entry:

**In cases where Refunds are paid**

Code	Particulars	Debit	Credit
350400100	Refund payable – Property Taxes	Debit	
450210100	Bank Account-State Bank of India-A/c No-1100111111		Credit

**Source Document:** Payment Order - Form GEN – 15  
**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank and account number

\*\* Specify the heads of income

**In cases where Refunds are converted to advance collection of payment**

Code	Particulars	Debit	Credit
350400100	Refund payable – Property Taxes	Debit	
350500100	To Advance Collection of Revenue – Property Tax		Credit

**Source Document:** Summary Statement of Refunds and Remissions – Form P&OT – 4  
**Records Updated:** Journal Book, Ledger Account

\* Specify the heads of income

**SELF ASSESSMENT**

6.17 Self-Assessment of taxes is a method of bringing better compliance and improved collection. In such cases, income shall be accrued on the due date (as per provisions of the Act & Rules) based on the information available with the Municipality in the assessment records. On due date, a Summary Statement of Bills Raised in Form P&OT - 1 shall be prepared by the Revenue Department as provided earlier and income shall be accrued as in the normal case.

6.18 However on submission of self-assessment forms, upon scrutiny and approval as per the rules and regulations laid down for this purpose, it shall be recorded in the Books of accounts. The effect of this could either lead to increase or decrease in demand. The accounting procedure to be adopted will be same as change in assessment.

### **COLLECTION OF TAXES**

6.19 The procedure for accounting of collections is described below:

- Recording of tax collections.

Based on Summary of Daily Collection (Form GEN-13) received from the various Collecting Offices / Centers, the Accounts Department shall pass the following entry in respect of taxes for which demand has been raised, i.e Property and related taxes.

#### **In case of Cash and Cheque/Draft collections**

Code	Details	Debit	Credit
450100100	Cash Account	Debit	
450210000	Bank Account-State Bank of India-A/c No-1100111111	Debit	
431800100	To Receivable Control A/c - Property Taxes		Credit
<b>Source Document:</b> Summary of Daily Collection (Form GEN-13)			
<b>Records Updated:</b> Cash Book , Bank Book, Ledger			

\* Specify name of the Bank and account number

#### **In case of deposit of Cash collections to Bank**

Code	Details	Debit	Credit
450210100	Bank Account-State Bank of India-A/c No-1100111111	Debit	
450100100	To Cash Account		Credit
<b>Source Document:</b> Deposit Chalan acknowledged by the Bank			
<b>Records Updated:</b> Cash Book , Bank Book, Ledger Account			

\* Specify name of the Bank and account number

- b. The Summary of Daily Collection (Form GEN-13) does not provide the details in respect of the year-wise head-wise collections made in respect of Property and Other Taxes. Hence, the total amount collected should be credited to “Receivables Control Accounts - Property Taxes” Account. The collection made shall be segregated into year wise, head wise collection on a monthly basis.
- c. Recording of break-up of collections: A Summary Statement of Head-wise Collection of Property & Other Taxes in Form P&OT- 3 on a monthly basis shall be prepared and sent to the Accounts Department to record the details of collection. Penalty may be charged to the taxpayer in accordance with relevant provisions. Penalty shall be recognised as income only on collection.
- d. To record the break-up of collections into year-wise recovery, tax received in advance income the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431800100	Receivable Control A/c -Property Taxes	Debit	
431100100	To Receivables for Property Taxes (Current)		Credit
431100200	To Receivables for Property Taxes (Arrears)		Credit
350410100	To Advance Collection of revenues-Property Tax		Credit
140200000	To Penalties and Fines		Credit

**Source Document:** Summary Statement of Head-wise collection of Property & Other Taxes as per Form P & OT - 3

**Records Updated:** Journal Book, Ledger

\* Adjustment of tax collected in advance is discussed separately under section ‘Adjustment of Tax Received in Advance’ below.

#### **RECOGNITION OF LIABILITY AND PAYMENT OF SPECIFIC GOVERNMENT DUES**

- 6.20 Recording of liability to Government: The specific head-wise liability in respect of the amount collected on behalf of the Government shall be recognised on collection based on the Summary Statement of Head-wise Collection of Property & Other Taxes (Form P&OT 3). To record the liability, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431910000	State Government Cesses /levies in Property Taxes – Control account	Debit	
350300100	To Education Cess Payable		Credit
<b>Source Document:</b> Summary Statement of Head-wise Collection of Property & Other Taxes – Form P&OT 3			
<b>Records Updated:</b> Journal Book, Ledger			

6.21 Recording of payment made to Government: A Payment Order (Form GEN-15) is made for remittance of payment of collections made on behalf of the Government. Based on Payment Order the following entry shall be made to record the payment order.

Code	Details	Debit	Credit
350300100	Education Cess Payable	Debit	
450210100	Bank Account-State Bank of India-A/c No-1100111111		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records Updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and account number

#### **NOTICE FEE, WARRANT FEE, OTHER FEES**

6.22 Notices of demand and warrants shall be issued and penalties may be charged as per the relevant provisions.

6.23 Recording of demand raised: A Summary Statement of Notice Fee, Warrant Fee and Other Fees in Form GEN - 25 shall be prepared on a monthly basis. The following entry shall be passed to record the demand raised. :

Code	Details	Debit	Credit
431100100	Receivables for Property Taxes (Current)	Debit	
140400500	To Notice Fees		Credit
140400600	To Warrant Fees		Credit
<b>Source Document:</b> Summary Statement of Notice Fee, Warrant Fee and Other Fees – Form GEN - 25			
<b>Records Updated:</b> Journal Book, Ledger			

## **REFUNDS AND REMISSIONS**

- 6.24 All refunds and remissions arising under eligible circumstances as provided in the Act and regulations governing the revenues shall be duly recorded in the Demand registers maintained and the details of the same shall also be communicated to the Accounts Department. The reversal shall be reflected in the current year revenue in case the revision in demand relates to the current year and in any other case the reversal shall be accounted as prior period expenses.
- 6.25 Recording of refunds/remissions payable: A Summary Statement of Refunds and Remissions in Form P&OT- 4 on a monthly basis shall be prepared. Refunds/Remissions pertaining to prior period shall be identified separately from the current period based on which the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
110900100	Tax Remission & Refund - Property Tax	Debit	
110900100	Tax Remission & Refund - Water Tax	Debit	
110900100	Tax Remission & Refund – Latrine Tax	Debit	
110900100	Tax Remission & Refund – Education Cess	Debit	
110900100	Tax Remission & Refund – Health Cess	Debit	
280500100	Prior Period Expenses - Tax Remission & Refund – Holding tax	Debit	
280500100	Prior Period Expenses - Tax Remission & Refund - Water Tax	Debit	
280500100	Prior Period Expenses - Tax Remission & Refund – Latrine Tax	Debit	
280500100	Prior Period Expenses - Tax Remission & Refund – Education Cess	Debit	
280500100	Prior Period Expenses - Tax Remission & Refund – Health Cess	Debit	
350400100	To Refunds Payable – Property Taxes		Credit
431100100	To Receivables for Property Taxes (Current)		Credit
431100200	To Receivables for Property Taxes (Arrears)		Credit
<b>Source Document:</b> Summary Statement of Refunds and Remissions in Form P&OT- 4			
<b>Records Updated:</b> Journal Book, Ledger			

- 6.26 Recording of payment refunds/remissions granted: The Revenue Department shall prepare a Payment Order (Form GEN-15) in respect of the refunds and communicate the details of refunds/remissions made to the Accounts Department. It shall also update the Register of Demand and other registers. To record refunds/remissions payment, the Accounts Department shall pass the following entry:

**In cases where Refunds are paid**

Code	Details	Debit	Credit
350400100	Refunds Payable – Property Taxes	Debit	
450210100	Bank Account-State Bank of India-A/c No-1100111111		Credit
<b>Source Document:</b> Payment Order – GEN -15			
<b>Records Updated:</b> Bank Book, Ledger			

**In cases where Refunds are converted to advance collection of payment**

Code	Details	Debit	Credit
350400100	Refunds Payable – Property Taxes	Debit	
350500100	To Advance Collection of Revenue – Property Tax		Credit
<b>Source Document:</b> Summary Statement of Refunds and Remissions in Form P&OT- 4			
<b>Records Updated:</b> Journal Book, Ledger Account			

**PAYMENT TO THE URBAN LOCAL BODY FOR PROPERTIES OCCUPIED BY  
THE GOVERNMENT IN LIEU OF PROPERTY TAX AND EDUCATION CESS AND  
SERVICE CHARGES ON THE GOVERNMENT PROPERTIES**

- 6.27 Recording of demand raised: In case there are provisions for charging Property Tax on properties occupied by Government, a Summary Statement of Bills Raised (Form P&OT- 1) in this regard be prepared in the same way as in case of other properties based on which following accounting entry will be passed

Code	Details	Debit	Credit
431100100	Receivables for Property Taxes (Current)	Debit	
431100200	Receivables for Property Taxes (Arrears)	Debit	
280100100	To Prior Period Income - Holding Tax		Credit
280100200	To Prior Period Income - Water Tax		Credit
280100300	To Prior Period Income – Latrine Tax		Credit
280100400	To Prior Period Income – Education Cess		Credit
280100500	To Prior Period Income – Health Cess		Credit
<b>Source Document:</b> Summary Statement of Bills Raised -Form P&OT- 1			
<b>Records Updated:</b> Journal Book, Ledger			

- 6.28 The procedure for collection and accounting of sums received from the Government in this regard shall be the same as discussed for Property and Other Taxes collected otherwise.

**PROVISION FOR UNREALISED PROPERTY AND OTHER TAX RECEIVABLES AND WRITE-OFFS**

6.29 Recording of provision for unrealised tax. The demand outstanding beyond two (2) Years shall be provided for as per provisioning norms given below:

- a. Outstanding for more than 2 years but not exceeding 3 years: 25%
- b. Outstanding for more than 3 years but not exceeding 4 years: 50% (additional 25%)
- c. Outstanding for more than 4 years but not exceeding 5 years: 75% (additional 25%)
- d. Outstanding for more than 5 years: 100% (additional 25%).

6.30 For example, provision for the Period ended 31 March, 2010 is as under:

- a. 25% of outstanding Receivables of Property & Other Taxes for the year ended March 31, 2008
- b. 50% of outstanding Receivables of Property & Other Taxes for the year ended March 31, 2007
- c. 75% of outstanding Receivables of Property & Other Taxes for the year ended March 31, 2006
- d. 100% of outstanding Receivables of Property & Other Taxes for the year ended March 31, 2005 and before

6.31 While making provision for receivables as stated above, the relevant proportion ‘State Government Cesses/ levies in Property Taxes - Control account’ shall also be provided by debiting to a separate account.

6.32 The amount required being provided as per provisioning norms stated above, shall be compared with the balance lying in the Provision for outstanding Tax-PTD. If the amount to be provided is more than the balance, then additional provision shall be made for the difference amount. If the amount to be provided is less than the balance, it reflects the amounts provided for has been collected, and the provision made towards that can be written back. This process has to be carried over at every period/year end.

6.33 Computation of provision or write back of provision as at the period end date is explained with the example given below in Table 6.1 & 6.2. Provision shall be computed for each of the components of the Property Tax.

**Table 6.1**  
**Computation of Additional Provision at the Period end**

Sl. No.	Particulars	Taxes (Rs.)	State Government Dues (Rs)
a.	Balance in the 'Provision for Outstanding Property Taxes account' as at 31 March 2009	1,00,000	11,000
b.	Cumulative provision required to be made as at 31 March 2010	1,20,000	11,500
c. (a-c)	Additional provision to be made as at 31 March 2010	<b>20,000</b>	<b>500</b>

**Table 6.2**  
**Excess of provisions at the Period end**

Sl. No.	Particulars	Taxes (Rs.)	State Government Dues (Rs)
a.	Balance in the 'Provision for Outstanding Property Taxes account' as at 31 March 2009	1,00,000	11,000
b.	Cumulative provision required to be made as at 31 March 2010	95,000	9,500
c. (b-a)	<b>Excess provision to be written back as at 31 March 2010</b>	<b>(5000)</b>	<b>(1,500)</b>

6.34 For any additional provision to be made for the period as computed in Table 6.1, the following entry shall be passed by the Accounts Department:

Code	Details	Debit	Credit
270100101	Provisions for Doubtful Receivables – Holding Tax	Debit	
270100102	Provisions for Doubtful Receivables – Water Tax	Debit	
270100103	Provisions for Doubtful Receivables – Latrine Tax	Debit	

270100104	Provisions for Doubtful Receivables – Health Cess	Debit	
270100105	Provisions for Doubtful Receivables – Education Cess	Debit	
432910000	State Government Cesses/ levies in Property Taxes – Provision	Debit	
432100000	To Provision for outstanding Property Tax		Credit
<b>Source Document:</b> Computation sheet for the amount of provisioning <b>Records Updated:</b> Journal Book, Ledger Account			

6.35 The effect of the above entry will be as follows:

- a. Provision for Doubtful Receivables- Property Taxes shall be shown as an expenditure under the schedule Provision & write offs.
- b. Government Dues provided will be adjusted against 'State Government Cesses/ levies in Property Taxes - Control account'
- c. Provision for Outstanding Tax will be shown as a deduction from Receivables for Property Taxes in the Balance Sheet.

6.36 For any excess provision arrived for the period as computed in Table 6.2, the following entry shall be passed by the Accounts Department:

Code	Details	Debit	Credit
432100000	Provision for outstanding Property Tax	Debit	
432910000	To State Government Cesses/ levies in Property Taxes – Provision		Credit
180600101	To Excess Provision Written Back – Holding Tax		Credit
180600102	To Excess Provision Written Back – Water Tax		Credit
180600103	To Excess Provision Written Back – Latrine Tax		Credit
180600104	To Excess Provision Written Back – Education Cess		Credit
180600105	To Excess Provision Written Back – Health Cess		Credit

**Source Document:** Computation sheet for the amount of provision to be written back

**Records Updated:** Journal Book, Ledger Account

- 6.37 **Recording of write-offs:** If for any reason, it is decided by the Municipality to write-off property and other taxes, which was earlier treated as an income, the write off shall be adjusted against the provision made and the following entry will be passed based on Summary Statement of Write Off in Form P & OT-5.

Code	Details	Debit	Credit
432100000	Provision for outstanding Property Taxes	Debit	
431910000	State Government Cesses/ levies in Property Taxes – Control account *	Debit	
431102000	To Receivables for Property Taxes (Arrears)		Credit
432910000	To State Government Cesses/ levies in Property Taxes – Provision		Credit

**Source Document:** Summary Statement of Write Off in Form P & OT-5

**Records Updated:** Journal Book, Ledger

\* Specify the name of the cess

- 6.38 **Recording of subsequent collection/ recovery of ‘Receivables of Property and Other Taxes’ written off:** In case of a ‘Receivable of Property & Other taxes’ written off already were recovered/collected during the year, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431800100	Receivable Control Account – Property Taxes	Debit	
280300101	To Recovery of Revenues written off – Holding Tax		Credit
280300102	To Recovery of Revenues written off – Water Tax		Credit
280300103	To Recovery of Revenues written off – Latrine Tax		Credit
280300104	To Recovery of Revenues written off – Education		Credit

	Cess		
280300105	To Recovery of Revenues written off – Health Cess		Credit
<b>Source Document:</b> Summary Statement of Head wise collection of Property & Other Taxes – Form P			
& OT - 3			
<b>Records Updated:</b> Journal Book, Ledger Account			

- 6.39 Recording of payment made to Government dues has already been explained in para 6.20.

#### **TRANSFER OF AMOUNT OUTSTANDING IN CURRENT ACCOUNT TO ARREARS ACCOUNT**

- 6.40 The amount outstanding in Current account i.e. (Receivables for Property and Other Taxes (Current) shall be transferred to Arrears Account, i.e., "Receivables for Property and Other Taxes (Arrears)" Account on 1<sup>st</sup> of April of the every year. . For example, the Property and Other Taxes receivable in respect of the demand raised during the accounting year 2009-10 on 31<sup>st</sup> March 2009(Receivables of Property and Other Taxes (Current) shall be transferred to "Property and Other Taxes (Arrears)" Account on 1<sup>st</sup> April 2011.
- 6.41 Recording of transfer of arrears to General account. To record this transfer, the Accounts Department shall pass the following entries:

Code	Details	Debit	Credit
431100100	Receivables for Property Taxes (Arrears)	Debit	
431100200	To Receivables for Property Taxes (Current)		Credit

**Source Document:**

**Records Updated:** Journal Book, Ledger

#### **ADJUSTMENT OF TAX RECEIVED IN ADVANCE**

- 6.42 The Revenue Department shall intimate the Accounts Department of the advance adjusted against the subsequent demand raised through the Summary

**Statement of Bills Raised (Form P&OT-1).**

- a. Recording of subsequent demand raised. To record the demand raised for tax, the Accounts Department shall pass the same entry as in the case of existing assessments. The accounting entry to be passed is explained in Para 6.13a.
- b. Recording of adjustment of advance. To record the adjustment of tax received in advance, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
350410100	Advance Collection of Revenues – Property Taxes	Debit	
431102000	To Receivables for Property Taxes (Current)		Credit

**Source Document:** Summary Statement of Bills Raised -Form P&OT-1  
**Records Updated:** Journal Book, Ledger

**RECOVERY OF PROPERTY AND OTHER TAXES THROUGH LEGAL PROCEEDINGS**

**Cost of Recovery**

- 6.43 Recording of cost of recovery: Expenditure incurred in respect of attachment and sale of the properties of the defaulter shall be recorded as cost incurred on recovery, and the accounting entry is as follows.

Code	Details	Debit	Credit
220510400	Legal Expenditures – Cost of recoveries - Tax revenue	Debit	
450210100	Bank Account-State Bank of India-A/c No-1100111111		Credit

**Source Document:** Bill of the Professionals, Other Bills

**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank and  
Account number

**Collections on Sale of Attached Property**

- 6.44 Recording of collection: On the basis of the Summary of Daily Collection (Form

GEN-13) received from the various Collection Offices and Collection Centres, the following entry shall be passed:

Code	Details	Debit	Credit
450210100	Bank Account-State Bank of India-A/c No-1100111111	Debit	
350900100	To Sale Proceeds – Attached Properties		Credit
<b>Source Document:</b> Summary of Daily Collection - Form GEN - 13			
<b>Records Updated:</b> Bank Book, Ledger Account			

\* Specify name of the Bank and  
Account number

6.45 The Revenue Department shall send the details of the adjustment of the amount collected to the Accounts Department. Based on the intimation received from the Revenue Department, to record the adjustment of the amount collected on sale of attached property, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
350900100	Sale Proceeds – Attached Properties	Debit	
431800100	To Receivable Control Accounts – Property Taxes		Credit
350300300	To Government Dues Payables-Court Attachments		Credit
350400700	To Refunds Payable - Attached Properties		Credit
<b>Source Document:</b> Summary Statement of head Wise Collection of Property and Other taxes – Form P & OT - 3			
<b>Records Updated:</b> Journal Book, Ledger Account			

6.46 The Revenue Department shall prepare the Payment Orders (Form GEN-15) in respect of the amounts payable subsequent to the sale of the attached property and send it to the Accounts Department for payment. On making the payment, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
350300300	Government Dues Payables-Court Attachments	Debit	
350400700	Refunds Payable – Attached Properties	Debit	
450210100	Bank Account-State Bank of India-A/c No-1100111111		Credit
<b>Source Document:</b> Payment Order - Form GEN – 15			

**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank and  
Account number

- 6.47 The amount to be credited to the “Receivable Control Accounts - Property Taxes” shall include the amount receivable in respect of tax as well as the expenditure incurred in respect of the recovery from the taxpayer.
- 6.48 The entries for adjustment of collection against receivables and recognition of specific liabilities for collection of Government dues shall be recorded on the basis of the Summary Statement of Head-wise Collection of Property & Other Taxes which has been discussed above.
- 6.49 To record the receipt of cost of recovery, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431800100	Receivable Control accounts – Property Taxes	Debit	
220510400	To Legal Expenditures – Cost of recoveries - Tax revenue		Credit

**Source Document:** Professional's Bill, Other Bills

**Records Updated:** Journal Book, Ledger Account

### **B. Profession Tax**

- 6.50 Similar to accruing of Property Tax, Profession Tax of Institutions shall also be accrued based on a raising of demand in Form P&OT - 1. Accounting entries in respect of Demand and Collection are detailed below. For the accounting procedures and entries in respect of Notice fees, Refunds, Adjustment of Advances, Provisions, Write off and Transfer of amount outstanding from current account to arrear account, reference is invited to the procedures and entries explained above under Section A – Property and related Taxes.

#### **Demand Raised**

- 6.51 Recording of demand raised. The demand raised for Income shall be recognised as an income for the Municipality and correspondingly as a receivable. Accordingly, based on the Summary Statement of Bills Raised (Form P&OT- 1) received from the respective departments, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>

431190101	Receivables for Profession Tax – Institutions/Professionals/Traders (Current)	Debit	
431190102	Receivables for Profession Tax - Institutions/Professionals/Traders (Arrears)	Debit	
110100200	To Profession Tax – Institutions/Professionals/Traders		Credit
280100600	To Prior Period Income – Profession Tax - Institutions/ Professionals/ Traders		Credit

**Source Document:** Summary Statement of Bills raised – Form P&OT – 1  
**Records Updated:** Journal Book, Ledger Account

6.52 If arrears of Profession Tax are included while issuing the fresh demand, entry shall be passed only in respect of the fresh demand. Entries in respect of the arrears would have already been recorded earlier.

#### Collection of Profession Tax

6.53 The following shall be the procedure for accounting of the collections made in respect of Profession Tax:

- a. Recording of Income collections. To record the income based on the Summary of Daily Collections (Form GEN - 13) received from the various Collection Offices and Collection Centres, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
450210100	Bank Account-State Bank of India-A/c No- 1100111111	Debit	
450100100	Cash Account	Debit	
431800202	To Receivables Control Account – Profession Tax - Institutions / Professionals / Traders		Credit

**Source Document:** Summary of Daily Collections -Form GEN – 13

**Records Updated:** Cash book, Bank Book, Ledger Account

\* Specify name of the Bank and account number

**In case of deposit of Cash collections to Bank**

Code	Details	Debit	Credit
450210100	Bank Account-State Bank of India-A/c No-1100111111	Debit	
450100100	To Cash Account		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank  
**Records Updated:** Cash Book, Bank Book, Ledger Account

\* Specify name of the Bank and account number

The Summary of Daily Collection (Form GEN- 13) does not provide the break-up of the collections into arrears collected, collections received in advance and collection made in respect of the current year's demand, profession tax on employees, etc. Hence, the total amount collected is credited to "Receivable Control Account – Profession Tax" which shall be segregated on a monthly basis.

- c. Recording of break-up of collections. A Summary Statement of Head-wise Collection of Property & Other Taxes in Form P & OT-3 shall be prepared on a monthly basis by the Revenue Department and sent to the Accounts Department to record the details of collection. To record the break-up of the collections made in respect of Incomes accounted for on accrual basis, into current and arrears recovery, to record any income collected in advance, and to record the incomes accounted on cash basis, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431800200	Receivables Control Account –Profession Tax	Debit	
431190101	To Receivables for Profession Tax – Institutions/Professionals/Traders (Current)		Credit
431190102	To Receivables for Profession Tax - Institutions/Professionals/Traders (Arrears)		Credit
350410203	To Advance Collection of Revenues – Profession Tax		Credit

110100100	To Profession tax – Employees		Credit
140200000	To Penalties and Fines		Credit

**Source Document:** Summary Statement of Head-wise Collection of Property & Other Taxes in Form P & OT-3

**Records Updated:** Journal Book, Ledger Account

\* Adjustment of income collected in advance is discussed separately under section 'Adjustment of Other Incomes received in Advance'

### **C. Advertisement Tax**

6.54 Advertisement Tax for the first year is accounted on actual receipt. Similar to accruing of Property Tax, Advertisement Tax from second year shall also be accrued based on a raising of demand in Form P&OT-1. Accounting entries in respect of Demand and Collection are detailed below. For the accounting procedures and entries in respect of Notice fees, Refunds, Adjustment of Advances, Provisions, Write off and Transfer from amount outstanding in current account to arrear account, reference is invited to the procedures and entries explained above under Section A – Property and related Taxes.

#### **Demand Raised**

6.55 Recording of demand raised. The demand raised for Income shall be recognised as an income for the Municipality and correspondingly as a receivable. Accordingly, based on the Summary Statement of Bills Raised (Form P&OT-1) received from the respective departments, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431190201	Receivables for Advertisement Tax (Current)	Debit	
431190202	Receivables for Advertisement Tax (Arrears)	Debit	
110110000	To Advertisement Tax		Credit
280100700	To Prior Period Income- Advertisement Taxes		Credit

**Source Document:** Summary Statement of Bills Raised - Form P&OT- 1

**Records Updated:** Journal Book, Ledger Account

6.56 If arrears of Advertisement Tax are included while issuing the fresh demand, entry shall be passed only in respect of the fresh demand. Entries in respect of the arrears would have already been recorded earlier.

### **Collection of Advertisement Tax**

6.57 The following shall be the procedure for accounting of the collections made in respect of Advertisement Taxes:

- a. Recording of Income collections. To record the income based on the Summary of Daily Collections (Form GEN - 13) received from the various Collection Offices and Collection Centres, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
450210100	Bank Account-State Bank of India-A/c No- 1100111111	Debit	
450100100	Cash Account	Debit	
431800300	To Receivables Control Account –Advertisement Tax		Credit

**Source Document:** Summary of Daily Collections - Form GEN – 13

**Records Updated:** Cash Book, Bank Book, Ledger Account

\* Specify name of the Bank and account number

### **In case of deposit of Cash collections to Bank**

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
450210100	Bank Account-State Bank of India-A/c No- 1100111111	Debit	
450100100	To Cash Account		Credit

**Source Document:** Deposit Challan acknowledged by the Bank

**Records Updated:** Cash Book, Bank Book, Ledger Account

\* Specify name of the Bank and account number

- b. The Summary of Daily Collection (Form GEN- 13) does not provide the break-up of the collections into arrears collected, collections received in advance and collection made in respect of the current year's demand. Hence, the total amount collected is credited to "Receivable Control Account – Advertisement Tax" which shall be segregated on a monthly basis.
- c. Recording of break-up of collections. A Summary Statement of Head-wise Collection of Property & Other Taxes in Form P & OT-3 shall be prepared on

a monthly basis by the Revenue Department and sent to the Accounts Department to record the details of collection. To record the break-up of the collections made in respect of Incomes accounted for on accrual basis, into current and arrears recovery, to record any income collected in advance, and to record the incomes accounted on cash basis, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431800300	Receivables Control Account –Advertisement Tax	Debit	
431190201	To Receivables for Advertisement Tax (Current)		Credit
431190201	To Receivables for Advertisement Tax (Arrears)*		Credit
351410202	To Advance Collection of Revenues – Advertisement Tax		Credit
110110000	To Advertisement Tax		Credit
140200000	To Penalties and Fines		Credit
<b>Source Document:</b> Summary Statement of Head-wise Collection of Property & Other Taxes - Form P & OT-3			
<b>Records Updated:</b> Journal Book, Ledger Account			

\* Adjustment of income collected in advance is discussed separately under section 'Adjustment of Other Incomes received in Advance'

### INCOMES ACCOUNTED ON CASH BASIS

6.58 Entertainment tax, etc are incomes accounted on Cash basis. Based on Summary of Daily Collection (Form GEN-13) received from the various Collecting Offices / Centers, the Accounts Department shall pass the following entry in respect of taxes for which no demand is raised, i.e Entertainment Tax, Profession Tax on employees, etc.

Code	Details	Debit	Credit
450210100	Bank Account-State Bank of India-A/c No- 1100111111	Debit	
110160000	To Entertainment Tax		Credit

110100100	To Profession Tax – Employees		Credit
<b>Source Document:</b> Summary of Daily Collection - Form GEN-13			
<b>Records Updated:</b> Cash Book , Bank Book, Ledger			

\* *Specify name of the Bank and account number*

### **INTERNAL CONTROLS**

6.59 The following internal controls shall be observed by the Municipality in respect of Property and Other Taxes related transactions:

- a. The Revenue Department shall ensure those Bills / Demands are raised as per the time prescribed by the respective rules for Property and Other Taxes.
- b. The Accounts Officer shall ensure that taxes are accrued in the month in which it is due and journalisation of all the demands/bills raised for Property & Other Taxes before accounting for the collection.
- c. The Accounts Officer and the Revenue Officer shall reconcile the balance at the beginning of the accounting year in respect of the year-wise Property & Other Tax Receivables (as appearing in the Balance Sheet of the previous year) with the year-wise total of the arrears recorded in the Demand Register.
- d. A half yearly reconciliation shall be carried out by the Accounts Officer and the Revenue Officer in respect of the amount collected and the year-wise amount outstanding between the balances in the Ledger Accounts maintained at the Accounts Department and the Demand Register maintained at the Revenue Department.
- e. The officers designated by the Municipality for operating the Designated Bank Account(s) (if any) shall co-ordinate with the Banks on a daily basis and ascertain the status of the Cheques/Drafts deposited by them.
- f. The Revenue Department shall ensure that the Receipt / Summary of Daily Collection prepared, provides reference to the Collection Register.
- g. Write-off of Property & Other Taxes receivables shall be only after the sanction of Municipal Council.
- h. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.

6.60 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

### **PRESENTATION IN THE FINANCIAL STATEMENTS**

- 6.61 The various heads of account used for the accounting of Property and Other Taxes related transactions shall be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the Municipality. All these Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 6.62 The provision against the outstanding Property Tax receivable is to be disclosed under the major head Accumulated Provisions as a separate line item in the Balance Sheet below the 'Sundry Debtors'.
- 6.63 The Schedule of the Income and Expenditure Statement in respect of Property and Other Taxes is presented below.

#### **Schedule I-1: Schedule of Tax Revenue**

<b>Code No</b>	<b>Particula rs</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
110100000	Holding Tax		
110200000	Water Tax		
110300000	Latrine Tax		
110520100	Education		
110520200	Cess Health		
110100200	Cess		
	Profession Tax -		
110110000	Individual(Employee)/Firm/Others		
110160000	Advertisement		
	Tax		
	Entertainment		
110900000	Tax		
	Sub-total		
	Less		
	Tax Remission and Refunds		
	Sub-total		
<b>Total Income of Holding Taxes to be shown as a part of Tax revenue Schedule</b>			

\* Insert all taxes raised along with Holding Taxes

#### **Schedule I-1 (a): Refund/Remission of revenues**

		<b>Current</b>	<b>Previous</b>

<b>Code No</b>	<b>Particula rs</b>	<b>Year Amount (Rs.)</b>	<b>Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
110900100	Holding Tax		
110900200	Water Tax		
110900300	Latrine Tax		
110900400	Education Cess		
110900500	Health Cess		
110900600	Profession Tax - Institutions/Professionals/Traders		
110900700	Advertisement Tax		
<b>Total Income of Property Taxes to be shown as a part of Refund and Remissions of Taxes Schedule</b>			

**Schedule I – 4: Schedule of Fees and User Charges**

<b>Code No</b>	<b>Particula rs</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
140100100	Hawkers Registration		
140100500	Fees		
140300100	Contractor Registration		
140200000	Fees		
140401200	Plan sanction Fees		
140500102	Penalties and Fines		
	Application Fees RTI Act		
	Water Charges Metered Connection		
.....	.....		
.....	.....		
<b>Total Income of Property Taxes to be shown as a part of Fees and User Charges Schedule</b>			

**Schedule I – 9: Schedule of Other Incomes**

<b>Code No</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
180600101	Excess provision written-back – Holding Taxes		
180600102	Excess provision written-back – Water Tax		
180600103	Excess provision written-back – Latrine Tax		
180600104	Excess provision written-back – Education Cess		
180600105	Excess provision written-back – Health Cess		
180600106	excess provision written-back – Profession Tax - Institutions/ Professionals/Traders		
180600107	Excess provision written-back – Advertisement Tax		
<b>Total Income of Property Taxes to be shown as a part of Other Income Schedule</b>			

**Schedule I-11: Administrative Expenditures**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
220510400	Legal Expenditures - Cost of recoveries of tax revenues (net of amount received from State government/assessee for the cost of recovery)		
<b>Total Expenditure of Property Taxes to be shown as a part of Administrative Expenditures Schedule</b>			

**Schedule I – 16: Schedule of Provisions and Write off**

<b>Code No</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
270100101	Provision for Doubtful receivables – Holding Taxes		
270100102	Provision for Doubtful receivables – Water Tax Provision for Doubtful receivables – Latrine Tax Provision for Doubtful receivables – Education Cess		
270100103	Provision for Doubtful receivables – Water Tax Provision for Doubtful receivables – Latrine Tax Provision for Doubtful receivables – Education Cess		
270100104	Provision for Doubtful receivables – Water Tax Provision for Doubtful receivables – Latrine Tax Provision for Doubtful receivables – Education Cess		
270100105	Provision for Doubtful receivables – Water Tax Provision for Doubtful receivables – Latrine Tax Provision for Doubtful receivables – Education Cess		
270100203	Provision for Doubtful receivables – Health cess Provision for Doubtful receivables – Profession Tax – Individual(employee)/Firm/Othersss		
270100202	Provision for Doubtful receivables – Health cess Provision for Doubtful receivables – Profession Tax – Individual(employee)/Firm/Othersss		
<b>Total Expenditure of Property Taxes to be shown as a part of Provision and Write off Schedule</b>			

**Schedule I-18: Prior Period Items**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	<b>Income (a)</b>		
280100100	Prior Period Income - Holding Tax		
280100100	Prior Period Income - Water Tax		
280100100	Prior Period Income – Latrine Tax		
280100100	Prior Period Income – Education Cess		
280100100	Prior Period Income – Health Cess		
280600102	Prior Period Income -		

	Profession Tax - Institutions/ Professionals/ Traders		
280100700	Prior Period Income - Advertisement Tax		
280309900	Prior Period Income - Other Taxes Recovery of Revenues written off (General)		
	<b>Expenditure (b)</b>		
280500100	Prior Period Expenses - Tax Remission & Refund - Holding Tax		
280500200	Prior Period Expenses - Tax Remission & Refund - Water Tax		
280500300	Prior Period Expenses - Tax Remission & Refund - Latrine Tax		
280500400	Prior Period Expenses - Tax Remission & Refund – Education Cess		
280500500	Prior Period Expenses - Tax Remission & Refund – Health Cess		
280500600	Prior Period Expenses - Tax Remission & Refund - Profession Tax - Institutions/ Professionals/ Traders		
280500700	Prior Period Expenses - Tax Remission & Refund - Advertisement Tax		
280509900	Prior Period Expenses - Tax Remission & Refund - Other Taxes		
<b>Total [a-b] of Property Taxes to be shown as a part of Prior Period Items Schedule</b>			

6.64 The Balance Sheet Abstracts in respect of Property and Other Taxes are presented below:

#### **Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)**

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350400100	Refunds Payable – Holding Tax		
350400203	Refunds Payable –		

350400202	Profession Tax – Individual/Firms/Others		
350410101	Refunds Payable – Advertisement		
350410203	Tax Advance Collection of Revenues – Holding Tax		
350410202	Advance Collection of Revenues – Profession Tax		
	Advance Collection of Revenues – Advertisement Tax		
Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
1101110000	Advertisement Tax		
	<b>Total</b>		

**Schedule B-15: Schedule of Sundry Debtors (Receivables)**

Code No.	Particulars	Current Year Amount (Rs.)			Previous Year Amount (Rs.)
		Gross Amount	Provision for Outstanding Receivables	Net Amount	
1	2	3	4	5 = 3 – 4	6
4311110000	<u>Receivables of Holding Taxes</u> Less than 5 years * More than 5 years* Sub – total				
431190100	<u>Receivables of Profession Tax</u> Less than 5 years * More than 5 years* Sub – total				
431190201	Receivables of Advertisement Tax Less: State Government Cesses/Levies in Tax – Control Accounts				
	<b>Net Receivables of Property Taxes</b>				

\* Break up for provision for outstanding revenues are given in Column 4

**Schedule B-17: Schedule of Cash and Bank Balances**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450100100	Cash		
450210100	Bank Account-State Bank of India-A/c No-1100111111		
	<b>Total</b>		

**Form P&OT-1**

\_\_\_\_\_ Name of the Municipality

**SUMMARY STATEMENT OF BILLS RAISED FOR THE PERIOD** \_\_\_\_\_

*in respect of Property & Other Taxes*

Accounting Unit:

Sr.No.

Fund Code:

Field Code:

Particulars (Revenue Head- wise)	Function Code	Arrears	Fresh Demand (Rs.)		Total (Rs.)	Advance Adjusted (Rs.)	Outstandin g Amount (Rs) (6-7)
			Arrears	Current			
1	2	3	4	5	6	7	8
Holding Tax							
Water Tax							
Latrine Tax							
Sewerage Tax							
Lighting Tax							
Amount Due in lieu of Property Tax							
Profession Tax – Individual/Firm/Oth ers							

Advertisement Tax							
Other Taxes*							
Total bill raised for income of ULB							
Demand raised for taxes collected on behalf of Government							
Library Cess							
Any other Cess^							
Total							
<b>Total</b>							
Amount in Words: Rupees _____							
<b>Prepared By :**</b> _____							
<b>Checked By :**</b> _____							
<b>Officer Dated:</b>							

\* Specify the other taxes that are levied by the Municipality.

\*\* Record the name, designation and signature of the person.

^ Specify the other cess that are levied and collected on behalf of government

Note: 1. This statement should be prepared separately for each ward and then consolidated.

2. Separate forms to be prepared for Property tax, profession tax, Advertisement Tax

Sr. No. \_\_\_\_\_

PT &amp; OT-2

Name of the Municipality \_\_\_\_\_

**SUMMARY STATEMENT OF DEMAND ADJUSTMENTS RAISED FOR THE PERIOD \_\_\_\_\_***in respect of Property & Other Taxes*

Accounting Unit:

Fund Code:

Field Code:

Particulars	Function Code	Existing Demand		Proposed Demand		Change in Demand	
		Arrear	Current year	Arrear	Current year	Arrear	Current year
1	2	3	4	5	6	7	8
Holding Tax							
Water Tax							
Latrine Tax							
Sewerage							
Tax Lighting							
Tax							
Profession							
Tax –							
Individual/Fir m/Others							
Advertisement							
Tax Other							
Taxes* Notice Fee							

Warrant Fee							
Other Fees							
Total bill raised for income of the Municipality							
<u>Demand raised for taxes collected on behalf of Government</u>							
Library Cess							
Any other Cess^							

Particulars	Function Code	Existing Demand		Proposed Demand		Change in Demand	
		Arrear	Current year	Arrear	Current year	Arrear	Current year
1	2	3	4	5	6	7	8
<b>Total</b>							
Refund Adjusted against advance							

\* Specify the other taxes that are levied by the Municipality.

^ Specify the other cess that are levied and collected on behalf of Government

**Note:**

1. This statement should be prepared separately for each Ward and then consolidated.

***Form P&OT-3*****Name of the Municipality****SUMMARY STATEMENT OF HEAD-WISE COLLECTION OF PROPERTY & OTHER TAXES FOR THE PERIOD****Sr. No.****Accounting Unit:****Deposited with****Fund Code:****Field Code:**

<b>Particulars</b>	<b>Function Code</b>	<b>Arrears</b>	<b>Current</b>	<b>Total (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Collection in respect of incomes for which demand is raised				
Holding Tax				
Water Tax				
Latrine Tax				
latrine Tax				
Sewerage Tax				
Lighting Tax				
Amount Due in lieu of General Tax and Education Cess				
Profession Tax – Individual/Firm/Others				
Advertisement Tax				
Other Taxes*				

Notice Fee				
Warrant Fee				
Other Fees				
Others, Specify _____*				
Sub-Total				
Collections of taxes on behalf of Government				
Health Cess				
Any other cess ^				
Sub-Total				
<u>Collection in respect of incomes accounted on actual receipt basis</u>				

<b>Particulars</b>	<b>Function Code</b>	<b>Arrears</b>	<b>Current</b>	<b>Total (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Profession Tax – Employees				
Entertainment Tax				
Advertisement Tax (fresh cases)				
Penalties				
Others, Specify _____ *				
<b>Sub-Total</b>				
<u>Collection in respect of incomes written off</u>				
Holding Tax				
Water Tax				
Latrine Tax				
Drainage Tax				
Lighting Tax				
Amount Due in lieu of General Tax and Education Cess				
Health Cess				
Profession Tax – Individual/Firm/Others				
Advertisement Tax				
<b>Sub-total</b>				
Receipt of Cost of Recovery				
Tax collected in Advance				
Others, Specify _____ *				
<b>Total Collections</b>				
Amount in Words : Rupees				
<b>Prepared By :**</b> _____				<b>Examined and entered</b>

**Checked By :\*\*** \_\_\_\_\_  
**Officer Dated:**

**Accountant/Authorised  
Dated:**

\* *Specify the other taxes that are levied by the Municipality*

^ *Specify the other cesses that are levied ad collected on behalf of Government*

\*\* *Record the name, designation and signature of the person*

Note: This statement should be prepared separately for each Collection Office/Collection Centre and then consolidated.

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**Form P&OT-4****Name of the Municipality****SUMMARY STATEMENT OF REFUNDS AND REMISSIONS FOR THE PERIOD***in respect of Property and other Taxes***Accounting Unit:****Sr.No.****Fund Code:****Field Code:**

Particulars	Function Code	Refunds/Remissions							
		Advances # Rs.		Receivables # Rs.		Refunds Payable # Rs.		Total Rs.	
		Arrear	Current	Arrear	Current	Arrear	Current	Arrear	Current
1	2	3	4	5	6	7	8	9	10
Holding Tax									
Water Tax									
Latrine Tax									
Sewarage Tax									
Lighting Tax									
Amount Due in lieu of General Tax and Education Cess									
Profession Tax – Individual/Firm/Others									
Advertisement Tax									
Other Taxes*									
Notice Fee									
Warrant Fee									
Other Fees									
Others, Specify _____									
Sub-Total									
Collections of taxes on behalf of Government									
Health Cess									
Any other cess ^									
Sub-Total									
<b>Total</b>									
Amount in Words : Rupees _____									
Prepared By :** _____ :** _____		Examined and entered Checked By Accountant/Authorised Officer Dated: Dated:							

\* Specify the other taxes that are levied by the Municipality

\*\* Record the name, designation, and signature of the person.

# The details of whether refunds/remissions are treated as 'refund payable' or adjustment of receivables or 'Revenues received in advance' shall be entered in this form in order to account for the refunds/remissions Accordingly.

**Form P&OT-5**

**Name of the Municipality**  
**SUMMARY STATEMENT OF WRITE-OFFS FOR THE  
PERIOD**

*in respect of Property and other Taxes*

**Accounting Unit:**

**Sr.No.:**

**Fund Code:**

**Field Code:**

<b>Particulars</b>	<b>Function Code</b>	<b>Arrears</b>
<b>1</b>	<b>2</b>	<b>3</b>
Holding Tax		
Water Tax		
Latrine Tax		
Education Cess		
Health Cess		
Amount Due in lieu of General Tax and Education Cess		
Profession Tax – Individual/Firm/Others		
Advertisement Tax		
Notice Fee		
Warrant Fee		
Others, Specify* _____		
<b>Total</b>		
Amounts in Words : Rupees		
<b>Prepared By :**</b> _____	<b>Examined and entered</b>	
<b>Checked By :**</b> _____	<b>Accountant/Authorised</b>	
<b>Officer Dated:</b>	<b>Dated:</b>	

\* Including write-offs of interest charged on delayed payment

\*\* Record the name, designation and signature of the person

## Chapter Seven

### 7. Water Supply

#### This chapter on Water Supply is aimed at...

- Supplying drinking water is one of the most important function of the Municipality
- Making you aware of the Accounting System for Water supply transactions and,
- Familiarising you with applicable accounting principle & practices for Water Supply related transaction.

#### By the end of this chapter, you should...

- Be aware of accounting system for recording, classifying transaction relating to Water Supply and,
- Appreciate the concepts and underlying principles.

#### Introduction

- 7.1 This chapter contains the recommended accounting system for Water Supply related transactions.
- 7.2 Municipalities generally have an obligation to make reasonable and adequate provision for the management and maintenance of all Municipal water works and the construction or acquisition of new works necessary for a sufficient supply of water for public and private purposes.
- 7.3 Municipalities are entitled to charge the users for the provision of these services. The charges for the water supply are either recovered as a Tax along with the Property Tax, based on the Assessment Value of the property or as a charge based on measurement or at a fixed amount or both.
- 7.4 The following are the revenue sources in relation to water supply:
  - i. Water Tax
  - ii. Water Charges
  - iii. Connection Charges for Water Supply and
  - iv. Road Cutting Charges.
  - v. Fine and Penalty for unauthorized use of Water

## **ACCOUNTING PRINCIPLES**

- 7.5 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to **Water Supply**:
- a. Revenue in respect of Water Tax, Water Charges and Water Meter Rent shall be recognised in the period in which they become due and demands are ascertainable. It shall be noted that the Water Tax and the related taxes, if any, may also be included in the bill raised for Property Tax.
  - b. Revenue in respect of Notice Fee, Warrant Fee and Other Fees shall be recognised when the bills for the same are raised.
  - c. Revenue in respect of Connection Charges for Water Supply shall be recognised on actual receipt.
  - d. Revenue in respect of Water Tanker Charges and Road Cutting Charges, Penalties shall be recognised on actual receipt.
  - e. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the Municipality in the demand as follows:

If Water Tax is collected as a component in Property Tax, provisioning shall be made in the same way as unrealized Property Tax, which is as follows:

Outstanding for more than 2 year but not exceeding 3 years: 25%

Outstanding for more than 3 years but not exceeding 4 years: 50%  
(additional 25%)

Outstanding for more than 4 years but not exceeding 5 years: 75%  
(additional 25%)

Outstanding for more than 5 years: 100% (additional 25%).

If water tax / charges demand is raised separately, the taxes, charges and rent shall be provided as follows:

Outstanding for more than 2 year but not exceeding 3 years: 50%

Outstanding for more than 3 years: 100% (additional 50%).
  - f. Any additional provision for demand outstanding (net on overall basis) required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the Municipality.
  - g. Refunds, remissions of taxes/ charges 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.
  - h. Write-offs of taxes/ charges shall be adjusted against the provisions made

and to that extent recoverable gets reduced

- i. Any subsequent collection or recovery of 'Receivables of Water Charges' which were already written off shall be recognised as a 'Prior Period Income'
- j. Advance/ excess payment of taxes/ charges shall be treated as a liability till the tax/ charge becomes due, at which point, it shall be adjusted against receivables.
- k. Part-payments received shall be first adjusted against penalty and interest, arrear demand and current demand in the listed order.

### **ACCOUNTING RECORDS AND PROCEDURES**

- 7.6 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Water Supply. For the purposes of accounting of Water Supply, there are certain forms, registers, etc., which are specific to Water Supply. e.g Form WS -1 to WS – 4. These (Forms WS-1 to WS-4) are annexed to this chapter and are prefixed "WS"*
- 7.7 The accounting records and procedures for accounting of Water Tax (which is usually collected along with Property Tax) have been described in Chapter 6 – Property and Other Taxes, reference to which is invited.

### **RAISING OF DEMAND**

- 7.8 A Summary Statement of Bills Raised shall be prepared ward-wise and income - head-wise, in Form WS-1 on a monthly basis within 7 days from the end of the previous month. These forms the base for accounting and the following entry shall be passed.

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431300101	Receivables for Water Charges (Current)	Debit	
431300102	Receivables for Water Charges (Arrears)	Debit	
140500100	To Water Charges		Credit
280200201	To Prior Period Income – Water Charges		Credit
<b>Source Document:</b> Summary Statement of Bills Raised – Form WS – 1			
<b>Records Updated:</b> Journal Book, Ledger Account			

- 7.9 If arrears of Water Supply Income are included while issuing the fresh demand, entry shall be passed only in respect of the fresh demand. Entries in respect of the

arrears would have already been recorded earlier.

### **COLLECTION OF WATER SUPPLY INCOME**

7.10 The procedure for accounting of collections is described below :

- a. Recording of Water Supply collections. Based on the Summary of Daily Collection (Form GEN 13) received from various Collecting Offices/Centers, the Accounts Department shall pass the following entry:

#### **In case of Cash and Cheque/Draft collections**

Code	Details	Debit	Credit
450100000	Cash	Debit	
450210100	<b>State Bank of India-Main Municipal Fund - 1100111111</b>	Debit	
431800400	To Receivable Control Account - Water Charges		Credit
<b>Source Document:</b> Summary of Daily Collection (Form GEN 13)			
<b>Records Updated:</b> Cash Book , Bank Book, Ledger Account			

\* Specify name of the Bank and account number

#### **In case of deposit of Cash collections to Bank**

Code	Details	Debit	Credit
450210100	<b>State Bank of India-Main Municipal Fund - 1100111111</b>	Debit	
450100000	To Cash		Credit
<b>Source Document:</b> Deposit Slip acknowledged by the Bank			
<b>Records Updated:</b> Cash Book , Bank Book, Ledger Account			

\* Specify name of the Bank and account number

- b. The Summary of Daily collection (Form GEN-13) does not provide the details in respect of the year-wise head-wise collections made in respect of Water Supply. Hence, the total amount collected should be credited to “Receivable Control Account – Water Charges” Account. The collection made shall be segregated into year wise, head wise collection on a monthly basis and maintained as ‘Summary Statement of Head-wise Collection of Water Supply’ in Form WS-2.

- c. Recording of break-up of collections. A Summary Statement of Head-Wise Collection of Water Supply in Form WS-2 as explained above shall be prepared on a monthly basis and sent to the Accounts Department to record the details of collections. To record the break-up of collections and to record income received in advance the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431800400	Receivable Control Account-Water Charges	Debit	
431300101	To Receivable for Water Charges (Current)		Credit
431300102	To Receivable for Water Charges (Arrears)		Credit
350410301	To Advance Collection of Revenues –Water Charges*		Credit

**Source Document:** Summary Statement of Head-Wise Collection of Water Supply - Form WS-2  
**Records Updated:** Journal Book, Ledger Account

\* Adjustment of water supply income collected in advance is discussed separately under section 'Adjustment of Water

Supply Income Received in Advance' below.

#### **NOTICE FEE, WARRANT FEE AND OTHER FEES**

- 7.11 Notices of demand and warrants shall be issued and other fees may be charged as per the relevant provisions.
- 7.12 Recording of demand raised. A Summary Statement of Notice Fee, Warrant Fee and Other Fees in Form GEN - 25 shall be prepared on a monthly basis and sent to the Accounts Department. The following entry shall be passed to record the demand raised:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431300101	Receivable for Water Charges (Current)	Debit	
140400500	To Notice Fees		Credit
140400600	To Warrant Fees		Credit

**Source Document:** Summary Statement of Notice Fee, Warrant Fee and Other Fees - Form GEN – 25

**Records Updated:** Journal Book. Ledger

#### **REFUNDS AND REMISSIONS**

- 7.13 All refunds and remissions granted shall be duly recorded in the Demand

Registers maintained in form GEN – 21 and the details of the same shall also be communicated to the Accounts Department.

7.14 Recording of refunds/remissions payable. A Summary Statement of Refunds and Remissions in Form WS-3 shall be prepared on a monthly basis. Refunds/Remissions pertaining to prior period should be identified separately from the current period based on which the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
140900201	Remission & Refund – Water Charges	Debit	
280600101	Prior Period Expense - Remission & Refund – Water Charges	Debit	
350400301	To Refund payable – Water Charges*		Credit
431300101	To Receivable for Water Charges (Current)		Credit
431300102	To Receivable for Water Charges (Arrears)		Credit

**Source Document:** Summary Statement of Refunds and Remissions - Form WS-3  
**Records Updated:** Journal, Ledger Account

\*Refunds/Remissions arising on account of change in the applicable rules shall be either passed for ‘Payment’ (refund payable account) or credited to the ‘Advance Collection of Revenues’ (under the account code 350-41-(a)) in accordance with the accounting principles of the Municipality.

7.15 Recording of payment of refunds/remissions granted. The Water Supply Department shall prepare a Payment Order (Form GEN-15) in respect of the refunds and communicate the details of refunds/remissions made to the Accounts Department. It shall also update the Register of Demand and other registers. To record refunds/remissions payment, the Accounts Department shall pass the following entry:

**In cases where Refunds are paid**

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
350400301	Refund payable – Water Charges	Debit	
450210100	<b>State Bank of India-Main Municipal Fund - 1100111111</b>		Credit

**Source Document:** Payment Order -Form GEN-15  
**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank and account number

**In cases where Refunds are converted to advance collection of payment**

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>

350400301	Refund payable – Water Charges	Debit	
350410301	To Advance Collection of Revenue – Water Charges		Credit
<b>Source Document:</b> Summary Statement of Refunds and Remissions - Form WS-3			
<b>Records Updated:</b> Journal Book, Ledger Account			

### **PROVISION FOR UNREALISED REVENUE RECEIVABLES**

7.16 Recording of provision for unrealised Water Supply Income. As explained in Para

7.5 (e) the provisioning policy for unrealised Water supply income will be dependent on the basis of its charge. For example, the demand for water tax which were raised separately and outstanding beyond two (2) years shall be provided for as per provisioning norms given below:

- Outstanding for more than 2 year but not exceeding 3 years: 50%
- Outstanding for more than 3 years: 100% (additional 50%)

7.17 For example, provision for the year ended March 31, 2009 is as under:

- a. 50% of outstanding Receivables of Water Supply Income for the year ended March 31, 2007
- b. 100% of outstanding Receivables of Water Supply Income for the year ended March 31, 2006 and before.

7.18 This process has to be carried out at every Period-end. The amount required to be provided as per provisioning norms stated above, shall be compared with the balance lying in the Provision for Outstanding Fees & User Charges -Water Charges Account. If the amount to be provided is more than the balance, then additional provision shall be made for the difference amount. If the amount to be provided is less than the balance, it reflects the amounts provided for, has been collected and the provision made towards that can be written back.

7.19 Additional provision or reversal of excess provision for the current period shall be calculated similar to computations explained in Tables 6.1 & 6.2 in Chapter 6 for Property & Other Taxes.

7.20 For making the provision, the following entry shall be passed by the Accounts Department:

Code	Details	Debit	Credit
------	---------	-------	--------

270100301	Provisions for Doubtful Receivables – Water Charges	Debit	
432300101	To Provision for outstanding Water Charges		Credit
<b>Source Document:</b> Computation sheet for the amount of provisioning			
<b>Records Updated:</b> Journal Book, Ledger Account			

7.21 The effect of the above entry will be as follows:

- a. Provision for Doubtful Receivables Fees & User Charges -Water Charges will be shown as expenditure under the schedule Provisions & Write-offs.
- b. Provision for Outstanding Fees & User Charges -Water Charges will be shown as a deduction from Receivables for Water Charges in the Balance Sheet.

7.22 To write back the provision made earlier, the following entry shall be passed:

Code	Details	Debit	Credit
432300101	Provision for outstanding Water Charges	Debit	
180600201	To Excess Provision Written Back – Water Charges		Credit

**Source Document:** Computation sheet for the amount of provision to be written back

**Records Updated:** Journal Book, Ledger Account

7.23 Recording of Write-offs. If for any reason, it is decided by the Municipality to write-off any Water Supply Income dues, which were earlier treated as an income, the details of the write off has to be entered in the 'Statement of Write off' by the respective departments in Form WS – 4. This form has to be prepared on a monthly basis and forwarded to the Accounts Department and based on which, the write off shall be adjusted against the provision made and the following entry will be passed:

Code	Details	Debit	Credit

432300101	Provision for outstanding Water Charges	Debit	
431300102	To Receivables for Water Charges (Arrears)		Credit

**Source Document:** Computation sheet for the amount of provision to be written back

**Records Updated:** Journal Book, Ledger

- 7.24 Recording of subsequent collection/ recovery of ‘Receivables of Water Charges’ written off: In case of a ‘Receivable of Water Charges’ written off already were recovered/collected during the year, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431800400	Receivable Control Account – Water Charges	Debit	
280300301	To Recovery of Revenues Written Off – Water Charges		Credit

**Source Document:** Summary Statement of Head wise collection of Water Supply – Form WS – 2

**Records Updated:** Journal Book, Ledger Account

#### TRANSFER OF AMOUNT OUTSTANDING IN CURRENT ACCOUNT TO ARREARS ACCOUNT

- 7.25 The amount outstanding in the Current account i.e (Receivable for Water Charges (Current) shall be transferred to Arrears Account, i.e., “Receivables of Water Charges (Arrears)” Account on 1<sup>st</sup> of April of every year. For example, the Water Supply income receivable in respect of the demand raised during the accounting year 2008-09 on 31<sup>st</sup> March 2009(Receivables of Water Charges (Current) shall be transferred to “Receivables of Water Charges (Arrears)” Account on 1<sup>st</sup> April 2010.

- 7.26 Recording of transfer of current demand for previous year to arrears account.  
To record this transfer, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431300102	Receivables for Water Charges (Arrears)	Debit	

431300101	To Receivables for Water Charges (Current )		Credit
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**Source Document:**

**Records Updated:** Journal Book, Ledger

### **ADJUSTMENT OF WATER SUPPLY INCOME RECEIVED IN ADVANCE**

7.27 The Water Supply Department shall intimate the Accounts Department of the advance adjusted against the subsequent demand raised by the Water Supply Department through the Summary Statement of Bills Raised (Form WS – 1).

- a. Recording of subsequent demand raised. To record the demand raised for water supply, the Accounts Department shall pass the same entry as in the case of original demand. The entry to be passed is explained in Para 7.8.
- b. Recording of adjustment of advance. To record the adjustment of water supply income received in advance, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
350410301	Advance collection of Revenues –Water Charges	Debit	
431300101	To Receivables for Water Charges (Current)		Credit

**Source Document:** Summary Statement of Head-wise Collection of Water Supply – Form WS - 2

**Records Updated:** Journal Book, Ledger Account

### **RECOVERY OF WATER SUPPLY INCOME THROUGH LEGAL PROCEEDINGS**

7.28 The transactions in respect of Recovery of Property and Other Taxes have been described in Chapter 6 – Property & Other Taxes (Paras 6.43), reference to which is invited. The transactions relating to Recovery of Water Supply Income shall be accounted in similar manner.

### **INCOME TO BE ACCOUNTED ON ACTUAL RECEIPT BASIS**

7.29 The following incomes in respect of Water Supply shall be accounted on actual receipt basis:

- a. Connection Charges for Water Supply;
- b. Road Cutting Charges; and
- c. Penalties levied in respect of Water Supply related matters.

7.30 The Collection Offices and Collection Centres authorised to collect the above incomes shall prepare a Summary of Daily Collection (Form GEN-13) and send it to the Water Supply Department and the Accounts Department.

7.31 Recording of collection. On the basis of the Summary of Daily Collection (Form GEN-13) received from the various Collection Offices and Collection Centres, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
450210100	State Bank of India-Main Municipal Fund - 1100111111	Debit	
450100000	Cash Account	Debit	
140500101	To Water Connection Charges		Credit
140700100	To Road Cutting Charges		Credit
140200000	To Penalties & Fines		Credit

**Source Document:** Summary of Daily Collection (Form GEN-13)

**Records Updated:** Cash Book ,Bank Book, Ledger Account

\* *Specify name of the Bank and account number*

#### In case of deposit of Cash collections to Bank

Code	Details	Debit	Credit
450210100	<b>State Bank of India-Main Municipal Fund - 1100111111</b>	Debit	
450100000	To Cash Account		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank

**Records Updated:** Cash Book, Bank Book, Ledger Account

\* *Specify name of the Bank and account number*

#### WATER DEPOSITS

7.32 The Water Supply Department may receive deposits towards Water Connection. The Collection Offices and Collection Centres authorised to collect Water

Deposits shall prepare a Summary of Daily collection (Form GEN-13) and send it to the Water Supply Department and the Accounts Department.

7.33 Recording of collection. The Accounts Department shall pass the following entry on the basis of the Summary of Daily Collection (Form GEN- 13) received from the various Collection Offices and Collection Centres:

Code	Details	Debit	Credit
450210100	State Bank of India-Main Municipal Fund - 1100111111	Debit	
450100000	Cash Account	Debit	
340200200	To Water Deposit		Credit
<b>Source Document:</b> Summary of Daily collection - Form GEN-13			
<b>Records Updated:</b> Cash Book , Bank Book, Ledger Account			

\* Specify name of the Bank and account number

#### In case of deposit of Cash collections to Bank

Code	Details	Debit	Credit
450210100	State Bank of India-Main Municipal Fund - 1100111111	Debit	
450100000	To Cash Account		Credit
<b>Source Document:</b> Deposit Chalan acknowledged by the Bank			
<b>Records Updated:</b> Cash Book, Bank Book, Ledger Account			

\* Specify name of the Bank and account number

7.34 Recording of adjustment of deposits. The Water Supply Department shall send details of deposits adjusted in the Summary Statement of Deposits Adjusted (Form GEN-20) to the Accounts Department on a monthly basis. To record the adjustment of Water Deposit, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
340200200	Water Deposit	Debit	
431300101	To Receivables for Water Charges (Current)		Credit
431300102	To Receivables for Water Charges (Arrears)		Credit
<b>Source Document:</b> Summary Statement of Deposits Adjusted – Form – GEN - 20			

**Records Updated:** Journal Book, Ledger Account

7.35 Recording of refund of deposit. The deposits shall be refunded as per the rules prescribed in this regard. A Payment Order (Form GEN- 15) shall be prepared by the Water Supply Department for the deposits to be refunded. On refund of Water Deposit, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
340200200	Water Deposit	Debit	
450210100	State Bank of India-Main Municipal Fund - 1100111111		Credit

**Source Document:** Payment Order – Form GEN – 15**Records Updated:** Cash Book, Bank Book, Ledger Account

\* *Specify name of the Bank and account number*

7.36 Recording of income in respect of lapsed deposit. Deposits not claimed within the period as prescribed by the Government, from the date they are due for payment, shall be lapsed and shall not be repayable to the party. At the end of the accounting year, the Water Supply Department shall prepare a list of such lapsed deposits. To recognise the income, on obtaining the approval of the Authorised Officer, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
340200200	Water Deposit	Debit	
180110500	To Lapsed Deposits – Water Deposit		Credit

**Source Document:** Council resolution approving the recording of income in respect of lapsed deposit**Records Updated:** Journal Book, Ledger Account**EXPENDITURE ON WATER WORKS**

7.37 The accounting for expenditures pertaining to Water Supply Department shall be similar to that described in Chapter 11 - Public Works (for expenditure incurred through awarding of contracts to outside parties for carrying out certain activities such as laying of new pipelines, construction of pump houses, repairs related to water supply, etc.), Chapter 12- Stores (for expenditure incurred on purchase of stores such as TCL Powder, Chlorine Gas, etc.) and Chapter 15 -

Other Revenue Expenditures (in respect of all other expenditures pertaining to water supply related activities such as electricity charges, bulk water purchase charges, etc.) and Chapter 16 - Fixed Assets (in respect of the fixed assets purchased), references to which are invited.

### **INTERNAL CONTROLS**

7.38 The following internal controls shall be observed by the Municipality in respect of Water Supply related transaction:

- a. The Accounts Officer and the Head of the Water Supply Department shall reconcile the balance at the beginning of the accounting year in respect of the Water Charges receivable (as appearing in the Balance Sheet of the previous year) with the year-wise total of the arrears recorded in the Demand Register.
- b. A half yearly reconciliation shall be carried out by the Accounts Officer and the Head of the Water Supply Department in respect of the amount collected and the amount outstanding between the balances in the Ledger Accounts maintained at the Accounts Department and the Demand Register maintained at the Water Supply Department.
- c. A half yearly reconciliation shall be carried out by the Accounts Officer and the Head of the Water Supply Department in respect of the deposits outstanding, between the balances in the Ledger Accounts maintained at the Accounts Department and the Deposit Register maintained at the Water Supply Department.
- d. The officers designated by the Municipality for operating the Designated Bank Account (if any) shall co-ordinate with the banks on a daily basis and ascertain the status of the Cheques/Drafts deposited by them.
- e. The Water Supply Department shall ensure that the Receipt/Summary of Daily Collection prepared, provides reference to the Water Supply Income Collection Register.
- f. In addition to the reports specified in this manual, the Chief Municipal Officer of the Municipality shall specify such appropriate calendar of returns/reports for monitoring.

7.39 All Reconciliation Statements shall be certified by the Chief Municipal Officer and the Accounts Officer.

### **PRESENTATION IN THE FINANCIAL STATEMENTS**

7.40 The various heads of account used for the accounting of Water Supply related transactions shall be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

7.41 The provision against the outstanding water taxes receivable is to be

disclosed under the major head Accumulated Provisions as a separate line item in the Balance Sheet below the 'Sundry Debtors'.

7.42 The Schedule of the Income and Expenditure Statement in respect of Water Supply Income is presented below.

**Schedule I-4: Schedule of Income from Fees & User Charges**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
140200000	Penalties & Fines		
140500101	Water Connection Charges		
140500109	Rent of Meter and Inspection Charges		
140400500	Notice Fees		
140400600	Warrant		
140500100	Fees Water Charges		
140700100	Road Cutting Charges		
	Sub-total		
	Less		
140900201	Remission & Refund – Water Charges		
	Sub-total		
<b>Total Income of Water Supply to be shown as a part of Fees &amp; User Charges Schedule</b>			

**Schedule I – 9: Schedule of Other Income**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
180110500	Lapsed Deposit – Water Deposit		
180600201	Excess Provision Written Back – Water Charges		
<b>Total Income of Water Supply to be shown as a part of</b> <b>Other Income Schedule</b>			

**Schedule I-11: Administrative Expenditures**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
22051000 0	Legal Expenditures - Cost of recoveries of Water Charges (net of amount received from Government for the cost of recovery)		
<b>Total Expenditure of Water Supply to be shown as a part of</b> <b>Administrative Expenditures Schedule</b>			

**Schedule I – 16: Schedule of Provisions and Write off**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
270100301	Provision for Doubtful Receivables – Water		

	Charges		
	<b>Total Expenditure of Water Supply to be shown as a part of Provision and Write off Schedule</b>		

**Schedule I-18: Schedule of Prior Period Items**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
280200201 280300301	<b>Income (A)</b> Prior Period Income - Water Charges Recovery of Revenues written off – Water Charges		
280600101	<b>Expenditure (B)</b> Prior Period Expense - Remission & Refund – Water Charges		
	<b>Total [A-B] of Water Supply to be shown as a part of Prior Period Items Schedule</b>		

7.43 The Balance Sheet Abstracts in respect of the Water Supply Income are presented below:

**Schedule B-7: Schedule of Deposits Received**

<b>Code No.</b>	<b>Nature of Deposit</b>	<b>Opening balance as the beginning of the year</b>	<b>Additions during the current year</b>	<b>Refunded during the year</b>	<b>Balance outstanding at the end of the current year</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
340200200	Water Deposits				
	<b>Total</b>				

**Schedule B-9: Schedule of Other Liabilities**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
35040030 1 350410301	Refund payable – Water Charges Advance Collection of Revenues – Water Charges		
	<b>Total</b>		

**Schedule B-15: Schedule of Sundry Debtors (Receivables)**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>			<b>Previous Year Amount (Rs.)</b>
		<b>Gross Amount</b>	<b>Provision for Outstanding Receivables</b>	<b>Net Amount</b>	
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 = 3 – 4</b>	<b>6</b>
431300000	Receivables for Fees & User Charges Less than 3 years * More than 3 years*				
	<b>Total Receivables of Water Supply Income</b>				

\* Break up for provision for outstanding revenues are given in Column 4

**Schedule B-17: Schedule of Cash and Bank Balances**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
450100000	Cash		
450210100	Bank Account		
	<b>TOTAL</b>		

**Form WS-1**

\_\_\_\_\_ Name of the  
Municipality

**SUMMARY STATEMENT OF BILLS RAISED FOR THE PERIOD \_\_\_\_\_**  
***in respect of Water Supply***

**Accounting Unit:**

**Sr. No.**

**Fund Code:**

**Field Code:**

<b>Particulars (Revenue Head- wise)</b>	<b>Function Code</b>	<b>Arrears</b>	<b>Fresh Demand (Rs.)</b>		<b>Total(Rs.)</b>
			<b>Arrears</b>	<b>Current</b>	
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Water Tax					
Water Charges					
Notice Fee					
Warrant Fee					
Other, Specify * _____					
Total bill raised for income of Municipality					
Revenue collected in Advance Adjusted					
<b>Total</b>					
Amount in Words: Rupees _____					
<b>Prepared By :**</b> _____	<b>Examined and entered</b>		<b>Accountant/Authorised Officer</b>		
<b>Checked By :**</b> _____					
<b>Dated:</b>	<b>Dated</b>				

\* Specify the other water charges that are levied by the Municipality

\*\* Record the name, designation and signature of the person.

**Note:** This statement should be prepared separately for each ward and then consolidated.

**Form WS-2**Name of the Municipality

**SUMMARY STATEMENT OF HEAD-WISE COLLECTION OF WATER SUPPLY**  
**INCOME FOR THE PERIOD**

**Sr. No.****Deposited with****Accounting Unit:****Fund Code:****Field Code:**

<b>Particulars</b>	<b>Function Code</b>	<b>Arrears</b>	<b>Current</b>	<b>Total (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Collection in respect of incomes for which demand is raised				
Water Tax				
Water Charges				
Notice Fee				
Warrant Fee				
Other Fees				
Others, Specify _____				
Collection in respect of incomes accounted on actual receipt basis				
Water connection charges				
Road cutting charges				
Water Reconnection Charges				
Rent of Meter and Inspection Charges				
Penalties				

Others, Specify _____				
Sub-Total				
Receipt of Cost of Recovery				
Water Supply Income collected in Advance				
Others, Specify _____				
Total Collections				

Note: This statement should be prepared separately for each Collection Office/Collection Centre and then consolidated.

DRAFT

**Form WS-3**

\_\_\_\_\_  
**Name of the  
Municipality**

**SUMMARY STATEMENT OF REFUNDS AND REMISSIONS FOR THE  
PERIOD \_\_\_\_\_**

*in respect of Water Supply*

**Accounting Unit:**

**Sr.No.**

**Fund Code:**

**Field Code:**

Particulars	Function Code	Refunds/Remissions								Total Rs.	
		Advances # Rs.		Receivables # Rs.		Refunds Payable # Rs.					
		Arrears	Current	Arrears	Current	Arrears	Current	Arrears	Current		
1	2	3	4	5	6	7	8	9	10		
Water Tax											
Water Charges											
Notice Fee											
Warrant Fee											
Others, Specify _____											
<b>Total</b>											
Amount in Words : Rupees _____											
Prepared By :**	_____	Examined and entered Accountant/Authorised Dated:									
Checked By :**	_____										
Officer Dated:											

\*\* Record the name, designation, and signature of the person.

# The details of whether refunds/remissions are treated as 'refund payable' or adjustment of receivables or 'Revenues received in advance' shall be entered in this form in order to account for the refunds/remissions Accordingly.

**Form WS-4**

\_\_\_\_\_ Name of the Municipality

**SUMMARY STATEMENT OF WRITE-OFFS FOR THE PERIOD \_\_\_\_\_**

*in respect of Water Supply*

**Sr. No.**

**Accounting Unit**

**Fund Code:**

**Field Code:**

Particulars 1	Function Code 2	Arrears 3
Water Tax		
Water Charges		
Notice Fee		
Warrant Fee		
Others, Specify _____ *		
<b>Total</b>		
Amounts in Words : Rupees _____		
<b>Prepared By :</b> ** _____	<b>Examined and entered</b> <b>Accountant/Authorised Officer</b>	
<b>Checked By :</b> ** _____	<b>Dated:</b>	
<b>Dated:</b>		

\* Including write-offs of interest charged on delayed payment

\*\* Record the name, designation and signature of the person

## Chapter Eight

### 8. Rentals, Fees & Other Incomes

**This chapter on Rentals, Fees & Other Incomes is aimed at...**

- Making you aware of the Accounting System for Rentals, Fees & Other Incomes transactions and,
- Familiarising you with applicable accounting principle, practices & Controls for Rentals, Fees & Other Incomes related transaction.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Rentals Fees & Other Incomes and,
- Appreciate the concepts and underlying principles.

#### INTRODUCTION

- 8.1 Municipalities derive substantial portions of their revenue from Property & other taxes, Water Tax/Water Charges and Grants. In addition, they also have certain additional sources of revenue like Rentals from Municipal Properties, License Fees, etc. This chapter contains the recommended accounting procedures for transactions related to such Incomes.
- 8.2 Some of the Incomes under these categories that may arise to Municipalities are listed below:
- Rental Income from Municipal Properties
    - Rent from Markets/Shopping Complexes;
    - Rent from Office Buildings;
    - Rent from Guest Houses;
    - Rent from Auditorium, Stadiums, Town Halls;
    - Rent from bus stands, lorry stands etc;
    - Sand Auction;
    - Receipts from agricultural trees, etc.
  - Fees and User Charges

- Miscellaneous Registration Charges  
Contractor Registration Fee;
- License Fees for Dangerous & Offensive Trades;
- License Fees for Lodge;
- License fee under P.P.R Act;
- License fee as per Film Regulation Act;
- License Fee as per PFA Act;
- Permit for Construction of buildings;
- Permit for Installation of Machinery;
- Permit for Factory construction;
- Fees for Birth & Death Certificate;
- Fees for Marriage Certificate;
- Delayed registration fees;
- Search fees;
- Fines imposed by court(including PFA);
- Penalty charge for the destruction of roads;
- Fees for removal of Encroachment;
- Rent of meter and inspection charges;
- Receipts from schools;
- Receipts form hospitals & dispensaries;
- Receipts from veterinary poly clinic;
- Receipts on account of cost services rendered;
- Burial Ground Charges;
- Cattle Pounding Fees;
- Parking Fees;
- Fees for Pay & Use Toilets;
- Slaughtering Fees, etc.

➤ Sale & Hire Charges

- Sale of Agricultural Products;;

- Sale of Scrap;
- Sale of Tender Forms;

### **INCOMES TO BE ACCOUNTED ON ACTUAL RECEIPT BASIS**

8.3 Incomes which are accounted on actual receipt basis are given below (indicative):

- Rental Income from Municipal Properties, for example
  - Rent from Guest Houses;
  - Rent from Auditorium, Stadiums, Town Halls;
  - Sand Auction;
  - Receipts from agricultural trees, etc.
- Fees and User Charges
  - Permit for Construction of buildings;
  - Permit for Installation of Machinery;
  - Permit for Factory construction;
  - Fees for Birth & Death Certificate;
  - Fees for Marriage Certificate;
  - Fines imposed by court(including PFA);
  - Penalty charge for the destruction of roads;
  - Receipts form hospitals & dispensaries;
  - Receipts from veterinary poly clinic;
  - Receipts on account of cost services rendered; Burial Ground Charges;
  - Cattle Pounding Fees;
- Sale & Hire Charges
  - Sale of Agricultural Products;
  - Sale of Pisciculture;
  - Sale of Scrap, etc.

8.4 The aspects relating to Incomes to be accounted on actual receipt basis include:

- Collections
- Refunds

### **INCOMES TO BE ACCOUNTED ON ACCRUAL BASIS**

8.5 Incomes for which demand is raised shall be accounted on accrual basis. These include the following (indicative):

- Rental Income from Municipal Properties, for example
  - Rent from Markets/Shopping Complexes;
  - Rent from Office Buildings;
  - Rent from Guest Houses;
  - Rent from Auditorium,
  - Stadiums, Town Halls;
  - Rent/Lease from Parking Zones, etc.
- Trade License Fees
- Advertisement Charges/Rights

8.6 The various aspects relating to Incomes to be accounted on accrual basis include:

- Entry in the Demand Register;
- Raising of Bills;
- Collection of dues;
- Refunds, Remissions and write-offs.

### **ACCOUNTING PRINCIPLES**

8.7 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Other Incomes:

- a. Revenue in respect of Advertisement rights shall be accrued based on the terms of the contract;
- b. Revenue in respect of Trade License Fees shall be accrued in the year to which it pertains, when demands are ascertainable based on the terms of the Acts and Rules;
- c. Revenues in respect of rents from properties shall be accrued based on terms of agreement;
- d. Other income, in respect of which demand is ascertainable and can be raised in regular course of operations of the Municipality, shall be

- recognised in the period in which they become due, i.e., when demand is ascertainable;
- e. Fees for certificates & extracts, Birth & Death Certificate charges building Construction permission fee, betterment fee, sale of products, scrap sale, sale of tender forms, etc. shall be recognised on actual receipt;
  - 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 Municipality, shall be recognised on actual receipt;
  - g. Revenue in respect of Notice Fee, Warrant Fee and Other Fees shall be recognised when the bills for the same are raised;
  - h. Interest element and Penalties, if any, in demand shall be reckoned only on receipt;
  - i. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of Municipality in the demand, based on the following provisioning norms:
    - Outstanding for more than 2 year but not exceeding 3 years:
    - 50% Outstanding for more than 3 years: 100% (additional 50%)
  - j. Any additional provision for demand outstanding required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the Municipality;
  - k. Refunds, remissions of Other 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, wherever applicable;
  - l. Write-offs of Other Incomes shall be adjusted against the provisions made and to that, extent recoverable gets reduced;
  - m. Any subsequent collection or recovery of 'Receivables of Rental, Fees and Other Incomes' which were already written off shall be recognised as a 'Prior Period Income';
  - n. Advance/ excess payment shall be treated as a liability till the tax/ charge becomes due, at which point, it shall be adjusted against receivables;
  - o. Part-payments received shall be first adjusted against penalty and interest, arrear demand and current demand in the listed order.

## **ACCOUNTING RECORDS AND PROCEDURES**

8.8 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Rental, Fees and Other Incomes. For the purposes of accounting of Other incomes there are certain forms, registers, etc., which are specific to certain type of other incomes, e.g., Summary Statement of Head-wise Collection of Rents, Fees and Other Incomes (Form OTH-2). These Forms OTH –1 to OTH –3 are annexed to this chapter and are prefixed “OTH”

### **ACCOUNTING FOR INCOMES TO BE ACCOUNTED ON ACTUAL RECEIPT BASIS**

#### **Collection**

8.9 The following shall be the procedure for accounting of the collections made in respect of these Incomes.

8.10 Recording of income. To record the income in respect of these Incomes accounted on actual receipt basis, based on the Summary of Daily Collection (Form GEN- 13) received from the various Collection Offices and Collection Centers, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account *	Debit	
1400000000	To(Fees & User) Charges**		Credit
1500000000	To(Sale & Hire) Charges**		Credit
<b>Source Document:</b> Summary of Daily Collection (Form GEN- 13)			
<b>Records Updated:</b> Bank Book, Ledger Account			

*\*\* Insert minor head and detailed head of account as applicable*

*\* Specify name of the Bank and account number*

**Note:** The postings in the Ledger (Form GEN-3) of “Bank” Account and “User Charges” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the bank account is involved, there will be no entry in the Journal Book (Form GEN-2)

**Receipt of Incomes in Advance**

- 8.11 In cases where the Incomes that are accounted on actual receipt basis are received in advance, i.e., before providing the services/goods, they shall be recorded as income on collection. In case the amount collected is to be refunded, the refund shall be recorded as expenditure.
- 8.12 On receipt, the amount shall be recorded as Fees & User Charges. To record the income, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
450210000	Bank Account *	Debit	
1400000000	To(Fees & User) Charges**		Credit

**Source Document:** Summary of Daily Collection -Form GEN- 13  
**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank and account number

\*\*Insert minor head and detailed head of account as applicable

- 8.13 In case the service is not provided and the customer demands a refund of the amount paid by him in advance. To record the refund, the Accounts Department shall pass the following entry on payment of the refund:

Code	Details	Debit	Credit
140900000	Refund -(Fess & User) Charges	Debit	
450210000	To Bank Account *		Credit

**Source Document:** Summary Statement of Refunds and Remission – Form OTH - 3  
**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank

(a) – Insert detailed head of account as applicable

### **Deposits**

8.14 In respect of certain Incomes (including incomes accounted for on accrual basis), a deposit is taken at the time of receiving the application for providing the services/goods, e.g., Rent Deposit, etc. The accounting for the different transactions in respect of deposits received in respect of Incomes, have been discussed below, using the example of Rent Deposit.

8.15 Recording of receipt of deposits. On receipt of deposit, the same shall be treated as a liability and the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
450210000	Bank Account *	Debit	
340200100	To Rent Deposit		Credit

**Source Document:** Summary of Daily Collection Form GEN – 13  
**Records Updated:** Bank Book, Ledger Account

\* Specify Name of the Bank and account number

8.16 Recording of adjustment of deposits. The Municipality may adjust the deposits received against the cost of the services rendered by it to the customer. On adjustment of deposits, the respective departments shall send the details of deposits adjusted in the Summary Statement of Deposits Adjusted (GEN- 20) to the Accounts Department on monthly basis. To record the adjustment of deposits, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
340200100	Rent Deposit	Debit	
130000000	To Rental Income from Municipal properties*		Credit

**Source Document:** Summary Statement of Deposits Adjusted - Form GEN-20  
**Records Updated:** Journal Book, Ledger Account

\* Use the appropriate head of account as applicable

8.17 Recording of refund of deposits. The deposits shall be refunded when an application is made for it as per the rules prescribed for the same. A Payment

Order (GEN – 15) shall be prepared by the Revenue department for the refund of the deposits. On refund of the balance Rent Deposit, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
340200100	Rent Deposit	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank and account number

8.18 Recording of income in respect of lapsed deposit. Deposits not claimed within the period as laid down by the Municipality, from the date it is due for payment, shall be considered as lapsed and shall not be repaid to the party. At the end of each accounting year, the respective departments shall prepare a list of such lapsed deposits. To recognise the income, on obtaining the approval of the Authorised Officer, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
340200100	Rent Deposit	Debit	
180110600	To Lapsed Deposit - Rent Deposits		Credit

**Source Document:** Council resolution approving the recording of income in respect of lapsed deposit  
**Records Updated:** Journal Book, Ledger Account

8.19 Similar entries as above shall be passed for recording the various transactions in receipt of other deposits for example deposits relating to License Fees and Advertisement Rights.

### ACCOUNTING FOR INCOMES TO BE ACCOUNTED ON ACCRUAL BASIS

8.20 The accounting of the various aspects relating to Incomes accounted on accrual basis has been discussed below in respect of Rent, License Fees, and Advertisement Rights are explained below:

#### A. Rental income

##### Demand Raised

8.21 Recording of demand raised. The demand raised for Incomes shall be recognised as an income for the Municipality and correspondingly as a current asset. Accordingly, based on the Summary Statement of Bills Raised (Form OTH – 1) received from the respective departments, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431400100	Rent Receivable from Municipal Properties (Current)*	Debit	
431400100	Rent Receivable from Municipal Properties (Arrears)*	Debit	
1300000000	To Rental Income from Municipal Properties		Credit
280200400	To Prior Period Income – Rental Income from Municipal Properties		Credit
<b>Source Document:</b> Summary Statement of Bills Raised – Form OTH – 1 <b>Records Updated:</b> Journal Book, Ledger Account			

\* Use the appropriate head of account as applicable

#### (a) – Insert detailed head of account as applicable

8.22 If arrears of Rental Income are included while issuing the fresh demand, entry shall be passed only in respect of the fresh demand. Entries in respect of the arrears would have already been recorded earlier. The rental incomes earned out of shopping complexes, markets, office buildings, etc shall be entered in the relevant fixed assets register. For e.g. register of Immovable properties in Form GEN 31 or in Register of Movable Properties in Form GEN 32. The registers shall be updated periodically as per the provisions and rules of the Act governing the Municipalities.

#### Collection of accrued incomes

- 8.23 The following shall be the procedure for accounting of the collections made in respect of accrued Incomes:
- 8.24 Recording of Income collections. To record the income based on the Summary of Daily Collections (Form GEN-13) received from the various Collection Offices and Collection Centers, the Accounts Department shall pass the following entry:

**In case of Cash and Cheque/Draft collections**

Code	Details	Debit	Credit
450100000	Cash Account	Debit	
450210000	Bank Account*	Debit	
431800600	To Receivable Control Accounts – Rent from Municipal Properties		Credit
<b>Source Document:</b> Summary statement of Daily Collection - Form GEN-13			
<b>Records Updated:</b> Cash Book, Bank Book, Ledger Account			

\* Specify Name of the Bank and account number

**In case of deposit of Cash collections to Bank**

Code	Details	Debit	Credit
450210000	Bank Account *	Debit	
450100000	To Cash Account		Credit
<b>Source Document:</b> Deposit Slip acknowledged by the Bank			
<b>Records Updated:</b> Cash Book, Bank Book, Ledger Account			

\* Specify name of the Bank and account number

- 8.25 For Other Incomes to be accounted on accrual basis, the Summary of Daily Collection (Form GEN- 13) does not provide the break-up of the collections into arrears collected, collections received in advance and collection made in respect of the current year's demand. Hence, the total amount collected is credited to "Receivable Control Account – Rent from Municipal Properties" Account which shall be segregated on a monthly basis.
- 8.26 Recording of break-up of collections. A Summary Statement of Head-wise Collection of various other incomes in Form OTH-2 shall be prepared on a monthly basis by the respective departments and sent to the Accounts Department to record the details of collection. To record the break-up of the collections made in respect of Incomes accounted for on accrual basis, into current and

arrears recovery and to record any income collected in advance, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431800600	Receivable Control Accounts – Rent from Municipal Properties	Debit	
431400100	To Rent Receivable from Municipal Properties (Current)*		Credit
431400100	To Rent Receivable from Municipal Properties (Arrears)*		Credit
350410500	To Advance Collection of Revenue – Rent**		Credit

**Source Document:** Summary Statement of Head wise collection of Rentals, Fees and Other Income  
Form OTH -2

**Records Updated:** Journal Book, Ledger Account

\* Use the appropriate head of account as applicable

\*\* Adjustment of income collected in advance is discussed separately under section 'Adjustment of Other Incomes received in Advance'

#### **Notice Fee, Warrant Fee and Other Fees**

- 8.27 Notices of demand and warrants shall be issued and other fees may be charged as per the relevant provisions.
- 8.28 Recording of demand raised. A Summary Statement of Notice Fee, Warrant Fee and Other Fees Charged in Form GEN 25 shall be prepared on a monthly basis and sent to the Accounts Department.
- 8.29 For recording the demand raised in respect of Notice Fee, Warrant Fee and Other Fees charged for rent not received, on the basis of the Summary Statement of Notice Fee, Warrant Fee and Other Fees Charged received from the respective departments, the Accounts Department shall pass the same entry as explained in Para 6.23 of Chapter 6 on Property & Other Taxes, crediting the appropriate receivable accounts.

#### **Refunds and Remissions**

- 8.30 All refunds and remissions arising on account of certain changes or amendments

of the provisions or acts governing the revenues shall be duly recorded in the Demand Registers maintained and the details of the same shall also be communicated to the Accounts Department.

- 8.31 Recording of refunds/remissions payable. A Summary Statement of Refunds and Remissions in Form OTH – 3 shall be prepared on a monthly basis. Refunds / Remissions pertaining to prior period shall be identified separately from the current period based on which the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
130900000	Rents Remission & Refund	Debit	
280600300	Prior Period Expenses – Remission and Refund – Rent	Debit	
450400500	To Refunds Payable – Rent from Municipal Properties*		Credit
431400100	To Rent Receivable from Municipal Properties (Current)**		Credit
431400100	To Rent Receivable from Municipal Properties (Arrears)**		Credit
<b>Source Document:</b> Summary Statement of Refunds and Remissions in Form OTH – 3			
<b>Records Updated:</b> Journal Book, Ledger Account			

\* Refunds/Remissions arising on account of change in the applicable rules shall be either passed for ‘Payment’ or credited to the account ‘Advance Collection of Revenues-Rent’ (with account code 350-41-(a)) in accordance with the accounting principles of the Municipality.

\*\* Use the appropriate head of account as applicable

- 8.32 Recording of payment of refunds/remissions granted: The respective Departments shall prepare a Payment Order (Form GEN-15) in respect of the refunds and communicate the details of refunds/remissions payments to the Accounts Department. It shall also update the Register of Demand and other registers. To record refunds made, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
350400500	Refunds Payable – Rent from Municipal Properties	Debit	
450210000	To Bank Account*		Credit
<b>Source Document:</b> Payment Order -Form GEN-15			
<b>Records Updated:</b> Journal Book, Ledger Account			

\* Specify name of the Bank and account number

#### In cases where Refunds are converted to advance collection of payment

Code	Details	Debit	Credit
350400500	Refund payable – Rent from Municipal Properties	Debit	
350410500	To Advance Collection of Revenue – Rent from Municipal Properties		Credit
<b>Source Document:</b> Summary Statement of Refunds and Remissions in Form OTH – 3			
<b>Records Updated:</b> Journal Book, Ledger Account			

#### Adjustment of Incomes received in advance

8.33 The respective departments shall intimate the Accounts Department of the advance adjusted against the subsequent bills raised through the Summary Statement of Bills Raised (Form OTH – 1).

- (a) Recording of subsequent demand raised in the normal course. To record the demand raised for rent, the Accounts Department shall pass same entry as in the case of original demand as explained in Para 10.21;
- (b) Recording of adjustment of advance. To record the adjustment of Other Incomes received in advance, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
350410500	Advance Collection of Revenues – Rent from Municipal Properties	Debit	

431400100	To Rent Receivable from Municipal Properties (Current)*		Credit
<b>Source Document:</b> Summary Statement of Bills Raised – Form OTH – 1			
<b>Records Updated:</b> Journal Book, Ledger Account			

\* Use the appropriate head of account as applicable

### Deposits

- 8.34 The accounting in respect of receipt, adjustment, refund of deposits and recognising income in respect of lapsed deposits for Incomes accounted on accrual basis shall be similar to that for Incomes accounted for on actual receipt basis. The entry for adjustment of deposit for income to be accounted on accrual basis has been given below.
- 8.35 Recording of adjustment of deposits. The Municipality may adjust the deposits received against the cost of the services rendered by it to the customer. The respective departments shall send the details of deposits adjusted in the Summary Statement of Deposits Adjusted (Form GEN-20) to the Accounts Department on monthly basis. To record the adjustment of deposits, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
340200100	Rent Deposits	Debit	
431400100	To Rent Receivable from Municipal Properties (Current)*		Credit
431400200	To Rent Receivable from Municipal Properties (Arrears)*		Credit

**Source Document:** Summary Statement of Deposits Adjusted -Form GEN-20

**Records Updated:** Journal Book, Ledger Account

\* Use appropriate head of account as applicable

### Provision for Unrealised Revenue Receivables

- 8.36 Recording of provision for unrealised Income. The demand outstanding beyond two (2) years shall be provided for as per provisioning norms given below:
- o Outstanding for more than 2 year but not exceeding 3 years: 50%;

- Outstanding for more than 3 years: 100% (additional 50%).

For example, provision for the year ended March 31, 2009 is as under:

- a. 50% of outstanding Receivables of Rent for the year ended March 31, 2007;
- b. 100% of outstanding Receivables of Rent for the year ended March 31, 2006 and before.

8.37 Additional provision or reversal of excess provision for the current period shall be calculated similar to computations explained in Tables 6.1 & 6.2 in Chapter 6 for Property & Other Taxes.

8.38 For making the provision, the following entry shall be passed by the Accounts Department:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
270100500	Provision for Doubtful Receivables – Rent from Municipal Properties	Debit	
432400100	To Provision for Outstanding Rent Receivables from Municipal Properties		Credit
<b>Source Document:</b> Computation sheet for the amount of provisioning			
<b>Records Updated:</b> Journal Book, Ledger Account			

8.39 The effect of the above entry will be as follows:

- a. Provision for Doubtful Receivables - Rent will be shown as a separate item under the Major expenditure head 'Provisions and Write off';
- b. Provision for Outstanding Other Receivables will be shown as a deduction from Receivables from Other Sources- Rent in the Balance Sheet.

8.40 To write back the provision made earlier, the following entry shall be passed:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
432400100	Provision for Outstanding Rent Receivables from Municipal Properties	Debit	
180600400	To Excess Provision Written Back – Rent from Municipal Properties		Credit
<b>Source Document:</b> Computation sheet for the amount of provision to be written back			
<b>Records Updated:</b> Journal Book, Ledger Account			

### Write-offs

8.41 Recording of Write-offs. If for any reason, it is decided by the Municipality to write-

off any Other Income dues, the details of the write off has to be entered in the ‘Summary Statement of Write off’ by the respective departments in Form OTH – 4. This form has to be prepared on a monthly basis and forwarded to the Accounts Department and based on which, the write off shall be adjusted against the provision made and the following entry will be passed:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
432400101	Provision for Outstanding Rent Receivables from Municipal Properties	Debit	
431400101	To Rent Receivable from Municipal Properties (Current)*		Credit
431400102	To Rent Receivable from Municipal Properties (Arrears)*		Credit
<b>Source Document:</b> Summary Statement of Write Offs – Form OTH -4			
<b>Records Updated:</b> Journal Book, Ledger Account			

\* Use appropriate head of account as applicable

8.42 Recording of subsequent collection/ recovery of ‘Receivables of Rents/License Fees/Advertisement Fees’ written off: In case of a ‘Receivables of Rents/License Fees/Advertisement Fees’ written off already were recovered/collected during the year, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431800600	Receivables Control Account – Rent from Municipal Properties	Debit	
280300500	To Prior period Income –Recovery of Revenues written off-Rent from Municipal Properties		Credit
<b>Source Document:</b> Summary of Daily Collection – Form GEN – 13			
<b>Records Updated:</b> Journal Book, Ledger Account			

**Insert detailed head of account as applicable**

#### **TRANSFER OF AMOUNT OUTSTANDING IN CUURENT ACCOUNT TO ARREARS ACCOUNT**

8.43 The amount outstanding in Current account i.e. (Receivable of Other Income (Current) shall be transferred to Arrears Account, i.e., “Receivables of Other Income (Arrears)” Account on 1<sup>st</sup> of April of every year. For example, the of Other Income receivable in respect of the demand raised during the accounting year 2008-09 on 31<sup>st</sup> March 2009(Receivables of Other Income (Current) shall be transferred to “Receivables of Other Income (Arrears)” Account on 1<sup>st</sup> April 2010.

8.44 Recording of transfer of Current demand for previous year to arrears account. To record this transfer, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431400101	Rent Receivable from Civic Amenities (Current)*	Debit	
431400102	To Rent Receivable from Civic Amenities (Arrears)*		Credit
<b>Source Document:</b>			
<b>Records Updated:</b> Journal Book, Ledger Account			

\* Use the appropriate head of account as applicable

#### **Recovery of other incomes through legal proceedings**

8.45 The transactions in respect of Recovery of Property and Other Taxes have been described in Chapter 6 – Property & Other Taxes (Para 6.43), reference to which is invited. The transactions relating to Recovery of Other Incomes shall be accounted in similar manner.

#### **B. License Fees**

8.46 The License Fees are charged for granting license to any trade, shops, markets etc. Similar to accruing of rental income, license fees shall also be accrued based on raising a demand in Form OTH – 1. Accounting entries in respect of Demand and Collection are detailed below. However in respect of Notice fees, Refunds, Adjustment of Advances & Deposits, Provisions, Write off and transfer outstanding from specific year to General account, reference is invited to entries explained above under Section A – Rental Income.

#### **Demand Raised**

8.47 Recording of demand raised. The demand raised for Income shall be recognised as an income for the Municipality and correspondingly as a receivable. Accordingly, based on the Summary Statement of Bills Raised (Form OTH –1) received from the respective departments, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431300201	Receivable for License Fees (Current)	Debit	

431300202	Receivable for License Fees (Arrears)	Debit	
140110000	To Licensing Fees*		Credit

**Source Document:** Summary Statement of Bills Raised –Form OTH –1

**Records Updated:** Journal Book, Ledger Account

\* Give appropriate heads of Account

- 8.48 If arrears of License Fees are included while issuing the fresh demand, entry shall be passed only in respect of the fresh demand. Entries in respect of the arrears would have already been recorded earlier.

#### Collection of License Fees

- 8.49 The following shall be the procedure for accounting of the collections made in respect of accrued Incomes:

- a. To record the income based on the Summary of Daily Collections (Form GEN-13) received from the various Collection Offices and Collection Centres, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
450210000	Bank Account*	Debit	
450100000	Cash Account	Debit	
431800700	To Receivables Control Accounts - License Fees		Credit

**Source Document:** Summary of Daily Collections -Form GEN-13

**Records Updated:** Cash Book, Bank Book, Ledger Account

\* Specify name of the Bank and account number

#### In case of deposit of Cash collections to Bank

Code	Details	Debit	Credit
450210000	Bank Account*	Debit	
450100000	To Cash Account		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank

**Records Updated:** Cash Book, Bank Book, Ledger Account

\* Specify name of the Bank and account number

- b. Summary of Daily Collection (Form GEN- 13) does not provide the break-up of the collections into arrears collected, collections received in advance and collection made in respect of the current year's demand. Hence, the total amount collected is credited to "Receivable Control Account – License Fees" which shall be segregated on a monthly basis;

c. Recording of break-up of collections. A Summary Statement of Head-wise Collection of Rentals, Fees and Other incomes in Form OTH-2 shall be prepared on a monthly basis by the respective departments and sent to the Accounts Department to record the details of collection. To record the break-up of the collections made in respect of Incomes accounted for on accrual basis, into current and arrears recovery and to record any income collected in advance, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431800700	Receivables Control Accounts - License Fees	Debit	
431300201	To Receivable for License Fees (Current)		Credit
431300202	To Receivable for License Fees (Arrears)		Credit
350410401	To Advance Collection of Revenues – License Fees*		Credit

**Source Document:** Summary Statement of Head-wise Collection of Rentals, Fees and Other incomes in  
Form OTH-2

**Records Updated:** Journal Book, Ledger Account

\* Adjustment of income collected in advance is discussed separately under section 'Adjustment of Other Incomes received in Advance'

### **C. Advertisement Fees**

8.50 The advertisement fees are charged towards advertisement rights. Similar to accruing of rental income and license fees, advertisement fees shall also be accrued based on raising a demand.

#### **Demand Raised**

8.51 Recording of demand raised. The demand raised for Advertisement fees incomes shall be recognised as an income for the Municipality and correspondingly as a current asset. Accordingly, based on the Summary Statement of Bills Raised (Form OTH –1) received from the respective departments, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
431300203	Receivable for Advertisement Fees (Current)	Debit	
431300204	Receivable for Advertisement Fees (Arrears)	Debit	
140400300	To Advertisement Fees		Credit
<b>Source Document:</b> Summary Statement of Bills Raised –Form OTH –1			
<b>Records Updated:</b> Journal Book, Ledger Account			

8.52 If arrears of Advertisement Fees are included while issuing the fresh demand, entry shall be passed only in respect of the fresh demand. Entries in respect of the arrears would have already been recorded earlier.

#### Collection of Advertisement Fees

8.53 The following shall be the procedure for accounting of the collections made in respect of accrued Incomes:

- a. Recording of Income collections. To record the income based on the Summary of Daily Collections (Form GEN-13) received from the various Collection Offices and Collection Centres, the Accounts Department shall pass the following entry:

Code	Details	Debit	Credit
450210000	Bank Account*	Debit	
450100000	Cash Account	Debit	
431800800	To Receivables Control Account –Advertisement Fees		Credit
<b>Source Document:</b> Summary of Daily Collections -Form GEN-13			
<b>Records Updated:</b> Cash Book, Bank Book, Ledger Account			

\* Specify name of the Bank and account number

#### In case of deposit of Cash collections to Bank

Code	Details	Debit	Credit
450210000	Bank Account*	Debit	
450100000	To Cash Account		Credit
<b>Source Document:</b> Deposit Chalan acknowledged by the Bank			
<b>Records Updated:</b> Cash Book, Bank Book, Ledger Account			

\* Specify name of the Bank and account number

- b. Summary of Daily Collection (Form GEN- 13) does not provide the break-up

of the collections into arrears collected, collections received in advance and collection made in respect of the current year's demand. Hence, the total amount collected is credited to "Receivable Control Account – Advertisement Fees" which shall be segregated on a monthly basis;

- c. Recording of break-up of collections. A Summary Statement of Head-wise Collection of Rentals, Fees and Other Incomes in Form OTH-2 shall be prepared on a monthly basis by the respective departments and sent to the Accounts Department to record the details of collection. To record the break-up of the collections made in respect of Incomes accounted for on accrual basis, into current and arrears recovery and to record any income collected in advance, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Details</b>	<b>Debit</b>	<b>Credit</b>
431800800	Receivables Control accounts – Advertisement Fees	Debit	
431300203	To Receivable for Advertisement Fees (Current)		Credit
431300204	To Receivable for Advertisement Fees (Arrears)		Credit
350410402	To Advance Collection of Revenues – Advertisement Fees*		Credit

**Source Document:** Summary Statement of Head-wise Collection of Rentals, Fees and Other Incomes - Form OTH-2

**Records Updated:** Journal Book, Ledger Account

\* Adjustment of income collected in advance is discussed separately under section 'Adjustment of Other Incomes received in Advance'

### **INTERNAL CONTROLS**

8.54 The following internal controls shall be observed by the Municipality in respect of transaction related to Other Incomes:

- The Accounts Officer and the Head of the respective departments shall reconcile the balance at the beginning of the accounting year in respect of the Sundry Income Receivables Arrears (as appearing in the Balance Sheet of the previous year) with the year-wise total of the arrears recorded in the Demand Registers;

- A half yearly reconciliation shall be carried out by the Accounts Officer and the head of the respective departments in respect of the amount collected and the arrears outstanding between the balances standing in the Ledger maintained at the Accounts Department and the Demand Registers maintained at the respective departments;
- A half yearly reconciliation shall be carried out by the Accounts Officer and the Head of the respective departments in respect of the various deposits collected, between the balances standing in the Ledger maintained at the Accounts Department and the Deposits Registers maintained at the respective departments;
- The Head of the respective departments shall ensure that the Receipt / Chalan for Remittance of Money prepared, provides reference to the Consolidated Collection Register;
- In addition to the reports specified in this manual, the Chief Municipal Officer of the Municipality shall specify such appropriate calendar of returns /reports for monitoring.

8.55 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

### **PRESNTATION IN FINANCIAL STATEMENTS**

- 8.56 The various heads of account used for the accounting of Other Incomes related transactions should be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 8.57 The provision against the Outstanding Rental and Other Incomes receivable is to be disclosed under the major head Accumulated Provisions as a separate line item in the Balance Sheet below the 'Sundry Debtors'.
- 8.58 The Schedule of Income and Expenditure Statement in respect of Other Incomes are presented below.

#### **Schedule I-3: Rental income from Municipal Properties**

<b>Minor Head Code</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
130100000	Rent from Civic Amenities		
130200000	Rent from Office Buildings		

130300000	Rent from Guest Houses		
130400000	Rent from lease of lands		
130500000	Lease Rentals Others		
130800000	Other rents		
	Sub-Total		
130900000	Less: Rent Remission and Refunds		
	Sub-total		
<b>Total Rental Income from Municipal Properties</b>			

**Schedule I-4: Schedule of Income from Fees & User Charges**

Detailed Head Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
140100000	Empanelment & Registration Fee		
140110000	Licensing Fees		
140130000	Fee for Certificates & Extract of records		
140200000	Penalties and Fines		
140400300	Advertisement Fees		
140500000	User Charges		
140600000	Entry Fees		
140800000	Other Charges		
	Sub-Total		
140900000	Less: Fees & User Charges Remission and Refunds Sub-total		
<b>Total Income of Other income to be shown as part of Fees &amp; User Charges – Income head-wise Schedule</b>			

**Schedule I-5: Income from Sale & Hire Charges**

Detailed Head Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
150110000	Sale of Forms & Publications		
150120000	Sale of stores & scrap		
150300000	Sale of Others		
150400000	Hire Charges for Vehicles		
150410000	Hire Charges for Equipment		
<b>Total Other income to be shown as part of Sale &amp; Hire Charges – Income head-wise Schedule</b>			

**Schedule I-9: Schedule of Other Income**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
180100000	Deposits Forfeited		
180110600	Lapsed Deposits – Rent Deposits		
180200000	Insurance Claim Recovery		
180600000	Excess Provisions written back		
180800000	Miscellaneous Income		
<b>Total Rental, Fees and Other Income to be shown as part of Other Income Schedule</b>			

**Schedule I-16: Schedule of Provisions & Write off**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
270100000	Provisions for Doubtful receivables		
270300000	Revenues written off		

	<b>Total expenditure of Rental, Fees &amp; Other</b> <b>Incomes to shown as part of Provision and Write off Schedule</b>		
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**Schedule I-18: Schedule of Prior Period Items**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
280200000	<u>Income</u> Other – Revenues		
280300000	Recovery of revenues written off		
280400000	Other income		
	<b>Sub – Total Income (A)</b>		
280600000	<u>Expenditures</u> Refund of Other – Revenues		
280800000	Other Expenditures		
	<b>Sub – Total Income (B)</b>		
<b>Total expenditure of Rental, Fees &amp; Other Income to be shown as part of Prior Period (net) Schedule (A-B)</b>			

8.59 The Balance Sheet Abstract in respect of the other Incomes are presented below.

**Schedule B-7: Schedule of Deposits Received**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
340200100	Rent Deposits		
	<b>Total</b>		

**Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)**

<b>Code of Account</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
350400301	Refund Payable - Water Charges		
350400700	Refund Payable - Attached Properties		
350400399	Refund Payable - Other User Charges		
350400401	Refund Payable - Licence Fees		
350400499	Refund Payable - Other Fees		
350400501	Refund Payable - Rent from Civic Amenities		
350400502	Refund Payable - Rent from Office Buildings		
350400503	Refund Payable - Rent from Guest Houses		
350400504	Refund Payable - Rent from lease of lands		
350400505	Refund Payable – Lease Rents Other		
350400599	Refund Payable - Other rents		
350410301	Advance Collection of Revenues – Water Charges		
350410399	Advance Collection of Revenues - Other User Charges		
350410401	Advance Collection of Revenues - License Fees		
350410402	Advance Collection of Revenues - Advertisement Fees		
350410499	Advance Collection of Revenues - Other Fees		
350410501	Advance Collection of Revenues - Rent from Civic Amenities		
350410502	Advance Collection of Revenues - Rent from Office Buildings		
350410503	Advance Collection of Revenues - Rent from Guest Houses		
350410504	Advance Collection of Revenues - Rent from lease of lands		

350410599	Advance Collection of Revenues - Lease Rents Other Advance Collection of Revenues - Other rents		
	<b>Total</b>		

**Schedule B-15: Schedule of Sundry Debtors (Receivables)**

Code No.	Particulars	Current Year Amount (Rs.)			Previous Year Amount (Rs.)
		Gross Amount	Provision for Outstanding Revenues	Net Amount	
1	2	3	4	5 = 3 – 4	6
431300000	Receivables for Fees and User Charges Less than 3 years* More than 3 years*				
	<b>Sub – total</b>				
431400000	Receivables from Other Sources- Rent				
	<b>Total of Receivables of Rentals, Fees &amp; Other Incomes</b>				

\*Break up for provision for outstanding revenues are given in Column 4

**Schedule B-17: Schedule of Cash and Bank Balances**

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
450100000	Cash Account		
450210000	Bank Account		
	<b>Total</b>		

**Form OTH-1****Name of the Municipality****SUMMARY STATEMENT OF BILLS RAISED FOR THE PERIOD***in respect of Rentals, Fees & Other Incomes***SI No.****Accounting Unit:****Fund Code:****Field Code:**

<b>Particulars (Revenue Head-wise)</b>	<b>Function Code</b>	<b>Arrears</b>	<b>Fresh Demand (Rs.)</b>		<b>Total (Rs.)</b>	<b>Outstanding Amount (Rs)</b>
			<b>Arrears</b>	<b>Current</b>		
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
Rent from office buildings						
Trade License Fees						
Advertisement Rights						
Others, Specify _____						
Total bill raised for income of ULB						
Revenue collected in Advance Adjusted						
<b>Total</b>						
Amount in Words: Rupees _____						
<b>Prepared By :*</b> _____						
<b>Checked By :*</b> _____						
<b>Dated:</b>						
<b>Examined and entered</b>						
Accountant/Authorised Officer						
<b>Dated:</b>						

\* Record the name, designation and signature of the person.

Note: This statement should be prepared separately for each ward and then consolidated.

**Form OTH-2****Name of the Municipality****SUMMARY STATEMENT OF HEAD-WISE COLLECTION OF RENTALS, FEES & OTHER INCOMES FOR THE PERIOD****Sr. No.****Accounting Unit:****Deposited with****Fund Code:****Field Code:**

Particulars	Function Code	Arrears	Current	Total (Rs.)
1	2		4	5
Collection in respect of incomes for which demand is raised				
Rent from office buildings				
Trade License Fees				
Advertisement Rights				
Others, Specify _____				
Sub-Total				
Collection in respect of incomes accounted on actual receipt				
Basis				
Fees and User Charges				
Sale and Hire Charges				
Penalties				
Others, Specify _____				
Sub-Total				

Collection in respect of incomes written off				
Rent from office buildings				
Trade License Fees				
Advertisement Rights				
Others, Specify _____				
Sub-total				

Particulars	Function Code	Arrears	Current	Total (Rs.)
1	2		4	5
Receipt of Cost of Recovery				
Other Income collected in Advance				
Others, Specify _____				
<b>Total Collections</b>				

\* Specify the other charges that are levied by the Municipality

\*\* Record the name, designation and signature of the person

Note: This statement should be prepared separately for each Collection Office/Collection Centre and then consolidated.

**Form OTH-3****Name of the Municipality****SUMMARY STATEMENT OF REFUNDS AND REMISSIONS FOR  
THE PERIOD \_\_\_\_\_***in respect of Rentals, Fees & Other Incomes***Accounting Unit:****Sr. No.****Fund Code:****Field Code:**

Particulars	Function Code	Refunds/Remissions							
		Advances # Rs.		Receivables # Rs.		Refunds Payable # Rs.		Total Rs.	
		Advance	Current	Advance	Current	Advance	Current	Adv ance	Cur Rent
1	2	3	4	5	6	7	8	9	10
Rent from office buildings									
Trade License Fees									
Advertisement Rights									
Others, Specify _____									
<b>Total</b>									
Amount in Words : Rupees _____									
Prepared By :** _____		Examined and entered Accountant/Authorised Officer							
Checked By :** _____		Dated: _____							
Dated: _____									

*\*\* Record the name, designation, and signature of the person.**# The details of whether refunds/remissions are treated as 'refund payable' or adjustment of receivables or 'Revenues**received in advance' shall be entered in this form in order to account for the refunds/remissions Accordingly.*

**Form OTH-4**

\_\_\_\_\_ Name of the Municipality

**SUMMARY STATEMENT OF WRITE-OFFS FOR THE PERIOD \_\_\_\_\_**

*in respect of Rentals, Fees & Other Incomes*

**Sr. No.**

**Accounting Unit:**

**Fund Code::**

**Field Code:**

Particulars	Function Code	Arrears
1	2	3
Rent from office buildings		
Trade License Fees		
Advertisement Rights		
Notice Fee		
Warrant Fee		
Others, Specify* _____		
<b>Total</b>		
Amounts in Words : Rupees _____		
Prepared By :** _____	<b>Examined and entered</b>	
Checked By :** _____	<b>Accountant/Authorised Officer</b>	
Dated:	<b>Dated:</b>	

\* Including write-offs of interest charged on delayed payment

\*\* Record the name, designation and signature of the person

## Chapter Nine

### 9. Assigned Revenues

**This chapter on Assigned Revenues aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Assigned Revenues and,
- Familiarising you with accounting treatment for Assigned Revenues.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction

#### Introduction

- 9.1 This chapter contains the recommended accounting system for transactions relating to Assigned Revenues and Shared Taxes.
- 9.2 Assigned Revenues are usually in the nature of a share in the revenues of the Government, to compensate for certain losses in revenue and arrangement of resources of the Municipalities for example Share from the Stamp duty collected by the Registration department on transfer of property.

#### Accounting Principles

- 9.3 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Assigned revenue:
  - a. Assigned revenues like, Stamp Duty, Entertainment tax etc., and Shared Tax like Vehicle Tax, etc., shall be accounted on actual receipt;
  - b. If such Assigned Revenue/Shared Tax is adjusted by the Government against any dues of the Municipality such as electricity charges, the amount should be treated as income and the deduction made by the Government should be treated as expenditure under the relevant account head.

#### Accounting Records & Procedures

- 9.4 This section describes the records, registers, documents, accounting entries, etc., in respect of accounting for transactions related to Assigned Revenues and Shared Taxes.

**9.5 Recording of receipt of Assigned Revenue/Shared Taxes:** Details of Assigned Revenues/Shared Taxes received shall be entered in the Collection Register (Form GEN-11) and Memorandum of Collections (Form GEN – 12) deposited into the Main Bank Account and also a Receipt (Form GEN-8) shall be issued to the Government. To record the receipt of Assigned Revenues/Shared Taxes, the Accounts Department shall pass the following entry:

**In case of Cash and Cheque/Draft collections**

Code	Particulars	Debit	Credit
450100000	Cash Account	Debit	
450210000	Bank Account*	Debit	
120100201	To Share in Entertainment tax		Credit
120100100	To Duty on transfer of properties		Credit
120109900	To Others**		Credit
<b>Source Document:</b> Summary of Daily Collection – Form GEN - 13			
<b>Records Updated:</b> Cash Book, Bank Book, Ledger Account			

\* Specify name of the Bank and Account number

\*\* Specify the heads of each income of the assigned revenue

Note: The postings in the Ledger (Form GEN-3) of "Main Bank" Account and "Assigned Revenue" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the bank account is involved, there will be no entry in the Journal Book (Form GEN-2)

**In case of deposit of Cash collections to Bank**

Code	Particulars	Debit	Credit
450210000	Bank Account*	Debit	
450100000	To Cash Account		Credit
<b>Source Document:</b> Deposit Chalan acknowledged by the Bank			
<b>Records Updated:</b> Cash Book, Bank Book, Ledger Account			

\* Specify name of the Bank and account number

**9.6 Adjustments of Assigned Revenues and Shared Tax against dues of the Municipality:** The amount of Assigned Revenue & Shared Tax may be adjusted by

the Government against any dues of the Municipality such as electricity charges. There may be two instances of transactions. The accounting entries relating to them are as follows:

#### **In case the expenditure is recognized**

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350300000	Government Dues Payable	Debit	
120100201	To Share in Entertainment Tax		Credit
120100100	To Duty on transfer of properties		Credit
120109900	To Others*		Credit

**Source Document:** Intimation from the Government  
**Records Updated:** Journal Book, Ledger Account

\* Specify the heads of each income of the assigned revenue

#### **In case the expenditure is not recognized**

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
210000000	Expenditure*	Debit	
120100201	To Entertainment tax		Credit
120100100	To Duty on transfer of properties		Credit
120109900	To Others**		Credit

**Source Document:** Intimation from the Government  
**Records Updated:** Journal Book, Ledger Account

\*(a) – Insert Minor head and detailed head of account as applicable

\*\* Specify the heads of each income of the assigned revenue

#### **PRESENTATION IN FINANCIAL STATEMENTS**

- 9.7 The various heads of account used for the accounting of Assigned Revenues and Shared taxes related transactions should be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 9.8 The Schedule of the Income and Expenditure Statement in respect of Assigned Revenue is provided below.

#### **Schedule I-2: Assigned Revenues & Shared Taxes**

<b>Code No</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
120100201	Entertainment Tax		

120100100	Duty on transfer of properties		
<b>Total Assigned Revenues &amp; Shared taxes</b>			

**Schedule B-17: Schedule of Cash & Bank Balances**

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450100000	Cash Account		
450210000	Bank account		
	<b>Total</b>		

## Chapter Ten

### 10. Grants

#### This chapter on Grants is aimed at...

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Grants and,
- Familiarising you with accounting system for transactions relating to capital & revenue grant that could be either for general purpose or for carrying out specific project/scheme or in form of reimbursements.

#### By the end of this chapter, you should...

- Be aware of accounting system for recording, classifying transaction relating to Grants.

#### 10.1 Introduction

- 10.1 This chapter contains the recommended accounting system for transactions relating to Grants received by the Municipality.
- 10.2 The Municipality receives grants from the State and/or Central Government(s). The grants received by the Municipality could be either for General purposes or for carrying out specific projects/schemes or in form of reimbursements for specific expenditures.

#### 10.2 Nature of Grants

- 10.3 Grants received by the Municipality may be of a capital or revenue nature. A Capital Grant is usually utilised for capital expenditure i.e. creation of a fixed asset (like purchase of land, building, equipment, facilities, etc.). The benefits of such expenditure are of an enduring nature and spread over an extended period of time. A Revenue Grant, on the other hand, is generally utilised for meeting recurring expenditure, the benefits of which usually expire within the accounting year in which it is incurred. Revenue Grants are usually in the nature of a subsidy. Grants may be for a non-specific purpose, i.e., General Grants or for a specific purpose, i.e., Specific Grants. These are further described below.

##### 10.2.1 General Grants

- 10.3 Grants received for General (unspecified) purposes are usually in the form of a lump sum payment from the Government to facilitate meeting certain expenditure (usually revenue in nature) relating to the Municipality's activities.

10.5 General Purpose grant is an example of General Grant.

#### **10.3.1 Specific Grants**

10.6 The Municipality usually also receive grants for carrying out specific projects/schemes or for meeting specific expenditures. These can be Revenue or Capital in nature based on the purpose for which they are received. Certain Specific Grants can have both, capital and revenue components. Specific Grants may either be received in advance or as a reimbursement of the expenditure incurred by the Municipality. Currently most of the specific purpose grants are given in the form of allotment from the State Government through State treasury

10.7 The following is an illustrative list of Specific Grants that may be received by the Municipality:

- Revenue Grants for meeting expenditure incurred during the ordinary course of activities of the Municipality:
  - Maintenance grant for Construction of Road
  - Maintenance Grant for Maintenance of Road
- Revenue Grants for operating specific projects/schemes:
  - Census Grant,
  - Grant for the payment of Salary & Administrative Cost
  - Grant for meeting the revenue expenditure of Transferred Institutions,
- Capital Grants for meeting capital expenditures under specific projects/schemes:
  - Capital component of Grants under 12<sup>th</sup> Finance Commission
  - Capital component of Grants to Transferred Institutions.
  - Backward Region Grant Fund

10.8 When a Specific Grant is received in advance, the Municipality is required to submit an “Utilisation Certificate” in the manner, prescribed in the Grant Sanction Order.

10.9 The claim for grant receivable as a reimbursement of expenditure incurred is made by submitting “Statement of Expenditure” to the agency from which the grant is receivable at such intervals as prescribed in the Grant Sanction Order.

10.10 If the Grant Sanction Order stipulates opening of specific Bank Account for deposit and utilisation of grants, the same shall be done.

#### **10.3 Accounting Principles**

10.11 The following Accounting Principles shall govern the recording, accounting and

treatment of transactions relating to Grants:

- a. General Grants, which is of a revenue nature, shall be recognised as income on actual receipt;
- b. In case where the grant is sanctioned and ULBs have received the sanctioned/GO letter but has not received the Grant amount then such grant can be treated as "Grant Receivable" by the ULBs.
- c. Specific Grants towards revenue expenditure, received prior to the incurrence of the expenditure (received in advance), shall be treated as a liability till such time that the expenditure is incurred;
- d. Grants received or receivable in respect of specific revenue expenditure shall be recognised as income in the accounting period in which the corresponding revenue expenditure is charged to the Income and Expenditure Statement;
- e. Grants received towards capital expenditure shall be treated as a liability till such time that the fixed asset is constructed or acquired. On construction/acquisition of a fixed asset out of the grants so received, the extent of liability corresponding to the value of the asset so constructed/acquired shall stand reduced and the amount shall be treated as a capital receipt and shall be transferred from the respective Specific Grant Account to the Capital Contribution;
- f. Grants received as a nodal agency or as implementing agency for an intended purpose, which does not, result in the creation of assets with ownership rights for the Municipality shall be treated as a liability till such time it is used for the intended purpose. Upon utilization for the intended purpose, the extent of liability shall stand reduced by the value of such utilization and no further treatment shall be required;
- g. 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);
- h. 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.

## 10.4 Accounting Records & Procedures

- 10.12 This section describes the records, register, documents, accounting entries, etc., in respect of accounting for transactions related to Grants. For the purposes of accounting of Grants, there are certain forms, registers, etc., which are specific to Grants, e.g., Grant Register – (Form G-1). This is annexed to this chapter and are prefixed “G”.
- 10.13 The Accounts Department shall maintain a Grant Register in Form G-1 with separate registers for capital and revenue grants and separate pages for each grant for recording details of receipt of grant and expenditures incurred from it.

### 10.4.1 General Grants

- 10.14 The accounting procedures and accounting entries for accounting of General Grant is detailed below.
- Recording of receipt of General Grant. Details of General grants received shall be entered in the Receipt Register (Form GEN-9) maintained at the Accounts Department and deposited into the Bank Account. A Receipt shall be issued in Form GEN-8 to the agency from which grant is received. To record the receipt of grant, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
450100000	Cash Account	Debit	
450210000	Bank Account *	Debit	
160100000	To Revenue Grant		Credit

**Source Document:** Summary of Daily Collection – Form GEN-13

**Records updated:** Cash Book, Ledger, Grant Register – Form G -1

\* Specify name of bank and Account number

- Recording of deductions made by the Government at the time of payment: At the time of release, Government may deduct from the grants the payments to be made by Municipality like Electricity Charges, Interest on Loans, Loan repayment, etc. Municipalities shall account for the gross amount of the grant as Income and book the relevant heads for the deductions made. As per the details of the deductions in the government order sanctioning the grant, the Accounts Department shall pass the following entry in its books:

#### In cases where expenditure is recorded

Code	Particulars	Debit	Credit
240200000	Interest on Loans from State Government	Debit	
220110100	Office Electricity Expenses	Debit	

160100000	To Revenue Grant		Credit
<b>Source Document:</b> : Payment Order – Form GEN – 15			
<b>Records updated:</b> Journal Book, Ledger, Loans Register and Grants Register			

**In cases where expenditure is not recorded**

Code	Particulars	Debit	Credit
350309900	Government Dues Payable	Debit	
160100000	To Revenue Grant		Credit
<b>Source Document:</b> : Payment Order – Form GEN – 15			
<b>Records updated:</b> Journal Book, Ledger, Loans Register and Grants Register			

#### 10.4.2 Specific Grants

10.15 Specific Grants could either be received in advance or as a reimbursement of the expenditure already incurred or by drawing bills on the State Treasury. These could be Revenue or Capital in nature, or a combination of both. The accounting entries for Specific Grant depend on the nature of the receipt (in advance or as reimbursement or by drawing bills on the State Treasury) and the nature of the expenditure, which are expected to be incurred out of such grants (capital or revenue).

**Specific Grants Received in Advance**

10.16 Grants received in advance shall be deposited in their respective Designated Grant Bank Accounts and they shall be accounted for in the following manner.

**Specific Grant in respect of Revenue Expenditure**

10.17 The Specific Grants received in advance towards revenue expenditure shall be accounted as follows:

- a. Recording of grant received in advance. The details of the Grant Sanction Order shall be recorded in the Grant Register (Form G-1). On receipt of the grant, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
450610000	Designated Bank Account*	Debit	
320000000	To Grants, Contribution for Specific Purposes		Credit

**Source Document:** Summary of Daily Collection – Form GEN – 13

**Records updated:** Grant Bank Book, Ledger, Grants Register – Form G – 1

\*Specify the name of the Bank and Account number

- b. Separate Cash Book & Bank Book (Form GEN-1A & 1B) shall be maintained in respect of all grants if so prescribed by the Government;

- c. The details of the receipt of the grant shall be updated in the Grant Register (Form G-1);
- d. The accounting procedure to be followed in respect of revenue expenditure incurred against Specific Grants received in advance shall be the same as what is described in Chapter 11 – Public Works for repairs and maintenance expenditures, Chapter 12 – Stores for stores purchased, and Chapter 15 - Other Revenue Expenditures for other revenue expenditures;
- e. Payment of advance to contractor/supplier in respect of a Specific Grant received in advance. Any advance made to a supplier/contractor in respect of a project/scheme to be carried out against a Specific Grant received in advance, shall be payable from the Designated Grant Bank Account only. The entry for this shall be the same as described in the section “Advance paid to contractors/suppliers”;
- f. Recording of liability on receipt of contractor/supplier bill. On receipt of processed bill in respect of material supplied or services rendered or works executed which is of a revenue nature, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
250400000	Programme Expenditure-Specific grants	Debit	
350100102	To Contractors Control Account - Specific Grants		Credit
340100302	To Contractor's Retention Money - Specific Grant		Credit
350202101	To Recoveries Payable - Income Tax Deducted at Source – Contractor/suppliers		Credit
460400102	To Advance to Suppliers – Advance Paid - Specific Grants		Credit
<b>Source Document:</b> Contractor/Supplier Bill			
<b>Records updated:</b> Journal Book, Ledger, Grants Register – Form G – 1			

(a) Insert minor and detailed head of account as applicable

- g. The details of the expenditure shall be recorded in the Grant Register (Form G-1) Under the respective Specific Grant;
- h. Recording of payment to the contractor/supplier. The payment to the contractor/supplier shall be made only from the respective Designated Grant Bank Account. On payment, the Accounts Department shall pass the

following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100102	Contractors Control Account - Specific Grants	Debit	
450610000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Grant Bank Book, Ledger, Grants Register – Form G – 1			

\*Specify the name of the Bank and Account number

- i. Recording of payment for deductions made. The deductions made on behalf of the Government in point "h" above shall also be paid from the respective Designated Grant Bank Account. On payment of deductions made, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350202101	Recoveries Payable - Income Tax Deducted at Source – Specific Grants	Debit	
450610000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Grant Bank Book, Ledger, Grants Register – Form G – 1			

\*Specify the name of the Bank and Account number

- j. Recording of transfer of money from Designated Grant Bank Account to Main Bank Account on utilisation of common stores. The amount equivalent to the cost of common stores utilised for the purpose of the Specific Grant shall be transferred from the respective Designated Grant Bank Account to Main Bank Account. Accounts Department shall update the Grant Register (Form G-1) for the same and pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
45021000 0	Bank Account*	Debit	
45061000 0	To Designated Bank Account*		Credit
<b>Source Document:</b> Intimation from Stores Department			
<b>Records updated:</b> Grant Bank Book, Bank Book, Grants Register – Form G- 1			

\*Specify the name of the Bank and Account number

- k. Recognising grant income in respect of revenue expenditure incurred under Specific Grants. At the end of each quarter, the Accounts Department shall identify the revenue expenditure incurred under the Specific Grants

received in advance (from the Grant Register). To record income against it, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
320000000	Grants, Contribution for Specific Purposes	Debit	
160100000	To Revenue Grant		Credit
<b>Source Document:</b> Grant Register – Form G -1			
<b>Records updated:</b> Journal Book, Ledger			

#### **Advance paid to contractors/suppliers**

10.18 On payment of advance to contractors for work executed under a Specific Grant, the Accounts Department shall pass the following entries:

- a. To record the advance sanctioned. On sanction of advance and deduction of TDS, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460400202	Advance to Contractors - Advance paid - Specific Grants	Debit	
350202101	To Recoveries Payable - Income Tax Deducted at Source – Specific Grants		Credit
350100102	To Contractors Control Account - Specific Grants		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Journal Book, Ledger, Grant Register – Form G - -1			

- b. For recording payment of advance. On payment of balance advance, from the respective Designated Grant Bank Account, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100102	Contractors Control Account - Specific Grants	Debit	
450610000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Grant Bank Book, Ledger, Grant Register – Form G – 1			

\*Specify the name of the Bank and Account number

#### **Specific Grant in respect of Capital Expenditure**

10.19 Recording of grant received in advance. The details of the Grant Sanction Order shall be recorded in the Grant Register (Form G-1). On receipt of the grant, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450610000	Designated Bank Account*	Debit	
320000000	To Grants, Contribution for Specific Purposes		Credit
<b>Source Document:</b> Summary of Daily Collection – Form GEN - 13			
<b>Records updated:</b> Bank Book, Ledger, Grant Register			

\*Specify the name of the Bank and Account number

10.20 The accounting procedure to be followed and accounting entries to be recorded in respect of:

- a. Advance provided to the contractor/supplier;
- b. Recovery of advance provided to contractor/supplier;
- c. Receipt of Earnest Money Deposit (EMD) from the bidders and its refund to unsuccessful bidders;
- d. Conversion of EMD of successful bidder into Security Deposit;
- e. Security Deposit received from contractor/supplier;
- f. Security Deposit deducted from the contractor's/supplier's bill;
- g. Refund of Security Deposit;
- h. Deduction of tax from the contractor's/supplier's bill;
- i. Payment of amounts deducted to the relevant authorities; etc.

shall be the same as what is described in the section "Specific Grant in respect of Revenue Expenditure" above.

10.21 Recording of receipt of bill for capital work-in-progress: On receipt of a progress bill in respect of capital works being executed under Specific Grants, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
412109900	Capital Work-in-Progress - Other Specific Grants	Debit	
350100302	To Contractors Control Account - Specific Grants		Credit

**Source Document:** Progress bill from the department

**Records updated:** Journal Book, Ledger, Grant Register

10.22 Recording of receipt of bill for acquisition of fixed assets. On receipt of a bill in respect of acquisition/purchase of fixed assets under Specific Grants, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000	Fixed Assets (Specify the name of the Asset)*	Debit	
350100102	To Contractors Control Account - Specific Grants		Credit
<b>Source Document:</b> Bill from Supplier of Fixed Assets			
<b>Records updated:</b> Journal Book, Ledger, Grant Register			

\* Insert minor head and detailed head of account as applicable

10.23 Recording payment to contractors/suppliers. Payment in respect of any expenditure incurred for purchase, acquisition or construction of any fixed asset under any Specific Grant shall be made from the respective Designated Grant Bank Account. On payment, the Accounts Department shall pass the following:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100102	Contractors Control Account - Specific Grants	Debit	
450610000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Grant Bank Book, Ledger, Grant Register			

\*Specify the name of the Bank and Account number

10.24 Recording capitalisation of capital work-in-progress. On completion of construction of capital project, the capital work-in-progress shall be capitalised for which the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000	Fixed Assets (Specify name of the Asset)*	Debit	
412109900	To Capital Work-in-Progress - Other Specific Grants		Credit
<b>Source Document:</b> Completion Certificate			
<b>Records updated:</b> Journal Book, Ledger, Grant Register			

\* Insert minor head and detailed head of account as applicable

10.25 Recording of transfer of Specific Grant to ‘Capital Contribution’ on capitalisation. On capitalisation of capital work-in-progress or on acquisition of any fixed assets under a Specific Grant, an amount equivalent to the amount of capital expenditure incurred and capitalised shall be transferred from the Specific Grant to the Capital Contribution. To record this transfer, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
320000000	Grants, Contribution for Specific Purposes	Debit	
312100000	To Capital Contribution		Credit
<b>Source Document:</b> Completion Certificate			
<b>Records updated:</b> Journal Book, Ledger, Grant Register			

10.26 The above entry shall be passed simultaneously along with the entry for purchase/acquisition or capitalisation of the fixed assets.

#### **Investment of Funds from Specific Grant received in advance**

10.27 Investments made from Specific Grants received in advance shall be entered in a Grant Investment Register to be maintained in Form IN-1 (provided in Chapter 17 - Investments). The accounting entries /procedures to be followed for investments of such moneys are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 17 - Investments.

10.28 Interest earned on investments, profit/loss on disposal of Investments, if any, shall be updated in the Grant Register (Form G-1) by the Accounts Department.

#### **Grants Received As Nodal/ Implementation Agency**

10.29 Municipalities may receive grants as a nodal agency under certain schemes, wherein the expenditure of the schemes are for a set of beneficiaries. In some cases, the scheme expenditure is met by the Municipality directly. In some other cases they are paid to the beneficiaries group who upon spending will produce the relevant expenditure / utilisation statement.

10.30 Recording of grant received: The details of the Grant Sanction Order shall be recorded in the Grant Register (Form G-1). On receipt of the Grant in advance, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450610000	Designated Bank Account*	Debit	
320000000	To Grants, Contribution for Specific Purposes		Credit
<b>Source Document:</b> Summary of Daily Collection – Form GEN – 13			
<b>Records updated:</b> Grant Bank Book, Ledger, Grant Register			

\*Specify the name of the Bank and Account number

10.31 Payment of advance to executing agency or beneficiary group: The Municipalities may pay advance to the executing agency / beneficiary group towards the works to be undertaken by them. For recording the payment of advances, the

Accounts Department will pass the following accounting entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460500300	Advances for Project –Specific grants	Debit	
450610000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Grant Bank Book, Ledger, Grant Register			

\*Specify the name of the Bank and Account number

10.32 Recording of liability for ‘Scheme expenditures’ on receipt of bill: Municipalities may receive the bills for payment either directly from the contractors or from the implementing agency. The expenditures incurred against Scheme to which the grant is received by the Municipality shall be taken to a separate control account to accumulate the expenditure incurred. For recording of the amounts payable to the contractors or nodal agencies the following entry shall be passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460800200	Other Current Assets –Scheme expenditures Control Account	Debit	
350100404	To Supplier's Advance Control Account – Scheme expenditure		Credit
350200201	To Recoveries Payable – Income Tax Deducted at Source – Contractors/Suppliers		Credit
460509902	To Other Advances - Specific Grants		Credit
<b>Source Document:</b> Statement of expenditure from Implementing Officers			
<b>Records updated:</b> Journal Book, Ledger			

10.33 Recording of payments made to contractor / implementing agency.

- a. The payment for the bills shall be made only from the respective designated Grant bank account. The Accounts Department shall pass the following entry on payment:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100404	Supplier's Advance Control Account - Scheme expenditure	Debit	
450610000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment order – Form GEN – 15			
<b>Records updated:</b> Grant Cash Book, Ledger, Grant Register			

\*Specify the name of the Bank and Account number

10.34 Recording of payment for deductions made. The deductions made on behalf of the Government in above shall also be paid from the respective Designated

Grant Bank Account. On payment of deductions made, the Accounts Department shall pass the same entry as explained in Para 10.10(i).

**10.35 Recording of transfer of money from Designated Grant Bank Account to Main Bank Account on utilisation of common stores.** The amount equivalent to the cost of common stores utilised for the purpose of the Specific Grant shall be transferred from the respective Designated Grant Bank Account to Main Bank Account before issue of any common stores. Accounts Department shall update the Grant Register (Form G-1) for the same and the accounting entry is same as explained in Para 10.10 (j). In addition, the following entry shall be passed for recording the utilisation of common stores.

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460800200	Other Current Assets –Scheme expenditures	Debit	
430100200	To Purchase of Material - Stores		Credit

**Source Document:** Intimation from Stores  
**Records updated:** Journal Book, Ledger, Grant Register – Form G- 1

**10.36 Recording of Transfer of Scheme expenditures on completion of the scheme or at period end.** On completion of the scheme or at the period ends, the total amount of grant received for specific purpose as a nodal agency shall be adjusted to the extent of amounts utilised under the project. The accounting entry for such adjustment is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
320000000	Grants, Contribution for Specific Purposes	Debit	
460800200	To Other Current Assets – Scheme Expenditures		Credit

**Source Document:** Intimation from concerned department  
**Records updated:** Journal Book, Ledger, Grant Register – Form G – 1

#### **Period End Procedures**

- 10.37 At the period-end it shall be ensured that the bills received in respect of revenue expenditure incurred as well as works executed or acquisition / purchase of fixed assets before the last date of the accounting period, are processed and forwarded to the Accounts Department for accounting and payment within 15 days from the end of the accounting period.
- 10.38 The accounting entry to be recorded in respect of revenue expenditure shall be same as provided in para 10.10 (f) above and the accounting entry to be recorded to recognise the grant income in respect of revenue expenditure incurred shall be same as provided in para 10.10 (k) above.
- 10.39 The accounting entry to be recorded for progress bill in respect of capital works being executed under Specific Grants shall be the same as provided in para

- 10.29 above and for bills in respect of acquisition / purchase of fixed assets under Specific Grants shall be the same as provided in para 10.30 above.
- 10.40 For grants received as a nodal agency, it shall be ensured that the transfer entry is made for expenditures incurred against it and the balance in the 'Scheme Expenditures – Nodal Agency' account has become nil.

#### **Repayment of unutilised Specific Grant received in advance**

- 10.41 Recognition of liability for repayment of grant. Specific grants are normally to be used within a period specified in the Grant Sanction order. Generally the Specific grants shall be refunded in the following circumstances:
- On expiry of the period for utilisation of the grant as per grant sanction order.
  - The total amount utilised out of the grant is lesser than the amount of the grant received.

If the Grant Sanction Order specifically states that unutilized amount shall be returned, then the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
320000000	Grants, Contribution for Specific Purposes	Debit	
350400600	To Refunds Payable – Grants		Credit

**Source Document:** Grant Register – Form G-1, Intimation from concerned department  
**Records updated:** Journal Book, Ledger, Grant Register

- 10.42 Payment of unutilised Specific Grant. The unutilised Specific Grant received in advance shall be repaid from the respective Designated Grant Bank Account. On payment, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350400600	Refunds Payable – Grants	Debit	
450610000	To Designated Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records updated:** Grant Bank Book, Ledger, Grant Register

\*Specify the name of the Bank and Account number

#### **Expenditure incurred in excess of grant received in advance**

- 10.43 In certain cases, the agency giving the grant may permit incurrence of expenditure in excess of the grant amount. In such cases the expenditure shall be paid from the Main Bank Account and it shall be recorded as an ordinary expenditure. The grant becomes receivable on incurrence of expenditure under the grant. At period-end, the Accounts Department shall identify the revenue

expenditure incurred over and above the amount of grant received in advance from the Grant Register (Form G-1). To recognise the grant income in this respect the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
431500100	Receivable from Government –Grants	Debit	
160100000	To Revenue Grant		Credit

**Source Document:** Sanction Order for the Grant  
**Records updated:** Journal Book, Ledger, Grant Register

#### **On receipt of the amount of expenditure**

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
435210000	Bank*	Debit	
431500100	To Receivable from Government -Grants		Credit

**Source Document:** Sanction Order for the Grant  
**Records updated:** Journal Book, Ledger, Grant Register

\* Specify the name of the bank and account number

#### **Specific Grants Received as Reimbursement of Expenditure incurred by the Municipality**

10.44 Specific Grants received as reimbursement of expenditures could be received towards revenue expenditures incurred during the ordinary course of activities of the Municipality or for implementing a specific project/scheme or towards capital expenditure incurred under a specific project/scheme. These expenditures would be incurred from the Main Bank Account before claiming/reimbursement. The grants receivable as reimbursement shall be accounted in the following manner:

#### **Specific Grant for revenue expenditure incurred during the ordinary course of activities of the Municipality**

10.45 The grants receivable as reimbursement of revenue expenditures incurred during the ordinary course of activities of the Municipality, shall be accounted in the following manner:

- a. Recognition of grant income on sanction of the grant. The details on receiving the Grant Sanction Order in respect of the specific grant where application/details of expenditure submitted earlier shall be recorded in the Grant Register (Form G-1). To recognise the income, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
431500100	Receivable from Government –Grants	Debit	

160200000	To Re-imbursement of Expenses		Credit
<b>Source Document:</b> Sanction Order for the Grant			
<b>Records updated:</b> Journal Book, Ledger, Grant Register			

- c. Recording of receipt of grant. On receipt of the grant, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
435210000	Bank*	Debit	
431500100	To Receivable from Government -Grants		Credit

**Source Document:** Summary of Daily Collection – Form GEN – 13

**Records updated:** Bank Book, Ledger, Grant Register

\*Specify the name of the Bank and Account number

#### Specific Grant for expenditure incurred under a specific project/scheme

10.46 The grants receivable as reimbursement of expenditure incurred under a specific project/scheme shall be accounted as follows:

- a. The project/scheme is usually sanctioned by an agency. The details of the Grant Sanction Order shall be recorded in the Grant Register (Form G-1);
- b. The accounting entries/procedure to be followed for receipt of deposits, incurrence of expenditure, payment of contractor bills, payment of deductions made from the contractor bills, utilisation of common stores, completion of the asset and capitalisation of the asset, period end procedure for making provisions for unpaid bills, has been described in Chapter 11 - Public Works, Chapter 12 - Stores, Chapter 15 - Other Revenue Expenditures.  
- Fixed Assets;
- c. The department incurring the expenditure shall specify the name of the grant in respect of which the expenditure has been incurred in the Payment Order (Form GEN-15). As and when any expenditure is recorded in the books of original entry, i.e., Cash Book & Bank Book (Form GEN-1A & 1B) or Journal Book (Form GEN-2) as well as utilisation of common stores, the Grant Register (Form G-1) shall also be updated correspondingly;
- d. Recording of grant income in respect of revenue expenditure incurred under the grant. The grant becomes receivable on incurrence of expenditure under the grant. At period-end, the Accounts Department shall identify the revenue expenditure incurred and paid for during the period from the Grant Register (Form G-1). To recognise the grant income in respect of the revenue expenditure incurred under the grants during the period, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
431500100	Receivable from Government -Grants	Debit	
160300000	To Contribution towards scheme		Credit
160100000	To Revenue Grant		Credit

**Source Document:** Sanction Order for the Grant  
**Records updated:** Journal Book, Ledger, Grant Register

- e. Recording of receipt of grant. The concerned department shall submit a “Statement of Expenditure” at periodic intervals (as specified in the program/scheme details) to the agency from which the grant is receivable, for claiming the amount of grant due. On receipt of the grant, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
435210000	Bank*	Debit	
431500100	To Receivable from Government -Grants		Credit

**Source Document:** Summary of Daily Collection – Form GEN - 13  
**Records updated:** Bank Book, Ledger, Grant Register

#### Period-end Procedure

10.47 At the period-end, it shall be ensured that revenue expenditure incurred under the grant scheme but remaining outstanding for re-imbursement before the last date of the accounting period shall be recorded with matching the income corresponding to the expenditure being recorded. The accounting entry to be recorded shall be the same as provided in para 10.52 (a) above.

#### Write-off of Grant Receivable

10.48 Recording of write-off of grant receivable. The Accounts Department shall, at the end of each year, review the recoverable position of Grants Receivables. The Municipality may consider writing-off the grants that have remained outstanding for a period exceeding three (3) years. If the Municipality decides to write-off any grants receivable, based on the Write-off Order, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
270300600	Revenues Written off	Debit	
431500100	To Receivable from Government -Grants		Credit

**Source Document:** Council resolution approving write off  
**Records updated:** Journal Book, Ledger, Grant Register

#### Adjustment Of Grant Receivable from the Government against Municipality's Dues to the Government

10.49 The Government may deduct any amount, which is due from Municipality to any

Government Corporation, Government Company or any other Council constituted by it, from the grants payable to the Municipality.

10.50 Recording of adjustment of Government dues against grant receivable. On receiving the intimation from the Government regarding such adjustment, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350300000	Government Dues Payable*	Debit	
431500100	To Receivable from Government -Grants		Credit
<b>Source Document:</b> Intimation from Government			
<b>Records updated:</b> Journal Book, Ledger, Grant Register			

\* Specify the head of account of the government due, against which the grant is adjusted, e.g., State Education Cess

Payable, Electricity Charges payable, Employment Guarantee Cess Payable, etc.

#### **Specific Grants Drawn By Drawing Of Bills On The State Treasury**

10.51 Recording of grant on allotment. The details of the Grant Sanction Order shall be recorded in the Grant Register (Form G-1). The Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450610000	Designated Bank Account*	Debit	
320000000	To Grants, Contribution for Specific Purposes		Credit
<b>Source Document:</b> Summary of Daily Collection – Form GEN – 13			
<b>Records updated:</b> Grant Bank Book, Ledger, Grants Register – Form G – 1			

\*Specify the name of the Bank and Account number

10.52 These Grants are drawn by submitting bills to the Treasury for payment. The Accounts Department shall pass the following entry to record the same:

#### **In case of revenue expenditure**

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
250000000	Programme Expenditure	Debit	
450610000	To Designated Bank Account		Credit
<b>Source Document:</b> Statement of expenditure submitted by the Implementing Officers			
<b>Records updated:</b> Journal Book, Ledger, Grant Register			

(a) Insert minor head and detailed head of account as applicable

### **Simultaneous Recognition of Revenue Income**

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
320000000	Grants, Contribution for Specific Purposes	Debit	
160100000	To Revenue Grant		Credit

**Source Document:** Grant Register – Form G - 1  
**Records updated:** Journal Book, Ledger

### **In case of capital expenditure**

#### **On acquisition of an asset**

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000	Fixed Asset	Debit	
450610000	To Designated Bank Account		Credit

**Source Document:** Statement of expenditure submitted by the Implementing Officers  
**Records updated:** Journal Book, Ledger, Grant Register

(a) Insert minor head and detailed head of account as applicable

#### **If Asset is Capital Work In Progress**

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
412100000	Capital Work In Progress - Specific Grant	Debit	
450610000	To Designated Bank Account		Credit

**Source Document:** Statement of expenditure submitted by the Implementing Officers  
**Records updated:** Journal Book, Ledger, Grant Register

#### **On acquisition/Capitalisation of Asset**

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
320000000	Grants, Contribution for Specific Purposes	Debit	
312100000	To Capital Contribution		Credit

**Source Document:** Completion Certificate, Statement of expenditure submitted by the Implementing Officers  
**Records updated:** Journal Book, Ledger, Grant Register

### **INTERNAL CONTROLS**

10.53 The following internal controls shall be observed by the Municipality in respect of Grant related transactions:

- a. The Accounts Officer shall ensure that the grant received for a specific purpose shall not be utilised for any other purpose;
- b. The Accounts Officer and the Head of the Department implementing the

- project/scheme sponsored by the grant shall quarterly reconcile the expenditure incurred during the period in respect of each of the grant from the Ledger (Form GEN-3) and the Grant Register (Form G-1) maintained at the Accounts Department and the relevant records maintained at the respective departments;
- c. The Accounts Officer shall quarterly reconcile the amount of grant received and receivable in the Ledger (Form GEN-3) and the Grant Register (Form G-1) maintained at the Accounts Department;
  - d. The Accounts Officer shall, after entry in Bank Book in respect of grants received, ensure that the grant received is recorded in the Grant Register. Further, it shall be ensured that the Receipt in Form GEN-8/ Summary of Daily collections in Form GEN -12 prepared provide reference of Grant Register;
  - e. The Accounts Officer shall reconcile all balances of the Public Deposit Account maintained at the Treasury with the records of the municipality;
  - f. The Chief Municipal Officer shall ensure the grants received are utilized for the purpose for which they are given. In case of any diversion, the Government shall take the appropriate action against the Chief Municipal Officer;
  - g. The Chief Municipal Officer shall ensure that the funds raised from grants are utilised for the specified purpose without delay;
  - h. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.

10.54 All Reconciliation Statements shall be certified by the Accounts Officer.

#### **PRESENTATION IN FINANCIAL STATEMENTS**

10.55 The various heads of account used for the accounting of Grant related transactions should be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

10.56 The Municipalities shall disclose the following details as notes to accounts.

- Unutilised amount in the Public Deposit Account of the Municipality
- Amount of lapsed grant/fund.

10.57 The Schedule of the Income and Expenditure Statement in respect of Grants is provided below.

**Schedule I-6: Schedule of Revenue Grants, Contribution and Subsidies**

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
160100000	Revenue Grant		
160200000	Re-imbursement of expenses		
160300000	Contribution towards schemes		
<b>Total Income of Grants to be shown as part of Revenue Grants, Contributions and Subsidies Schedule</b>			

**Schedule I-16 : Schedule of Provisions & Write off**

Code No	Particulars	Current Year	Previous Year
270300600	Revenues Written Off –Revenue Grants		
<b>Total Expenditure of Grants to be shown as part of Provision &amp; Write Off Schedule</b>			

10.58 The Balance Sheet Abstract in respect of Grants is provided below.

**Schedule B-3: Schedule of Reserves**

Code No.	Particulars	Opening balance (Rs.)	Additions during the year (Rs.)	Total (Rs.)	Deductions during the year (Rs.)	Balance at the end of the current year (Rs.)
1	2	3	4	5 (3+4)	6	7 (5-6)
312100000	Capital Contribution					
312300000	Special Funds (Utilised)					
	<b>Total Reserve funds</b>					

**Schedule B-4: Schedule of Grants & Contribution for Specific Purposes**

Particulars	Grants from Central Government	Grants from Government	Grants from Other Government Agencies	Grants from Financial Institutions	Grants from Welfare Bodies	Grants from International Organisations	Others
Code No.							
(a) Opening							

<b>Balance (b)</b>							
<b>Additions to the Grants *</b>							
(i) Grant received during the year							
(ii) Interest/ Dividend earned on Grant Investments							
(iii) Profit on disposal of Grant Investments							
(iv) Appreciation in Value of Grant Investments							
(v) Other addition (Specify nature)							
<b>Total (b)</b>							
<b>Total (a+b)</b>							
<b>(c)</b>							
<b>Payments out of funds</b>							
<b>(i) Capital expenditure on</b>							
Fixed Assets* Others							
<b>Sub -total</b>							
<b>(ii) Revenue Expenditure on</b>							
Salary, Wages and							

allowances etc. Rent Other administrative charges							
<b>Sub -total</b>							
(iii) Other: Loss on disposal of Grant Investments Diminution in Value of Grant Investments Grants Refunded							
<b>Sub -total</b>							
<b>Total (c)</b> <b>[i+ii+iii]</b>							
<b>Net balance at the year end – (a+b)- (c)</b>							
<b>Total Grants &amp; Contribution for Specific Purposes</b>							

Note: Plan funds received from Central/ State Government are to be shown as grant funds and not be mixed up with Earmarked Funds

\* For transferring completed capital assets, expenditure incurred will be capitalised and assets will be taken to Fixed Assets schedule (B-11) and Capital contribution will be increased by the same amount.

#### **Schedule B-7: Schedule of Deposits Received**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
340100202	Contractors Security Deposit – Specific		
340100206	Grants Suppliers Security Deposit –		

340100102	Specific Grants Contractors Earnest Money Deposit - Specific Grants		
340100106	Suppliers Earnest Money Deposit – Specific		
340100302	Grants		
340100306	Contractors Retention Money – Specific Grants		
	Suppliers Retention Money – Specific Grants		
	<b>Total</b>		

**Schedules B-9: Schedule of Other Liabilities (Sundry Creditors)**

<b>Code No</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
350100102	Contractors Control Account - Specific		
350100302	Grants Suppliers Control Account -		
350100404	Specific Grants Supplier's Advance Control Account - Scheme		
350200201	expenditure		
	Recoveries Payable - Income Tax Deducted at		
350400600	Source Contractors/ Supplier Refunds Payable - Grants		
	<b>Total</b>		

**Schedule B-13: Schedule of Investments – Other Funds**

<b>Code No</b>	<b>Nature of investment</b>	<b>With whom invested</b>	<b>Face value</b>	<b>Cost</b>	<b>Remarks.</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
421000000	Investment Other Funds				
	<b>Total</b>				

**Schedules B-15: Schedule of Sundry Debtors (Receivables)**

Code No	Particulars	Gross Amount (Rs.)	Provision for doubtful receivables Amount (Rs.)	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
431500100	<b>Current Assets</b> Receivable from Government - Grants				
	<b>Total</b>				

**Schedules B-10: Schedule of Cash & Bank Balances**

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
450100000	Cash Account		
450210000	Bank Account		
450610000	Designated Bank Account		
	<b>Total</b>		

**Schedule B-18: Loans, advances and deposits**

Code No.	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.)
1	2	3	4	5	6
460400202	Advance to Contractors				
460509902	Advance paid - Specific Grants				
460800200	Other Advance –Grants				
461000000	Other Current Assets- Expenditures				
	<b>Total</b>				
	Less: Accumulated Provisions against Loans, Advances and Deposits [Schedule B – 18 (a)]				
	<b>Net total of Loans, advances, and deposits</b>				

**Form G-1****Name of the Municipality****GRANT REGISTER\*****Accounting Unit:****Fund Code:**

Sr. No.	Name of the Grant	Order/Designati on of the Authority sanctioning the grant	Nature of the Grant**	Period of the Grant	Sanctioned Amount (Rs.)	Grant Received in Advance	
						Date	Amount (Rs.)
1	2	3	4	5	6	7	8

Expenditure Incurred on Specific Grants					Grant unutilised on expiry of grant period (Rs.)	Refund of unutilized Grant	
Date	Voucher Number	Nature of Expenditure	Amount (Rs.)	Date of Payment		Date	Amount (Rs.)
9	10	11	12	13	14	15	16

\* Maintain separate registers for Capital and Revenue Grants, Specific and General Grants.

\*\* State whether Grants received from Central Govt., State Govt. or Other Govt. agencies

Note: For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

## 11. Chapter Eleven

### 11. Public Works

**This chapter on Public Works is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Public Works and,
- Familiarizing you with accounting treatment for Deposit Works.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Public Works and,
- Appreciate the concepts and underlying principles.

- 11.1 This chapter contains the recommended accounting system for Public Works transactions undertaken by the Municipality. These would generally include construction/ expansion/ major modification of buildings, development of land, construction of roads, construction of water works, construction of drainage systems or other public utilities. Repairs and maintenance of these would also constitute Public Works. Apart from these, any non-civil contracts (e.g., for furniture) undertaken by the Municipality through the Engineering Department would also be covered here. This chapter also covers the accounting treatment for ‘Deposit works’ executed by the Municipality on behalf of the Government or Government Departments and recognition of revenue from these Deposit works.
- 11.2 ‘Original Works’ includes all new constructions or additions and alterations to existing works. Repairs to newly purchase or previously abandoned buildings, which are required for bringing them into use, should be classified as Original Works. Where a portion of an existing structure is dismantled and replaced and if the cost of such replacement represents a genuine increase in the permanent value of the property as an asset, the work should be classified as ‘Original Works’.
- 11.3 ‘Repairs and Maintenance’ includes works, other than those specified under Original Works, required to maintain buildings, roads, water work assets, drainage system and other works in proper condition for ordinary use.
- 11.4 ‘Fees & User Charges’: Where the Engineering Department issues any permission for road digging or any other activity for private purpose, it recovers the charges incurred for repair of the damaged road or any other structure from the person seeking permission.

- 11.5 **'Deposit Works'**: The Governmental departments or the Governments may use the services of Municipality, for execution of certain works/schemes/approved infrastructure schemes. Money received from the Governments for the above shall be treated as 'Deposit Works' and are accounted as a liability of a Municipality. Municipalities are provided certain percentage of the value of the works/scheme/project/plans completed as their service charges.
- 11.6 The Public Works may be carried out in a municipal area either from Municipal Funds or from Grants or Special Funds. The accounting procedure for dealing with the various transactions of Public Works would be similar irrespective of the source of funds. The accounting entries in respect of works executed from Grants have been described in Chapter 10 on Grants. Similarly, accounting entries in respect of works executed from Special Funds have been described in Chapter 19 on Special Funds. This chapter describes the accounting entries for works executed out of Municipal Funds of the Municipality.

## **11.1. Accounting Principles**

- 11.7 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to public works:
- a. The cost of fixed assets shall include cost incurred/ money spent in acquiring or installing or constructing fixed asset, interest on borrowings attributable to acquisition or construction of qualifying fixed assets up to the date of commissioning of the assets and other incidental expenditures incurred up to that date;
  - 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. Revenue 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 charged off unless it results in increase of capacity or operating efficiency of the fixed asset, or extends its useful economic life;
  - c. Assets under erection/installation on existing projects and capital expenditures on new projects (including project stores) shall be shown as "Capital Work-in- Progress";
  - d. Provisions shall be made at the year-end for all bills received up to a cutoff date. The cut-off date shall be 30 days before the date prescribed for the finalisation of Annual Financial Statements;
  - e. The Earnest Money Deposit and Security Deposit received, if forfeited, shall be recognized as income when the right for claiming refund of deposit has

- expired. Non Cash items received as Deposit shall not be treated as income till the same is encashed;
- f. 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;
  - g. Deposit given under Deposit works shall be treated as an asset till such time the projects for which money is given is completed. Upon completion of the projects, the cost incurred shall be capitalized and reduced from the deposit;
  - h. Revenue in respect of rent of equipment provided to the contractors, deducted from their bills shall be recognised as and when the deductions are made;
  - i. Statutory deductions like Income Tax, Value Added Tax, made from the Contractors bill to be recognized when the deductions are made.

## 11.2. Accounting Records and Procedures

- 11.8 ***This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Public Works. For the purposes of accounting of Public Works there are certain forms, registers, etc., which are specific to Public Works, e.g., Statement of status of Capital Work-in-Progress PW – 1, etc. These Forms (Forms PW - 1 and PW - 3) are annexed to this chapter and are prefixed “PW”.***
- 11.9 The procedure for accounting of works expenditure is briefly described below:
- a. Earnest Money Deposit (EMD) may be received from the bidders bidding for the tender as per the principle and the procedures prescribed by the Municipality. On tender being awarded, EMD shall be refunded to the unsuccessful bidders;
  - b. An agreement may be entered into with the successful bidder. As per the terms of the Tender and agreement, Security Deposit may be taken in advance;
  - c. Advance may be provided to the contractor as per the terms and procedures of the Municipality and agreement entered into with the contractor;
  - d. Payment shall be made against bill raised after deducting Security Deposit, Income Tax, other deductions/ recovery including advance provided, if any;
  - e. Security Deposit shall be refunded after successful completion of the work as per terms of agreement;

- f. In case of Original Works, the expenditure incurred shall be capitalized and disclosed as an asset in the Balance Sheet.

### **Accounting for Receipt of Earnest Money Deposit**

11.10 The following procedure shall be followed for accounting of receipt of EMD Received in respect of works executed.

- a. The procedure to be followed for collection of EMD and its remittance and/or deposit to the Accounts Department or in the Bank shall be the same as provided in the Chapter 5 on general Accounting Procedures. The following entry for the amount received is passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
340100101	To Contractor's Earnest Money Deposit - Municipal Fund		Credit

**Source Document:** Summary of Daily Collection - Form GEN -13  
**Records updated:** Bank Book, Ledger

\* Specify name of Bank and account number

*Note: The postings in the Ledger Account of "Earnest Money Deposit - Engineering Department" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the bank account is involved, there will be no entry in the Journal Book.*

### **Accounting for Refund of Earnest Money Deposit**

11.11 The procedure followed for accounting of refund shall be the same as any payment provided in Chapter 5 on General Accounting Procedures.

11.12 Recording of refund of Earnest Money Deposit. After the receipt of approval for payment and upon payment, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
340100101	Contractor's Earnest Money Deposit - Municipal Fund	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15

**Records updated:** Bank Book, Ledger

\*Specify name of Bank and account number

### Accounting for conversion of Earnest Money Deposit into Security Deposit

11.13 Recording of conversion of Earnest Money Deposit into Security Deposit. On receipt of intimation for conversion of EMD of the successful bidder into Security Deposit payable the following entry shall be passed:

Code	Particulars	Debit	Credit
340100101	Contractor's Earnest Money Deposit - Municipal Fund	Debit	
340100201	To Contractor's Security Deposit - Municipal Fund		Credit

**Source Document:** Summary Statement of Deposits Adjusted – Form GEN – 20

**Records updated:** Journal Book, Ledger

### Receipt of Security Deposit

11.14 Recording of Security Deposit received: The procedure followed for accounting of Security Deposit is similar to that of Earnest Money Deposit. The Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
450210000	Bank Account*	Debit	
340100201	To Contractor's Security Deposit - Municipal Fund		Credit

**Source Document:** Summary of Daily Collection - Form GEN -13

**Records updated:** Bank Book, Ledger

\* Specify name of Bank and account number

11.15 As per the terms of agreement entered into with the contractor, Security Deposit may be deducted from the contractor's bill. For accounting treatment for Security Deposit deducted from the contractor's bill, refer section "Expenditure" in this chapter.

## Advances

11.16 Recording of payment of advance for work carried out from Municipal Fund, Grant and Special Fund. As per the terms of agreement, advance may be paid to the contractor. Advance may be provided either in Cash or in kind, i.e., by way of supply of materials. On receipt of approval for payment, and on payment, entries will be made for money advanced in Cheque Issue Register in Form GEN –16 and in Register of Advance in Form GEN – 17 for the Cheques issued to the contractor. The accounting entries to be passed are:

- For recording advance sanctioned for payment

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460400201	Advance to Contractors - Advance paid - Municipal Fund	Debit	
350100401	To Contractors Advance Control Account – Municipal Fund		Credit
350200201	To Recoveries Payable – Income Tax Deducted at Source – Contractors/Suppliers		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Journal Book, Ledger			

- For recording disbursement of advance,

- In Cash/Cheque:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100401	Contractors Advance Control Account – Municipal Fund	Debit	
450210000	To Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Bank Book, Ledger, Register of Advance – Form GEN 17			

\*Specify name of Bank and account number

## ii. Materials supplied to the Contractor:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460400205	Advance to Contractors - Materials issued to Contractors - Municipal Fund	Debit	
430100200	To Purchase of Materials – Stores		Credit
<b>Source Document:</b> Statement of Closing Stock – Form ST-3, Statement of Material Issues – Form ST-4			
<b>Records updated:</b> Journal Book, Ledger, Register of Advance – Form GEN 17			

Note: This entry will be passed along with other items of consumption based on valuation statement as explained in Paras 12.24 to 12.27 of Chapter 12 on Stores Accounting.

## Expenditure

- 11.17 Preparation of Bill for payment. On the basis of work completed as per governing rules, a bill shall be prepared and sent for payment. The amount of Security Deposit, Income Tax deducted at source, and any other recovery or deduction, including recovery for supply of material by the Stores and money advanced to the contractor, should be specified in the Bill. Running bills are submitted during the progress of work and final bill is normally submitted on completion of work. The Contract Completion Certificate shall be annexed to the final bill.
- 11.18 Recording of Contractor's bill in respect of Original Work, On receipt of the processed bill, the particulars shall be entered in a Register of Bills for Payment in Form GEN-14. To record the liability in respect of contractor's bill for Original Works undertaken, the following entry shall be passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
412000000	Capital Work-In-Progress	Debit	
350100101	To Contractors Control Account - Municipal Fund		Credit
340100201	To Contractor's Security Deposit - Municipal Fund		Credit
460400201	To Advance to Contractors - Advance paid - Municipal Fund		Credit

350200201	To Recoveries Payable - Income Tax Deducted at Source –Contractors		Credit
460400205	To Advance to Contractors - Materials issued to Contractors - Municipal Fund*		Credit
<b>Source Document:</b> Measurement Book and Bill received from the Engineering Department, Contract agreement			
<b>Records updated:</b> Journal Book, Ledger, Register of Bills for Payment – Form GEN – 14			

\* At agreement rates for material issue with the Contractor

- 11.19 The Capital Work-in-Progress Account shall be a control account wherein details of expenditure incurred on capital projects shall be recorded. Separate Capital Work-in-Progress Control Accounts shall be opened for Civil, Electrical, Water Works and Other projects.
- 11.20 At period-end, the departments incurring expenditure on capital projects shall submit a Summary Statement of Status on Capital Work-in-Progress in Form PW – 1 detailing total expenditure incurred till date on each of the capital projects. The details of total expenditure incurred on each of the capital projects can be collated from the Work Sheet (Form PW – 2).
- 11.21 The Contractors Control Account shall be a control account in which the liability for amount payable to various contractors for work executed shall be credited and the amount paid to the various contractors shall be debited.
- 11.22 Recording of payment made to Contractors. The procedure to be followed for approval of a contractor's bill for payment and making payment shall be the same as provided in Chapter 5 on General Accounting Procedures to which reference is invited. The Accounts Department shall, on receipt of Payment Order in Form GEN – 15 together with the Work Sheet and Contract Completion Certificate, where applicable, after making the payment, enter the details of the payment in the Work Sheet (Form PW – 2) and pass the following entry:

Code	Particulars	Debit	Credit
350100101	Contractors Control Account - Municipal Fund	Debit	
450210000	To Bank Account *		Credit
<b>Source Document:</b> Work Sheet – Form PW-2, Contract Completion Certificate, Payment Order – Form GEN – 15			
<b>Records updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and Account number

11.23 Recording of payment of TDS Payable: The Income Tax deducted from the bills of the contractors shall be paid by the Accounts Department to the concerned authorities as and when due as per the relevant laws in force. On payment of Income Tax the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350200201	Recoveries Payable - Income Tax Deducted at Source - contractors	Debit	
450210000	To Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN - 15			
<b>Records updated:</b> Bank Book, Ledger			

\*Specify name of the Bank and Account number

11.24 Recording of difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. The Accounts Department shall determine the difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. To record the difference, the Accounts Department shall pass either entry (a) or entry (b) given below:

- a. In case of favorable Rate Variance, where Stores Issue Rate is less than Recovery Rate with the Contractor for materials issue:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460400205	Advance to Contractors - Materials issued to Contractors - Municipal Fund	Debit	
412010000	To Capital Work-In-Progress – Municipal Fund		Credit
<b>Source Document:</b>			
<b>Records updated:</b> Journal Book, Ledger			

- b. In case of Adverse Rate Variance, where Stores Issue Rate is greater than Recovery rate from the Contractor for materials issue:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
412010000	Capital Work-In-Progress – Municipal Fund	Debit	
460400205	To Advance to Contractors - Materials issued to Contractors - Municipal Fund		Credit
<b>Records updated:</b> Journal Book, Ledger			

## Works executed by Engineering Department

11.25 The accounting procedure and the accounting entries to be recorded for materials purchased for works shall be the same as provided in Chapter 12 on Stores.

11.26 Recording of materials consumed in Original Works. Based on the bill received from the Engineering Department for works executed, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
412010000	Capital Work-In-Progress – Municipal Fund	Debit	
430100200	To Purchase of Materials – Stores		Credit

**Source Document:** Bill from Engineering Department, Work sheet – Form PW -2  
**Records updated:** Journal Book, Ledger

Note: This entry will be passed along with other items of consumption based on valuation statement as explained in Paras 12.21 to 12.23 of Chapter 12 on Stores Accounting

## Capitalisation of Capital Work-In Progress

11.27 On completion of construction of the asset, the asset becomes ready for use. Thus, it becomes necessary to transfer the cost incurred for construction (which is temporarily accounted in capital work-in-progress account) to the relevant asset account. This process is called capitalization.

11.28 Recording of capitalization of Capital Work-in-progress. On receipt of Contract Completion Certificate, the Accounts Department shall capitalize the amount lying in the Capital Work-in-Progress Account and convert the amount pertaining to the Capital Work-in-Progress and lying in the Capital Work-in-Progress Account into a Fixed Asset. The Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000*	Fixed Assets – (Name of the Fixed Asset)(1)	Debit	
412010000	To Capital Work-In-Progress – Municipal Fund		Credit

**Source Document:** Contract Completion certificate  
**Records updated:** Journal Book, Ledger, Register of Immovable Property – Form GEN -31

\*Insert minor head and detailed head of account as applicable

(1) Fixed Assets of a particular class shall be accounted for under one broad fixed asset account head. For instance, Municipality may have more than one hospital building, then all the hospital buildings shall be recorded under one broad head of Buildings

(Code of Account 410000000\*). Any new hospital building constructed, though shall be recorded separately in the Register of Buildings, shall be recorded under the account head ‘Hospital Buildings’.

- 11.29 Recording of deductions from contractor's bill. For deductions made from contractor's bills, which is in the nature of penalty or liquidated damages levied on the contractor for delay in completion of construction or sub-standard construction or for any other reason, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100101	Contractors Control Account - Municipal Fund	Debit	
180800000	To Miscellaneous Income		Credit
<b>Source Document:</b> Payment Order – Form GEN - 15			
<b>Records updated:</b> Journal Book, Ledger			

- 11.30 Where any loan has been borrowed for the construction of any qualifying fixed asset, i.e., Original Works, the cost of construction of qualifying fixed asset shall also include the interest paid on that loan till the date of capitalization of the asset. The accounting procedure to be followed and accounting entries to be recorded for receipt of loan, payment of interest on funds borrowed and repayment of loan has been provided in Chapter 20 on Borrowings.

- 11.31 The amount of interest to be charged to the Original Works under consideration shall bear the same proportion to the total interest payable on loan as the project cost of the concerned work bears to the total project cost for which funds have been borrowed. However, in case where the loan has been specifically borrowed for the execution of a particular work, the entire amount of interest payable on that loan shall be capitalized.

The accounting entry for capitalization of interest shall be passed for the interest accrued, whether paid or not, till the date of capitalization of the work.

- 11.32 Recording of capitalization of interest paid on loans borrowed for original works. At the period-end, for capitalizing interest accrued, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
412010000	Capital Work-In-Progress – Municipal Fund	Debit	
240000000	To Interest and Finance Charges		Credit
<b>Source Document:</b> Calculation Sheet for interest on loans borrowed			
<b>Records updated:</b> Journal Book, Ledger			

- 11.33 The amount to be capitalized at the completion of the construction of the original work shall be inclusive of the amount of interest charged to the work.

11.34 The Register of Immovable Property maintained in Form GEN – 31 shall be updated at the time of capitalization of the Original Work.

### **Refund of Security Deposit**

11.35 Security Deposit shall be refunded after the expiry of the liability period, including defects liability period, as specified in the agreement entered into with the contractor.

- a. Recording of refund of Security Deposit after adjusting for recoveries. In case where any dues are recoverable from the contractor, after the receipt of approval, the Accounts Department shall draw the Cheque for net amount after deducting the recoveries to be made from the contractor. The accounting entry to be passed is as follows:
  - i. For recording adjustment of recoveries against Security Deposit

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
340100201	Contractor's Security Deposit - Municipal Fund	Debit	
180800000	To Miscellaneous Income		Credit

**Source Document:** Summary Statement of Deposits Adjusted – Form GEN – 20  
**Records updated:** Journal Book, Ledger

#### ii For recording payment of net Security Deposit

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
340100201	Contractor's Security Deposit – Municipal Fund	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order - Form GEN – 15  
**Records updated:** Bank Book, Ledger

\* Specify Name of Bank and Account number

### **Accounting for Lapsed Deposits**

11.36 The Earnest Money Deposit and Security Deposit received, if forfeited, shall be recognized as income in the year in which the right for claiming refund of these deposits has expired. The following entries shall be passed:

- a. For Earnest Money Deposit lapsed. To record Earnest Money Deposit lapsed, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
340100101	Contractor's Earnest Money Deposit - Municipal Fund	Debit	

180110200	To Lapsed Deposit		Credit
<b>Source Document:</b> Council resolution for lapsed deposits			
<b>Records updated:</b> Journal Book, Ledger			

(a) *Insert detailed head of account as applicable*

- b. For Security Deposit lapsed. To record Security Deposit lapsed, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
340100201	Contractor's Security Deposit - Municipal Fund	Debit	
180110200	To Lapsed Deposit		Credit
<b>Source Document:</b> Council resolution for lapsed deposits			
<b>Records updated:</b> Journal Book, Ledger			

(a) *Insert detailed head of account as applicable*

## Accounting For Repairs and Maintenance Works

- 11.37 As per the principles framed by the Municipality, tenders may be floated for award of repairs and maintenance work. The accounting procedure to be followed, the accounting entries to be recorded and accounting records to be updated in respect of receipt of Earnest Money Deposit, refund of Earnest Money Deposit to the unsuccessful bidders and conversion of Earnest Money Deposit of successful bidders into Security Deposit shall be the same as provided in the section on "Accounting for Original Works" earlier in this chapter.
- 11.38 Where the terms of agreement entered into with the contractor provide for collection of a certain percentage of Security Deposit in advance, a Receipt (Form GEN – 8) shall be issued for the amount collected from the successful bidder. The accounting procedure to be followed, accounting entries to be recorded and the accounting records to be updated in respect of receipt of Security Deposit and deduction of Security Deposit from the contractor's bills shall be the same as provided in the section on "Accounting for Original Works" earlier in this chapter.
- 11.39 As per the terms of agreement, advance may be paid to the contractor. The accounting procedure to be followed, accounting entries to be recorded and the accounting records to be updated shall be the same as provided in the section on "Accounting for Original Works" earlier in this chapter.
- 11.40 The accounting procedure to be followed and the accounting records to be updated on receipt of bill shall be the same as provided in the section on "Accounting for Original Works" earlier in this chapter.

- 11.41 Recording of Contractor's bill in respect of Repairs and Maintenance Work. On receipt of processed bill, for recording the liability in respect of the repairs and maintenance work, the following entry shall be passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
2300000000	Operations & Maintenance	Debit	
350100101	To Contractors Control Account – Municipal Fund		Credit
340100201	To Contractor's Security Deposit - Municipal Fund		Credit
460400201	To Advance to Contractors - Advance paid - Municipal Fund		Credit
350200201	To Recoveries Payable - Income Tax Deducted at Source - Contractors		Credit
460400205	To Advance to Contractors - Materials issued to Contractors - Municipal Fund *		Credit

**Source Document:** Measurement Book and Bill received from the Engineering Department, Contract agreement

**Records updated:** Journal Book, Ledger, Register of Bills for Payment – Form GEN -14

# Specify the nature of asset for which the repairs are made.

\* At agreement rates for material issue with the Contractor

- 11.42 Repairs and Maintenance Ledger Accounts shall be opened in respect of repairs & maintenance expenditure incurred for each class of assets. All the repairs and maintenance expenditure pertaining to a class of asset shall be debited to the Repairs and Maintenance Ledger Account maintained for that class of asset.

- 11.43 The Accounts Department shall maintain a Function-wise Expenditure Subsidiary Ledger in Form GEN – 35 for each function, in which, asset-wise, total operations and maintenance expenditure incurred by the department shall be recorded. On recording of repairs and maintenance expenditure, the Accounts Department shall simultaneously update the Subsidiary Ledger mentioned above. The procedure for updating Subsidiary Ledger has been provided in Chapter 5 – General Accounting Procedures, reference to which is invited.

- 11.44 Recording of payment to Contractor. On making of payment to the contractor, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100101	Contractors Control Account – Municipal Fund	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – GEN 15

**Records updated:** Bank Book, Ledger, Register of Bills for Payment – Form GEN - 14

\* Specify name of the Bank and Account number

**11.45 Recording of difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors.** The Accounts Department shall determine the difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. To record the difference, the Accounts Department shall pass either entry (a) or entry (b) given below:

- In case of Favorable Rate Variance, where Stores Issue Rate is less than Recovery Rate with the Contractor for materials issue:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460400205	Advance to Contractors - Materials issued to Contractors - Municipal Fund *	Debit	
230000000	To Operations and Maintenance *		Credit

**Source Document:**  
**Records updated:** Journal Book, Ledger

\* Specify the type of asset for which repairs are made

- Insert minor head and detailed head of account as applicable

- In case of Adverse Rate Variance, where Stores Issue Rate is greater than Recovery Rate with the Contractor for materials issue:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
230000000	Operations and Maintenance *	Debit	
460400205	To Advance to Contractors - Materials issued to Contractors - Municipal Fund *		Credit

**Source Document:**  
**Records updated:** Journal Book, Ledger

- Insert minor head and detailed head of account as applicable

\* Specify the type of asset for which repairs are made

**11.46 Recording of materials consumed in Repairs and Maintenance Works.** At times, the Engineering Department may execute repairs and maintenance work from its own resources without awarding the contract through tender or otherwise. In such case, on the basis of bill received from the Engineering Department in respect of materials consumed, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
230300000	Consumption in Stores	Debit	
430100200	To Purchase of Materials – Stores		Credit

**Source Document:** Bills from Engineering Department  
**Records updated:** Journal Book, Ledger

**11.47** The Function wise Expenditure Subsidiary Ledger (Form GEN – 34) shall be updated in respect of stores released for repairs and maintenance work.

11.48 The Income deducted from the contractor's bill shall be paid by the Accounts Department to the concerned authorities as and when due as per the relevant law in force. The accounting entries to be recorded and the accounting records to be updated in respect of payment of TDS Payable shall be the same as provided in the section on "Accounting for Original Works" earlier in this chapter.

## **Deposit Works**

11.49 The procedure involved in such works is briefly described below:

- Receipt of money from Governmental Departments as Deposits towards their works.
- Execution of works as in case of any other Public works
- Settlement of Accounts on completion of works

11.50 Municipalities are normally paid some percentage of the works as service charges. These service charges are accrued along with the bills for expenditure. The accounting procedures for these transactions are detailed in the subsequent paras.

11.51 The Accounts Department shall maintain a Deposit Works Register in Form PW-3 with separate registers for each kind of the Deposit works. (For example: Civil, Electrical, etc). Separate pages shall be maintained for each 'deposit work' for recording details of receipt of grant and expenditures incurred from it.

## **Receipt of Money**

11.52 Receipt of money from Government/Government Departments for 'Deposit works': The procedure to be followed for collection of 'Deposit works money' and its remittance and/or deposit to the Accounts Department or in the Bank shall be the same as provided in Chapter 5 on General Accounting Procedures. The details of the Deposit works contract (including names of the departments who have entrusted the deposit works) shall be recorded in the Deposit Works Register (Form PW – 3). The Accounts Department shall pass the following entry for receipt of money:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
341100000	To Deposit works – Civil works		Credit
341200000	To Deposit Works – Electrical		Credit
341300000	To Deposit Works – Others		Credit

**Source Document:** Summary Statement of Daily Collection – Form GEN – 13,

Government Order

**Records updated:** Bank Book, Ledger

\*Specify name of Bank and account number

- 11.53 Receipt and refund of earnest money deposits: Accounting entries for receipt and refund of Earnest Money Deposits shall be same as explained in Paras 11.10 to 11.12.
- 11.54 Receipt and conversion / receipt of Security deposits: Accounting entries for conversion of Earnest Money Deposits into Security Deposits and receipt of Security Deposit shall be same as explained in Paras 11.13 & 11.14.

### **Advances**

- 11.55 Advance to the Contractors: Accounting for advances made to the Contractors allotted for Deposit works shall be same as explained in Para 11.16.

### **Payment**

- 11.56 Preparation of Bill for payment. On the basis of work completed as per governing rules, a bill shall be prepared and sent for payment. The amount of Security Deposit, Income Tax deducted at source, Bihar Construction Workers Welfare Fund and any other recovery or deduction, including recovery for supply of material by the Stores and money advanced to the contractor, should be specified in the Bill. Running bills are submitted during the progress of work and final bill is normally submitted on completion of work. The Contract Completion Certificate shall be annexed to the final bill.
- 11.57 Recording of Contractor's bill in respect of Deposit Works: On receipt of the processed bill, the particulars shall be entered in a Register of Bills for Payment in Form GEN-14. To record the liability in respect of contractor's bill for Deposit Works undertaken and also a percentage (as agreed with the Government/Government Department) of works completed, as an income for the Municipality, the following entry shall be passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
470100000	Deposit Works – Expenditure	Debit	
350100101	To Contractors Control Account – Municipal Fund		Credit
340100201	To Contractor's Security Deposit - Municipal Fund		Credit
460400201	To Advance to Contractors - Advance paid - Municipal Fund		Credit
350200201	To Recoveries Payable - Income Tax Deducted at Source - Contractors		Credit
460400205	To Advance to Contractors - Materials issued to Contractors - Municipal Fund *		Credit

140700200	To Supervision charges on Deposit Works		Credit
<b>Source Document:</b> Measurement Book and Bill received from the Engineering Department, Contract agreement			
<b>Records updated:</b> Journal Book, Ledger, Register of Bills for Payment in Form GEN – 14			

\* At agreement rates for material issue with the Contractor

**Notes:**

- (i) The Deposit Works -Expenditure Account shall be a control account wherein details of expenditure incurred on Deposit Works shall be recorded. Separate Deposit Works Control Accounts shall be opened for Civil, Electrical, and other work projects.
- (ii) The Contractors Control Account shall be a control account in which the liability for amount payable to various contractors for Deposit works executed shall be credited and the amount paid to the various contractors shall be debited.

- 11.58 **Recording of payment to Contractors:** Accounting for payment made to the Contractors allotted for Deposit works shall be same as explained in Para 11.22.
- 11.59 Recording of payment of TDS Payable and Bihar Construction Workers Welfare Fund Payable. Accounting entries for payment of TDS and Bihar Construction Workers Welfare Fund shall be same as explained in Para.11.23.

**Materials Consumed**

- 11.60 Recording of difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. The Accounts Department shall determine the difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. To record the difference, the Accounts Department shall pass either entry (a) or entry (b) given below:
- a. In case of favorable Rate Variance, where Stores Issue Rate is less than Recovery Rate with the Contractor for materials issue:

Code	Particulars	Debit	Credit
460400205	Advance to Contractors - Materials issued to Contractors – Municipal Fund *	Debit	
470100000	To Deposit works – expenditure		Credit

**Source Document:**

**Records updated:** Journal Book, Ledger

- b. In case of adverse Rate Variance, where Stores Issue Rate is greater than Recovery Rate with the Contractor for materials issue:

Code	Particulars	Debit	Credit
470100000	Deposit works – Expenditure	Debit	
460400205	To Advance to Contractors - Materials		Credit

issued to Contractors - Municipal Fund *		
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**Source Document:**

**Records updated:** Journal Book, Ledger

#### **Final Payment to Contractors & Refund of security deposit**

- 11.61 Recording of deductions from contractor's bill. For deductions made from contractor's bills, which is in the nature of penalty or liquidated damages levied on the contractor for delay in completion of construction or sub-standard construction or for any other reason, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
350100101	Contractors Control Account – Municipal Fund	Debit	
341000000	To Deposit works		Credit

**Source Document:** Payment Order – Form GEN - 15

**Records updated:** Journal Book, Ledger

- 11.62 Recording of refund of Security Deposit after adjusting for recoveries. Security Deposit shall be refunded after the expiry of the liability period, including defects liability period, as specified in the agreement entered into with the contractor. In case where any dues are recoverable from the contractor, after the receipt of approval, the Accounts Department shall draw the Cheque for net amount after deducting the recoveries to be made from the contractor. The accounting entry to be passed is as follows:

Code	Particulars	Debit	Credit
340100201	Contractor's Security Deposit - Municipal Fund	Debit	
341000000	To Deposit works		Credit

**Source Document:** Payment Order – Form GEN - 15

**Records updated:** Journal Book, Ledger

- 11.63 For recording payment of net Security Deposit

Code	Particulars	Debit	Credit
340100201	Contractor's Security Deposit - Municipal Fund	Debit	
450210000	To Bank Account*		Credit

**Source Document:**

**Records updated:** Bank Book, Ledger

\* Specify Name of Bank and Account number

#### **Accounting for lapsed deposits of Deposit works**

- 11.64 Accounting for lapsed deposits in respect of deposit works shall be same as explained in Para 11.36.

#### **Closure of deposit works-expenditure account**

11.65 On completion of Deposit works, the assets under Deposit works becomes ready for use and will be handed over to the concerned government department and the balance if any shall be refunded. Thus, it becomes necessary to adjust the cost incurred for Deposit works against the money received. The Account Department shall pass the following for transfer of Deposit expenditures to Deposit Works account:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
341100000	Deposit works – Civil Works	Debit	
341200000	Deposit works – Electrical works	Debit	
341300000	Deposit works – Others	Debit	
470100000	To Deposit Works – Expenditure		Credit

**Source Document:** Statement/Certificate received from the Engineering Department  
**Records updated:** Journal Book. Ledger Account

#### **Refund of balance ‘Deposit Works Money’**

11.66 The balance amount after utilization of the amounts for the Deposit works shall be refunded to the Governments/Government Departments by transferring the balance in ‘Deposit Works’ account to a liability account. The Accounts Department shall pass the following entry for creation of liability account:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
341100000	Deposit works – Civil Works	Debit	
341200000	Deposit works – Electrical works	Debit	
341300000	Deposit works – Others	Debit	
350400800	To Refund Payable - Deposit Works		Credit

**Source Document:** Payment order – Form GEN - 15  
**Records updated:** Journal Book. Ledger Account

11.67 Accounting entry for recording of payment of ‘Deposit Works Refund payable’ after the above entry is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350400800	To Refund Payable - Deposit Works	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records updated:** Bank Book. Ledger Account

\* Specify Name of Bank and Account number

### **PERIOD END PROCEDURE**

- 11.68 At the period-end, the Engineering Department shall ensure that all the bills received in respect of work executed before the last date of the accounting period, are processed and forwarded to the Accounts Department for accounting and payment within 15 days from the end of the accounting period. The accounting entry to be recorded shall be the same as provided in para. 11.18 Above in case of Original Works and para. 11.41 for Repairs and Maintenance Works.
- 11.69 At period-end, the departments incurring expenditure on Deposit Works shall submit a Summary Statement of Status on Deposit Works Expenditure maintained category wise as Civil, Electrical and Others in Form PW – 1 (similar to Capital work in progress) detailing total amount of works incurred till date on each of the Deposit Works. The details of total expenditure incurred on each of the Deposit Works can be collated from the Work Sheet (similar to Capital work in progress) in Form PW – 2.

### **INCOME**

- 11.70 Tender Form Fees. For tender forms sold to the intended bidders, a receipt shall be issued for the amount received in Form GEN – 8.
- 11.71 The Engineering Department shall recover in advance, the charges estimated for repairing of roads or any other structure damaged, from the person to whom permission is issued for laying of telephone or electrical cables or for any other purpose, which results in damage of road, or any other public structure.
- 11.72 The procedure to be followed with reference to these incomes for remittance and/or deposit of collections made to the Accounts Department or in the Bank shall be the same as provided in Chapter 5 on General Accounting Procedures, reference to which is invited.
- 11.73 Recording of Tender Form Fees. On the basis of the Summary of Daily Collection (Form GEN – 13) received from the Engineering Department, for accounting collections received, the Accounts Department shall pass the following accounting entries:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
150110100	Sale of Tender Form		Credit

**Source Document:** Summary of Daily Collection -Form GEN – 13  
**Records updated:** Bank Book, Ledger

\* Specify Name of Bank and Account number

- 11.74 Similar accounting entries shall be passed in respect of other incomes earned by the Engineering Department.

## **INTERNAL CONTROLS**

- 11.75 The following internal controls shall be observed by the Municipality:
- 11.76 The Chief Municipal Officer, or the person authorized by him, shall ensure the availability of adequate budget allocation after considering all commitments made against that budget allocation before undertaking any new work, whether being an Original Work or Repairs and Maintenance Work.
- 11.77 The Accounts Officer shall exercise the following internal controls:
- a. A distinction should be maintained between the works of capital nature and revenue nature;
  - b. A half yearly reconciliation of the balance as per the Deposit Register maintained at the Engineering Department shall be carried out with the Deposit Ledger accounts.
- 11.78 On the completion of an Original Work, reconciliation should be carried out in respect of the amount expended as shown in the records maintained by the Engineering Department and the capital work-in-progress control ledger account maintained by the Accounts Department.
- 11.79 On receipt of Summary Statement of Status on Capital Work-in-Progress (Form PW – 1), the Accounts Department shall ensure that total expenditure incurred as stated in the Statement tallies with the cumulative total of several Capital Work-in-Progress Ledger Accounts.
- 11.80 The Accounts Department shall ensure that the tax deducted at source and Bihar Construction Workers Welfare Fund deducted from the contractor's bill, etc., is deposited with the Government in accordance with the provisions of the relevant Acts.
- 11.81 At the end of each month, the Accounts Department shall reconcile the total expenditure as per the Functional Expenditure (Repairs and Maintenance) Subsidiary Ledger (in Form GEN –35) with the total expenditure recorded in the several Repairs and Maintenance Ledger Accounts.
- 11.82 The Chief Municipal Officer, Accounts Department and Engineering Department shall exercise the following internal controls:
- a. Ensure budget availability at the time of approval of the bill;
  - b. Ensure that all the dues, including liquidated damages/penalties, are recovered from the contractor before making the final payment in respect of any contract;
  - c. Ensure that no amount is due from suppliers/contractors, which may be otherwise adjusted before payment;
  - d. Ensure that all the bills/invoices of contractors were journalized before release of the payments.

- 11.83 At period-end, the Accounts Officer shall review the Work Sheets maintained for ascertaining whether any of the capital work in progress qualifies for capitalisation.
- 11.84 In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.
- 11.85 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

#### **PRESENTATION IN THE FINANCIAL STATEMENTS**

- 11.86 The various heads of accounts used for the accounting of Public Works shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 11.87 The Schedules of the Income and Expenditure Statement in respect of Public Works are presented below.

#### **Schedule I-4: Schedule of Fees & User Charges**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
140700200	Supervision Charges on Deposit Works		
<b>Total Income from Public Works shown as part of Fees &amp; User Charges Schedule</b>			

#### **Schedule I-5: Schedule of Income from Sale & Hire Charges**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
150110000	Sale of Forms & Publications- Tender		
150300000	Form Sale of Others		
<b>Total income from Public Works shown as part of Sale and Hire Charges Schedule</b>			

#### **Schedule I-9: Schedule of Other Income**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
180110000	Lapsed deposit		
180000000	Miscellaneous Income		

<b>Total income from Public Works shown as part of Other Income Schedule</b>		
--	--	--

**Schedule I-12: Schedule of Operations and Maintenance**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
230300000	Consumption of Stores		
230500000	Infrastructure		
230510000	Assets Civic		
230520000	Amenities		
230530000	Buildings		
230590000	Vehicles		
230800000	Others		
	Other expenditures		
<b>Total Expenditure of Public Works to be shown as part of Operations &amp; Maintenance – Expenditure head wise Schedule</b>			

11.88 The cost incurred on the Original Works should be categorized as Capital Work-in-Progress and disclosed on the Asset side of the Balance Sheet of the Municipalities. After completion of the construction, the Capital Work-in-progress should be capitalized and recorded as Fixed Asset in the Balance Sheet.

11.89 The Balance Sheet Abstracts in respect of Public Works are presented below.

**Schedule B-7: Schedule of Deposits Received**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
340100101	Contractor's Earnest Money Deposit - Municipal Fund		
340100201	Contractor's Security Deposit - Municipal Fund		
340100301	Contractor's Retention Money - Municipal Fund		
	<b>Total</b>		

**Schedule B -8: Schedule of Deposits Works**

<b>Code No.</b>	<b>Nature of Deposit</b>	<b>Opening balance as the beginning of the year Amount (Rs.)</b>	<b>Additions during the current year Amount (Rs.)</b>	<b>Utilisation/expenditure Amount (Rs.)</b>	<b>Balance outstanding at the end of the current year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
341100000	Civil Works				
341200000	Electrical works				
341300000	Others				
	<b>Total</b>				

Note:

1. The amount received from the department on whose behalf the deposit works have been undertaken would appear in col. 4
2. Expenditure incurred including percentage (departments) charges would appear in Col 5
3. Balance as in Col. 6 would appear in the balance sheet as a liability

**Schedule B- 9: Schedule of Other Liabilities (Creditors)**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
350100100	Contractors Control Account		
350400800	Refunds Payable – Deposit		
350200201	Works Recoveries Payable - Income Tax Deducted at Source – Contractor/Suppliers		
	<b>Total</b>		

**Schedule B-17: Schedule of Cash and Bank Balances**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
450100000	Cash Account		
450210000	Main Bank Account		
	<b>Total</b>		

**Schedules B-18: Schedule of Loans, Advances & Deposits**

Code No.	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.)
1	2	3	4	5	6
460400201	Advance to Contractors - Advance paid - Municipal Fund				
460400205	Advance to Contractors - Materials issued Contractors - Municipal Fund				
	<b>Total</b>				

**FORM BMAR NO 40, [Rule 83(3)]****Form PW – 1****Name of the MUNICIPALITY****SUMMARY STATEMENT OF STATUS OF CAPITAL WORK-IN-PROGRESS/DEPOSIT WORKS****Accounting Unit:  
Fund Code:****For the Half Year:**

Work Order No.	Name of Project	Value of Work / Contract Amount	Expenditure incurred up to the beginning of the half year	Expenditure incurred (bills admitted) during the half year	Total expenditure incurred up to the end of the half year	Amount of Contract remaining unexecuted	Whether project completed (Yes/No)
		Rs .	Rs .	Rs .	Rs .	Rs .	
1	2	3	4	5	6 = (4+5)	7 = (3-6)	8
<b>Prepared by* :</b> _____							

**Checked by\* :** \_\_\_\_\_

\* Record the Name, Designation and Signature of the person making the entry in the Summary Statement and the person checking the entry

**FORM BMAR NO 38, [Rule 78 (1)]****Form PW - 2****Name of the MUNICIPALITY****WORK SHEET**
**Accounting Unit:**  
**Fund Code:**
**Serial No. of estimate Work Order No.****Name of Work****Nature of Work****Contract Amount (Rs.)****Number and date of order sanctioning the estimate****(Administrative Approval) Order sanctioning the contract (No.****and Date of Resolution)****Name of the Contractor****Details of Advance**

Provided Voucher No.	Date	Amount (Rs.)	Initials of Authorised Officer
1	2	3	4

Bill No.	Date of Bill	Amount claimed payable as per the contractor's bill (Rs.)	Amount approved by the Authorised Officer (Rs.)	Cumulative approved bill amount (Rs.)	Contract amount unutilised (Rs.)	Initials of the Authorised Officer - PWD	Security Deposit deducted (Rs.)	TDS (Rs.)	Recovery for material issued (Rs.)	Recovery for advance provided (Rs.)	Other Deductions	Net Amount paid (Rs.)	Initials of the Authorised Officer – Accounts Department	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
														{6-(7+8+9+10+11+12)}

**Note:**

- For each entry made; record the Name, Designation and Signature of the person making the entry in the work sheet and the person checking the entry
- A separate Work sheet shall be prepared for each of the multiple transaction contracts which shall be sent along with each contractor's bill
- At the completion of contract and at the time of final payment being made to the Contractor, it shall be ensured that the sum total of Column 3 of 'Details of Advance Provided' equals to sum total of Column 12

**Name of the MUNICIPALITY****DEPOSIT WORKS REGISTER\***

**Accounting Unit:**  
**Fund Code:**

Sr. No.	Name of the Deposit Works	Order/Designation of the Authority sanctioning the Deposit Works	Nature of the Deposit Works**	Period for execution of Works	Total Amount (Rs.)	Money Received #	
						Date	Amount (Rs.)
1	2	3	4	5	6	7	8
<b>Expenditure Incurred on Deposit Works</b>					Deposit Works Money unutilised on completion of the works (Rs.)	<b>Refund of unutilised Deposit Works Money</b>	
Date	Voucher Number	Nature of Payments* **	Amount (Rs.)	Date of Payment		Date	Amount (Rs.)
9	10	11	12	13	14	15	16

\* Maintain separate registers for each kind of Deposit works.

\*\* State whether Deposit works received from Central Govt Department, State Govt. or Other Govt. departments

\*\*\* Nature of payments shall also include the % of Charges recognised as revenue of the Municipality for the execution of the Works.

# Money received shall also include any other sum received in respect of the Deposit works in the form of penalties/charges for delay or defect from Sub-contractors

Note:

1. Open Separate folios for each of the Deposit works within the register
2. For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

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## Chapter Twelve

### 12. Stores

**This chapter on Stores is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Stores and,
- Familiarizing you with accounting system for stores handling.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Stores and,
- Appreciate the concepts and underlying principles of Stores handling.

#### 12.1. Introduction

- 12.1 This chapter contains the recommended accounting system for stores related transactions.
- 12.2 The functions of the Stores, involving procurement, storage, issue, disposal and accounting of materials, may be performed either centrally by Central Stores or by the Department Stores empowered by the Municipality to perform the aforesaid functions for specific departments of the Municipality.
- 12.3 The financial transactions carried out by Stores will arise on account of:
- a. Receipt of Earnest Money Deposit (EMD) from the bidders to a contract
  - b. Refund of EMD to the unsuccessful bidders
  - c. Payment of advance to the Suppliers
  - d. Delivery of material and its documentation
  - e. Consumption of materials
  - f. Payments to Suppliers
  - g. Adjustments of Security Deposits
  - h. Write-off / disposal of obsolete, scrap and unusable materials.

#### 12.2. Accounting Principles

- 12.4 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to stores:

- a. Expenditure in respect of material, equipment, etc., procured shall be recognized on accrual basis, i.e., on admission of bill by the Municipality in relation to materials, equipment, etc., delivered;
- b. 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.;
- c. The Earnest Money Deposit, Security Deposit and Retention Money, if forfeited, shall be recognized as income when the right for claiming refund of deposit has expired. Non Cash items received as Deposit shall not be accounted till the same is encashed. On encashment, it shall be recognized as a liability or income, as applicable;
- d. Accounting of ‘goods received & accepted but no bills received’ as at the cutoff date shall be accounted based on purchase orders. The cut-off date shall be 30 days before the date prescribed for the finalisation of Annual Financial Statements under the Rules;
- e. The stock lying at the period-end shall be valued at cost in accordance with the First in – First out Method;
- f. Revenue in respect of disposal of stores shall be recognized on actual receipt; the disposable stores will be credited by the amount of sale proceeds and excess of the Sale proceeds will be transferred to “Profit on Sale of Stores” and loss on Sale will be transferred to “loss on disposal of Stores”
- g. Consumption of stores used for repairs and maintenance shall be charged to Income and Expenditure Statement. If it is used in construction/creation of a fixed asset, it shall be added to the cost of the asset;
- h. Inventories of consumable supplies such as stationery, fuel, etc., shall be charged to revenue at the time of purchase;
- i. Statutory deductions like Income Tax, Value Added Tax, etc. made from the Supplier’s bill to be recognized when the deductions are made.

### **12.3. Accounting Records and Procedures**

- 12.5 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Stores. For the purposes of accounting of Stores there are certain forms, registers, etc., which are specific to Stores, e.g., Stores Ledger – Form ST-2. These Forms (Form ST - 1 to ST- 4) are annexed to this chapter and are prefixed “ST”.*
- 12.6 In case tenders are floated for procuring materials, Earnest Money Deposit (EMD) may be collected from the bidders on such basis as prescribed by the Municipality at the time of submitting their tenders. A receipt shall be issued for the amount collected in Form GEN – 8.
- 12.7 The following procedure shall be followed for accounting of receipt of EMD:

- a. The procedure to be followed for remittance and/or deposit of EMD to the Accounts Department or in the Bank shall be the same as provided for in the Chapter 5 on General Accounting Procedures;
- b. Recording of Earnest Money Deposit received. On receipt of Summary of Daily collections, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
340100105	To Supplier's Earnest Money Deposit - Municipal Fund		Credit

**Source Document:** Summary of Daily Collection - Form GEN - 13

**Records updated:** Bank Book, Ledger

\*Specify name of the Bank and account number

**Note:** The postings in the Ledger Account of "Earnest Money Deposit" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the bank account is involved, there will be no entry in the Journal Book.

- 12.8 The EMD shall be refunded as per the terms of tender issued to the unsuccessful bidders. The procedure followed for accounting of refund of EMD shall be as under:

- a. The Stores shall prepare a Payment Order (PO) in Form GEN – 15 for refund of deposits, make an entry in the Deposit Register (Form GEN – 19) against the relevant entries made therein and then forward the PO to the Accounts Department for payment;
- b. Recording of refund of Earnest Money Deposit. After the receipt of approval for payment and upon payment, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
340100105	Supplier's Earnest Money Deposit - Municipal Fund	Debit	
450210000	To, Bank Account*		Credit

**Source Document:** Payment order – Form GEN - 15

**Records updated:** Bank Book, Ledger

\* Specify name of the Bank and account number

- 12.9 Recording of conversion of Earnest Money Deposit into Security Deposit. On receipt of intimation from the Stores for conversion of Earnest Money Deposit of successful bidder into Security Deposit payable by him, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
340100105	Supplier's Earnest Money Deposit - Municipal Fund	Debit	
340100205	To Supplier's Security Deposit - Municipal Fund		Credit
<b>Source Document:</b> Summary Statement of Deposits Adjusted			
<b>Records updated:</b> Journal Book, Ledger			

12.10 Recording of additional Security Deposit received. Where the terms of agreement entered into provide for collection of a certain percentage of Security Deposit in advance, a receipt (Form GEN – 8) shall be issued to the successful bidder for the amount collected. The procedure followed for accounting of Security Deposit is the same as described for Earnest Money Deposit. On receipt of additional Security Deposit, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
340100205	To Supplier's Security Deposit - Municipal Fund		Credit
<b>Source Document:</b> Summary of Daily Collection – Form GEN – 13			
<b>Records updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and account number

12.11 Recording of advance paid to suppliers. As per the terms of agreement, advance may be provided to the supplier. On receipt of an application for grant of advance, the Stores shall prepare a Payment Order and forward it to the Accounts Department. The procedure to be followed for payment of advance shall be the same as provided in the Chapter 5 on General Accounting Procedures. On payment, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460400101	Advance to Suppliers - Advance paid - Municipal	Debit	
450210000	To Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Bank Book, Ledger, Register of Advances			

\* Specify name of the Bank and account number

## 12.4. Receipt of Materials

12.12 As per the terms of the agreement with the Supplier, the materials shall be delivered to the Municipality. The Stores shall prepare a Material Receipt Note in Form ST-1.

12.13 From the Material Receipt Note, the Stores shall record the receipt of materials in the Stores Ledger maintained in Form ST-2.

- 12.14 On receipt of bill from the supplier, the Stores shall verify the bill received with the Material Receipt Note and record it in the Register of Bills for Payment maintained in Form GEN – 14.
- 12.15 Recording of liability due in respect of materials purchased. On acceptance and approval of the material supplied and on receipt of the processed bill from the Stores Department, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
430100200	Purchase of Materials – Stores	Debit	
350100301	To Suppliers Control Account - Municipal Fund		Credit
350200201	To Recoveries Payable – Income Tax		Credit
350200202	To Recoveries Payable – Value Added Tax –		Credit
460400101	To Advance to Suppliers - Advance paid -		Credit
<b>Source Document:</b> Bill of the Supplier and Stores Ledger – Form ST – 2			
<b>Records updated:</b> Journal Book, Ledger, Register of Advances			

- 12.16 Recording of payment made to supplier. The procedure to be followed for approval of a supplier's bill for payment and making payment shall be the same as provided in the Chapter 5 on General Accounting Procedures. On receipt of Payment Order (Form GEN – 15) together with the supporting documents and on making payment, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100301	Suppliers Control Account - Municipal Fund	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records updated:** Bank Book, Ledger

\* Specify name of the Bank and account number

- 12.17 The Accounts Department shall intimate the Stores of the payment made.

## 12.5. Return of Materials

- 12.18 If the materials supplied are found to be defective or not in accordance with the terms specified in the agreement, the Stores shall return it back to the supplier concerned and make an entry for return of material in the Issue Column of the relevant folio in the Stores Ledger (Form ST – 2). The details of the materials returned shall be communicated to the Accounts Department.
- 12.19 Recording of adjustment for material returned to Supplier, if payment is not made. In case the payment for materials received has not been made to the supplier, for reducing the amount of liability in respect of material returned, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
35010030	Suppliers Control Account - Municipal Fund	Debit	
43010020	To Purchase of Materials Stores – Stores		Credit
<b>Source Document:</b> Intimation from the Stores Department			
<b>Records updated:</b> Journal Book, Ledger			

12.20 Recording of transactions for materials returned to Supplier, if payment has been already made. On receipt of communication from the Stores relating to return of materials, the Accounts Department shall pass the following entries:

- a. On raising of the claim

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
35010030	Suppliers Control Account - Municipal Fund	Debit	
43010020	To Purchase of Materials – Stores		Credit
<b>Source Document:</b> Intimation form Stores Dept			
<b>Records updated:</b> Journal Book, Ledger			

- b. On receipt of money from the Supplier for materials returned

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
45021000	Bank Account*	Debit	
35010030	To Suppliers Control Account – Municipal Fund		Credit
<b>Source Document:</b> Summary of Daily collection – Form GEN – 13			
<b>Records updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and account number

## 12.6. Valuation of Closing Stock at Period-End

- 12.21 At the end of every accounting period, the Stores shall send a Statement of Closing Stock in Form ST – 3, which has two parts. Part A shall show the items in respect of which the invoices/bills received from the suppliers have already been sent by the Stores to the Accounts Department after processing by the Stores and Part B shall consist of the items for which the materials have been received and accepted by the Stores but for which the invoices/bills have not been processed as yet by the Stores. A Statement of Material Issues in Form ST-4 shall also be sent to the Accounts Department. These Statements shall be drawn from the entries made in the Stores Ledger.
- 12.22 Annexure to Form ST-4 shall be sent to the Accounts Department on a monthly basis.
- 12.23 At the end of the financial year, reconciliation shall be carried out by the Stores-in-charge to match the physical stock with the Book stock and discrepancies identified shall be incorporated in the Statement of Closing Stock.

12.24 The balances in various accounts of the item-wise Stores Ledger shall be extracted and valued as per First in First out (FIFO) Method. The FIFO Method is explained as follows:

- a. Under this method, the consignment of material, which shall be received first, shall be issued first;
- b. The example below illustrates the FIFO method: Opening Stock of Bleaching Powder as on 1st Jan was 200 nos. acquired at the rate of Rs.2 per unit. Subsequent purchase and issue transactions during the month of March were as follows:

Date	Transaction	Units	Rate
Jan 3	Purchase from ABC Company.	200 nos.	Rs.3/- per unit
Jan 5	Purchase from B Enterprises	600 nos.	Rs.4/- per unit
Jan 7	Issued to Dept. X	500 nos.	
Jan 11	Purchase from B Enterprises	700 nos.	Rs.4/- per unit
Jan 19	Issued to Dept. Y	800 nos.	
Jan 21	Purchase from C Enterprises	300 nos.	Rs.5/- per unit
Jan 24	Issued to Dept. Z	100 nos.	
Jan 31	Issued to Dept. Q	500 nos.	
Jan 31	Purchase from ASD Company	200 nos.	Rs.6/- per unit

12.25 Entries in Stores Ledger for the aforesaid transactions shall be made as depicted in Table 12.1 below.

**Table 12.1**  
**Entries in Stores Ledger for the financial year 20XX - 20XX**

Item Description: Bleaching Powder								Item Code: XXXXXXXX			Remarks	
Date	Receipts				Issues				Balance			Remarks
	MRN No.	Qty.	Rate (Rs.)	Value (Rs.)	MRIN No.	Qty.	Rate (Rs.)	Value (Rs.)	Qty.	Rate (Rs.)	Value (Rs.)	
Jan 1	Opening Stock	200	2	400								
Jan 2		200	3	600					200 200 400	2 3	400 600 1000	
Jan 4		600	4	2400					200 200 600 1000	2 3 4	400 600 2400 3400	
Jan 6					200 200 100 500		▲ ▲ ▲ ▲	400 600 400 1400	500	4	2000	
Jan 10		700	4	2800					500 700 1200	4 4	2000 2800 4800	
Jan 18					500 300 800		▲ ▲	2000 1200 3200	400	4	1600	
Jan 20		300	5	1500					400 300 700	4 5	1600 1500 3100	
Jan 23					100		▲ ▲	400 300 600	300	4 5	1200 1500 2700	
Jan 31					300 200 500		▲ ▲ ▲	1200 1000 2200	100	5	500	
Jan 31		200	6	1200					100 200 300	5 6	500 1200 1700	

MRN - Material Receipt Note

MRIN - Material Requisition-cum-Issue Note

Note: Details & break up of materials issued

Materials issued on 7<sup>th</sup> Jan is towards consumption for usage in production process

Materials issued on 19<sup>th</sup> Jan is towards repair works of the Municipality

Materials issued on 24<sup>th</sup> Jan is to the Contractors for the works undertaken by them

Materials issued on 31<sup>st</sup> Jan is to the capital works of the Municipality

12.26 Accordingly, the closing stock of 300 units of Bleaching Powder shall be valued at Rs.5 for 100 units and at Rs. 6 for the remaining 200 units. This is because the Bleaching Powder received earlier is still there in Stock on the valuation date, which has to be valued at the rates applicable for that consignment.

12.27 On the basis of Statement of Closing Stock, the Accounts Department shall compute the Stores consumed in the following manner:

- Compute the total purchases made by the Stores during the accounting period.
- The value of the purchases made in the above illustration is Rs. 8500;
- Add the Opening Stock at the Stores valued at Rs. 400 to the total purchases made to determine the total stores available for consumption. Thus total stores available for consumption as per above illustration, is Rs. 8900 computed as Rs. 8500 (purchases) + Rs. 400 (opening stock);
- Deduct the Closing Stock valued at Rs. 1700, on the basis of Statement of Closing Stock, from the total stores available for consumption;
- The balance value represents the stores that have been consumed during the accounting period i.e. Rs. 8900 (total stores available for consumption) – Rs. 1700 (closing stock) = Rs. 7200 (consumption).

12.28 Recording of Materials Issued: On the basis of the Annexure to Form ST – 4 received from Stores on a monthly basis, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
46040	Advance to Contractors - Materials issued to	Debit	
43010	To Purchase of Materials – Stores		Credit

**Source Document:** Annexure to Statement of Material Issues – Form ST - 4  
**Records updated:** Journal Book, Ledger

\* Material Issued to Contractors account is debited for value of materials issued to the contractors.

12.29 Recording of Closing Stock. On the basis of Statement of Closing Stock (Form ST – 3 and Statement of Materials Issues Form ST - 4) received from Stores, for recording closing stock, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
230300000	Consumption of Stores(1)	Debit	
230000000	Operations and Maintenance (2)	Debit	
412000000	Capital work in progress(3)	Debit	
430100300	Closing Stock– Stores	Debit	
430100100	To Opening Stock – Stores		Credit

**Source Document:** Statement of Closing Stock – Form ST – 3, Statement of Material Issues – Form ST - 4  
**Records updated:** Journal Book, Ledger

1. Consumption of Stores is debited for value of materials consumed in relation to production of any goods for sale.

2. Repairs and Maintenance account is debited for value of materials used for any of the repairs and maintenance of Municipalities assets.
  3. Capital work in progress account is debited for value of materials issued to the Capital works of the Municipalities.
- 12.30 Entry for materials issued to Contractors will not be included in the above entry as the entry for the same has already been passed.
- 12.31 Similar entries shall also be passed in respect of consumption/CWIP and closing stock at each of the other stores.
- 12.32 The closing stock at the end of an accounting period shall be the opening stock of the subsequent accounting period for which the Accounts Department shall pass the following entry on the first day of the subsequent accounting period:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
43010010	Opening Stock – Stores	Debit	
43010030	To Closing Stock– Stores		Credit

**Source Document:**  
**Records updated:** Journal Book, Ledger

- 12.33 Similar entries shall be passed for recognizing closing stock of each of the other stores as opening stock of the subsequent accounting period.

## **12.7. Finished Goods & Wip Related To Goods Produced For Sale**

- 12.34 At the end of every accounting period, the finished goods and work-in-progress related to goods produced for sale shall be valued at cost.
- 12.35 The cost of finished goods and WIP shall include all direct costs and applicable production overheads to bring the goods to the present location and condition. It shall include the following:
- a. Costs of purchase including duties and taxes, freight inwards and other expenditure directly attributable to the purchase. Trade discounts, rebates, duty drawbacks and other similar items should be deducted from the costs of purchase;
  - b. Costs of direct labor for converting the materials into finished goods;
  - c. Variable production overheads i.e. those direct costs of production that vary directly with the volume of production, such as, Power and other consumables. The variable production overheads are allocated to per unit of production;
  - d. Fixed production overheads i.e. those indirect costs of production that remain constant irrespective of the volume of production, such as depreciation and maintenance costs of production facilities. The fixed production overheads are period costs, which are apportioned over the total

units of production over that period.

- 12.36 The cost of finished goods and WIP shall, however, not include the following:
- a. Abnormal amount of wasted material, labour or other production costs;
  - b. Storage costs, unless these are necessary in the production process prior to a further production stage;
  - c. Administrative overheads that do not contribute to bringing the goods to their present location and condition;
  - d. Selling and distribution costs;
  - e. Interest and other borrowing costs.
- 12.37 Based on these guidelines each local body can develop detailed guideline for each of the manufactured product meant for sale. The Cost sheet would serve as a base for arriving at the value.

## **12.8. Materials Purchased From Any Grant or Special Funds**

- 12.38 The accounting procedure to be followed for purchase of material, the cost of which is met from any Grant or from funds set aside under any Special Fund, and its issue shall be the same as provided earlier in this chapter. However, the accounting entries in respect of these have been described in Chapter 10 on Grants and Chapter 19 on Special Funds respectively.
- 12.39 The materials purchased in terms of any grant or Special Fund shall be recorded in separate folios in the Stores Ledger or in the Stock Account of Books and Forms and the procedure to be followed for valuation of closing stock shall be the same as provided earlier in this chapter.

## **12.9. Period End Procedure**

- 12.40 At the period-end, the Stores Department shall ensure that all the bills in respect of stores received and accepted before the last date of the accounting period, are processed and forwarded to the Accounts Department for accounting and payment within 15 days from the end of the accounting period. The accounting entry to be recorded shall be the same as provided above in para 12.15 in the section on “Receipt of Materials”. In addition, in respect of ‘goods received & accepted but no bills received’ as at the cutoff date, as referred in para 12.21, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
43010020	Purchase of Materials – Stores	Debit	
36010020	To Provisions for Expenses –Supplier		Credit
<b>Source Document:</b>			
<b>Records updated:</b> Journal Book, Ledger			

## 12.10. Disposal of Material

- 12.41 The unutilized / unusable material in the Stores of the Municipality may be disposed off as per the existing rules.
- 12.42 For such disposal of material by Stores, the accounting procedure to be followed and accounting entries to be passed for receipt and refund of EMD and conversion of EMD into Security Deposit shall be the same as provided earlier in this chapter. The accounting procedures to be followed on realization of sale value shall be the same as provided in Chapter 5 on General Accounting Procedures.
- 12.43 Recording of disposal of material. An entry for the material disposed shall be made in the records maintained at the Stores. The accounting entries passed in respect of disposal of stores are as follows:
- a. Recording of receipt of sale proceeds: The Stores shall prepare a Summary of Daily Collection (Form GEN –13) for sale proceeds and forward it along with the collection to the Accounts Department. On receipt of Summary of Daily Collections, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
350900200	To Sale Proceeds –Stores		Credit
<b>Source Document:</b> Summary of Daily Collection – Form GEN - 13			
<b>Records updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and account number

- b. Recording of profit or loss on disposal: Profit or loss on disposal of stores shall be recorded and the Accounts Department shall pass the following entry in respect of the same:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350900200	Sale proceeds – Stores	Debit	
430100200	To Purchase of Materials - Stores		Credit
150120100	To Sale of Stores		Credit
<b>Source Document:</b> Summary of Daily Collection – Form GEN - 13			
<b>Records updated:</b> Journal Book, Ledger			

Note: If the amount realized for sale is Rs 400, the difference of Rs 100 shall be debited to ‘Loss to disposal of Stores’.

## 12.11. Write-Off of Material

- 12.44 The pilfered/damaged material in the Stores of the Municipality may be written-off as per the principle framed by the Municipality
- 12.45 Recording of write-off of material. An entry for the material written-off shall be made in the records maintained at the Stores. On the basis of intimation received from the Stores, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
27040030	Asset written off-Stores	Debit	
43010010	To Opening Stock –Stores		Credit

**Source Document:** Minutes of the Council approving the Write –Off  
**Records updated:** Journal Book, Ledger

## 12.12. Internal Controls

- 12.46 The following internal controls shall be observed by the Municipality in respect of Stores related transactions:
- The Accounts Officer shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure i.e. Budget monitoring shall be on accrual basis rather than payment basis;
  - The Accounts Officer shall ensure that all the purchase bills/invoices were journalised before release of the payments;
  - At the end of the financial year, the Stores-in-charge in presence of the Auditors or in his absence in the presence of the Accounts Officer, shall physically verify the stock lying in stores and compare it with the stock as per the Book records and in case of any difference, appropriate remedial steps as prescribed by the Municipality shall be taken;
  - The Stores-in-charge shall ensure availability of adequate budget allocation before procuring any material, after considering all commitments made against the budget allocation;
  - At the time of issue of any material to the Departments, the Stores-in-charge shall ensure that there is an adequate budget provision in respect of that department;
  - The Accounts Officer shall ensure that all the dues recoverable including advance provided to supplier has been recovered before making the final payment to the supplier. Further, it should be ensured that only net amount has been paid to the supplier, as may be applicable to the materials actually received or accepted;
  - Before releasing payment to the supplier, the Accounts Officer shall ensure that the material received is recorded in the Stores Ledger. Further, it shall be ensured that the Payment Order provides reference to the Stores Ledger where the entry for receipt of material is recorded. In addition, at the time of payment

- to Suppliers/contractors and any other creditors it shall be ensured that no amount is due from them, which may be adjusted before payment;
- h. The Stores-in-charge shall ensure that materials in respect of which bills have been received but have not been forwarded to the Accounts Department are stated separately in the Statement of Closing Stock (Form ST – 3) and Statement of Material issues (Form ST – 4);
  - i. The Accounts Officer shall ensure that the ‘Purchase of Materials’ account has been reconciled at the period end and the balance has become nil on accounting of stock entries for the closing stock(on the basis of Statement of Closing Stock in Form ST –3) and consumption of stores (on the basis of Statement of Material Issues in Form ST – 4);
  - j. Also the Accounts Officer shall ensure that the balance in the ‘Opening Stock’ account has become nil at the period end on accounting of stock entries and consumption based on the closing stocks;
  - k. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.
- 12.47 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

### **12.13. Presentation in the Financial Statements**

- 12.48 The various heads of accounts used for the accounting of Stores shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 12.49 The Schedules of the Income and Expenditure Statement in respect of Stores are presented below.

#### **Schedule I-5: Income from Sale & Hire Charges**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
150120000	Sale of stores & scrap		
150300000	Sale of Others		
<b>Total Income from Stores to be shown as part of Sale &amp; Hire charges Schedule</b>			

**Schedule I-12: Schedule of Operations and Maintenance**

<b>Code No.</b>	<b>Expenditure</b>	<b>Amount (Rs.)</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
230300000	Consumption of Stores			
230500000	Repairs & Maintenance – Infrastructure Assets			
230510000	Repairs & Maintenance – Civic amenities			
230520000	Repairs & Maintenance – Buildings			
230530000	Repairs & Maintenance – Vehicles			
230590000	Repairs & Maintenance – Others			
<b>Total of Expenditure of Stores to be shown as part of Operations &amp; Maintenance Expenditure Schedule</b>				

12.50 The Balance Sheet abstracts in respect of Stores are presented below.

**Schedule B-7: Deposits Received**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Amount in Rs. Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
340100105	Suppliers Earnest Money Deposit – Municipal Fund		
340100205	Suppliers Security Deposit - Municipal Fund		
340100305	Suppliers Retention Money - Municipal Fund		
	<b>Total</b>		

**Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350100300	Suppliers Control Account		
350200201	Recoveries Payable–Statutory Deduction- Income Tax deducted at source		
350200202	Recoveries Payable - Statutory Deduction – Value Added Tax		
	<b>Total</b>		

**Schedule B-14: Stock in Hand (Inventories)**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
430100000	Stores		
430200000	Loose Tools		
430800000	Others		
	<b>Total Stock in hand</b>		

**Schedule B-17: Schedule of Cash and Bank**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450100000	Cash Account		
450210000	Bank Account		
	<b>Total</b>		

**Schedules B-18: Schedule of Loans, Advances & Deposits**

Code No.	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.)
1	2	3	4	5	6
460400101	Advance to Suppliers - Advance paid - Municipal Fund				
460400205	Advance to Contractors – Materials issued to Contractors - Municipal Fund				
	<b>Total</b>				

*Form ST-1*

**Name of the MUNICIPALITY**

## MATERIAL RECEIPT NOTE

[Stores](#)

## **Accounting Unit:**

**Fund Code:**

# **Receipt No:**

**Book No.** \_\_\_\_\_

## Receipt

No:

Date:

Received following material from \_\_\_\_\_(name of the supplier) vide  
their  
delivery challan number \_\_\_\_\_ bill number \_\_\_\_\_ dated \_\_\_\_\_ against Purchase  
Order  
No.

Sr. No.	Particulars (Product details and specifications)	Quantity Accepted	Inspected by	Remarks
1	2	3	4	5
Material received by _____		Entered in Store Records		
Stores Clerk		Entry No.: _____		
Stores-in-charge _____				

Form ST-2

Name of the MUNICIPALITY**STORES LEDGER**

Item Description \_\_\_\_\_

Accounting Unit:  
Fund Code:

Receipt								
Date of Receipt	Material Receipt N.o.	Reference of Cash Book / Journal Book / Ledger where entry is recorded	Department for which purchase made	Quantity		Rate per unit (Rs.)	Value (Rs.)	Initials of Authorised Officer
1	2	3	4	Number	Weight	7	8	9
Issues						Balance		

Date of Issue	Material Requisition cum Issue Note No.	Function Code	Field Code	Head of Account Code	Quantity		Rate per unit (Rs.)	Value (Rs.)	Initials of Authorised Officer	Quantity		Rate per unit (Rs.)	Value (Rs.)
					Number	Weight				Number	Weight		
1 0	11	12 1 3	1	14	15	1 6	1 7	1 8	19	2 0	21	22	2 3
									(5-15)	(6-16)			

*Note: For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry*

**Form ST-3**

**Name of the MUNICIPALITY**

**STATEMENT OF CLOSING STOCK AS ON \_\_\_\_\_**

**Stores**

**Sr. No.**

**Accounting Unit:**

**Fund Code :**

Reference No. of Stores Ledger	Item Description	Quantity	Unit rate for valuation (Rs.)	Amount (Rs.)	Remarks *
1	2	3	4	5	6
<b>Total</b>					

\* In case of obsolete, unserviceable, defective inventory, please indicate in the Remarks column

**Form ST-4**

**Name of the MUNICIPALITY**  
**STATEMENT OF DETAILS OF MATERIALS ISSUES AS ON \_\_\_\_\_**

**Accounting Unit  
Fund Code:**

**Stores  
Sr. No.**

Purpose	Reference No. of Stores Ledger	Function Code	Field Code	Head of Account Code	Item Description	Quantity	Unit rate for valuation (Rs.)	Amount (Rs.)
1	2	3	5	6	7	8	9	10
For Consumption								
For Repairs & Maintenance								
For Capital Work In Progress								
For Sale								
Written off								
Contractors								
*								
<b>Total</b>								

\* Contractor wise details of the Materials issued shall be given as per annexure attached with this form.

**Annexure to Form ST 4**

**Accounting  
Unit:  
Fund Code:**

<b>Details of Material issued to Contractors</b>						
Referenc e number of Stores Ledger	Name of the Contractor to whom the materials issued	Sub Ledger Code	Item Description	Quantity	Unit Rate for Valuatio n (Rs)	Value of the Material s (Rs)
1	2	3	4	5	6	7
<b>Total *</b>						
Verified by (Auditors)		Stores-in-charge / Authorised Officer				

\* The total of this table shall agree to the value of 'materials issued to Contractors'.

## Chapter Thirteen

### 13. Establishment Cost

**This chapter on Establishment cost is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Establishment Cost and,
- Familiarizing you with accounting system related to payroll management.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Establishment Cost and,
- Appreciate the concepts and underlying principles.

#### 13.1. Introduction

13.1 This chapter contains the recommended accounting system on matters pertaining to the employees of the Municipality (i.e., salaries, allowances, deductions, Provident Fund, Pension Fund, loans, advances, etc.). The Accounting policies and procedures explained below for maintaining the employee related transactions are based on the assumption that processing of payroll and related approvals are decentralized.

#### 13.2. Accounting Principles

13.2 The following Accounting Principles shall govern the recording, accounting and treatment of employee related transactions:

- a. Expenditures on Salaries and other allowances shall be recognized as and when they are due for payment;
- b. Statutory deductions from salaries including those for Income Tax, Profession Tax, Subscription to Provident Fund, etc., shall be recognized as liability in the same period in which the corresponding salary is recognized as expenditure;
- c. Contributions for retirement benefits such as Pension, Gratuity, etc., made by the Municipality shall be recognized as and when they are due;
- d. Contributions due to Pension Fund of contingent staff shall be recognized as an expense and as a liability as per existing rules;

- e. Liability towards leave encashment shall be recognized as and when the amount is determined;
- 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 leviable 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 expenditure as and when they are due for payment. Retirement benefit will be calculated and paid as per the applicable State Government policies.

### **13.3. Accounting Records & Procedures**

- 13.3 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for employee related transactions. For the purposes of accounting of employee related transactions there are certain forms, registers, etc., which are specific to employee related transactions, e.g., Pay bill – Form ES -1. These (Forms ES – 1 to ES – 6) are annexed to this chapter and are prefixed “ES”.*

### **13.4. Pay Bill & Deductions**

- 13.4 A Pay Bill shall be prepared for each department on the basis of employee musters and service Book maintained. The Pay Bill shall provide computation of gross salaries payable to the employees as per the conditions of service. From the gross salary, adjustments shall be made for deductions in respect of statutory payments such as Income Tax, Profession Tax, Subscription to Provident Fund, etc., voluntary deductions such as group insurance premium, investment by employees, contribution to various societies, loan recovery for external agencies, etc., as well as recoveries in respect of loans, advances, etc., to arrive at the net salary payable to the employees.
- 13.5 The Accounts Department shall prepare a Consolidated Pay Bill summary in Form ES- 1 from the Departmental Pay Bills. Preparation of Consolidated Pay Bill summary would involve consolidation and summation of the individual Departmental Pay Bills.
- 13.6 On the basis of the Consolidated Pay Bill, the Accounts Department shall pass the following entries every month for recognizing the expenditure and the corresponding liability:

- a. Recording of salary, allowances and corresponding liability. For recognizing the expenditure under various heads and the liability to the employees in respect of gross salaries, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
210100101	Salaries –Chief Municipal Officer	Debit	
210100102	Salaries – Permanent Officers	Debit	
210100103	Salaries – Permanent Staff	Debit	
210100104	Salaries – Officer & Staff on Deputation	Debit	
210100105	Salaries – Contractual officer & Staff	Debit	
210100106	Salaries – Contingent Staff	Debit	
210100200	Wages	Debit	
350110100	To Employees Liabilities –Gross Salary Payable		Credit
<b>Source Document:</b> Consolidated Pay Bill - Form ES – 1			
<b>Records Updated:</b> Journal Book, Ledger			

*Note: The postings in the Ledger Accounts of "Establishment Expenditures" Account and "Gross Salaries Payable" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the bank account is involved, there will be no entry in the Journal Book.*

- b. The department-wise details of establishment expenditures will be available in the Consolidated Pay Bill prepared by the Accounts Department, reference to which may be made at the time of preparation of Financial Statements.
- c. The Accounts Department shall maintain a separate Functional Expenditure Subsidiary Ledger in Form GEN-35 for recording Function-wise establishment expenditures. On recording of establishment expenditure in the Journal Book, the Accounts Department shall immediately update the Subsidiary Ledger mentioned above. The procedure for updating Subsidiary Ledger has been provided in Chapter 5 – General Accounting Procedures, reference to which is invited
- d. Recording of statutory and other deductions and recoveries from salaries. For accounting liabilities towards amounts payable to different authorities in respect of statutory deductions, and, dues towards settlement of obligations on behalf of employees (e.g. housing loan, contribution to various societies, loan recovery for external agencies, group insurance premium, investment by employees, etc.), recovery of installments of loans or interest levied on loan and/or advances from employees, etc., the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350110100	Gross Salary Payable	Debit	
350200101	To Recoveries Payable - Subscription to Provident		Credit
350200102	To Recoveries Payable - Subscription to		Credit

350200103	To Recoveries Payable - Subscription to		Credit
350200104	To Recoveries Payable -Subscription to Provident		Credit
350200105	To Recoveries Payable -Subscription to Provident		Credit
350200106	To Recoveries Payable - -Subscription to Provident		Credit
350200107	To Recoveries Payable - Insurance Premium		Credit
350200108	To Recoveries Payable - Court Attachments		Credit
350200109	To Recoveries Payable - Loan Recovery		Credit
350200110	To Housing Loan to Employees		Credit
350200111	To Vehicle Loan to Employees		Credit
350200112	To Cycle Loan to Employees		Credit
350200113	To Festival Advance to Employees		Credit
350200114	To Interest due from Employees Loans		Credit
350200115	To Recoveries Payable – Income Tax Deducted at		Credit
350200116	To Recoveries Payable – Profession Tax – Salaries		Credit
350200199	To Recoveries Payable - Other Recoveries from		Credit
350110200	To Net Salaries Payable		Credit

Source Document: Consolidated Pay Bill – Form ES – 1  
 Records Updated: Journal Book, Ledger, Register of Employee Advances, Register of Loans to Employees, Register of Interest on Loans to Employees

\* This may include voluntary deductions with respect to Insurance Premium deduction, deduction for Investment by Employees, deduction for Contribution to various Societies, Loan recovery for External agencies, etc.

- e. Accounts Department shall update the Register of Employee Advances maintained in Form ES-2 for recovery of Loans / advances and Register of Interest on Loans to Employees maintained in Form ES-3 for recovery of loans and interest respectively.
- f. Salaries may be paid to the employees either (i) by Cheque or (ii) by directly crediting the amount to employees' bank account; or (iii) in cash. (efforts may be made to move towards direct credit of salaries to bank accounts)
- g. Recording of payment of salaries by cash: For accounting of payment of salary by cash, the Accounts Department shall pass the following entries:

#### On withdrawal of cash

Code	Particulars	Debit	Credit
450100000	Cash Account	Debit	
450210000	To Bank Account*		Credit

Source Document: Payment Order – Form GEN – 15

Records Updated: Cash Book, Ledger

\* Specify name of the Bank and Account number

#### For payment of salary by cash(if paid fully)

Code	Particulars	Debit	Credit
350110200	Net Salaries Payable	Debit	
450100000	To Cash Account		Credit

Source Document: Payment Order – Form GEN – 15

Records Updated: Cash Book, Ledger

\* Specify name of the Bank and Account number

Note: If the salary is not fully paid, the accounting treatment is described subsequently.

- h. Recording of payment of salaries through bank: For accounting of payment of salary by Cheque or direct credit of the salary to employee bank account, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
350110200	Net Salaries Payable	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records Updated:** Cash Book, Ledger

\* Specify name of the Bank and Account number

Note: If the salary is not fully paid, the accounting treatment is described subsequently.

- i. Recording of payment of statutory deductions made from salaries. For discharging liabilities towards statutory deductions (e.g., income tax, profession tax, etc.), on payment, the Accounts Department shall pass the following entries:

Code	Particulars	Debit	Credit
350200116	Recoveries Payable - Income Tax Deducted at Source – Salaries	Debit	
350200117	Recoveries Payable – Profession Tax – Salaries	Debit	
450100000	To Cash Account		Credit
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records Updated:** Cash Book ,Bank Book, Ledger , Register of Bills for Payment – Form – GEN – 15

\* Specify name of the Bank and Account number

- j. Recording of payment of other deductions made from salaries. For discharging liabilities towards voluntary deductions (e.g. repayment of loan to various external agencies, etc.) made on behalf of employees, on payment, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
350200199	Recoveries Payable - Others recoveries from *	Debit	
450100000	To Cash Account		Credit
450210000	To Bank Account *		Credit

**Source Document:** Payment Order – Form – GEN – 15  
**Records Updated:** Cash Book, Bank Book, Ledger , Register of Bills for Payment – Form – GEN – 15

\* Specify name of the Bank and Account number

Note: Recoveries Payable – Others may include voluntary deductions with respect to Insurance Premium deduction, Loan recovery for External Agencies, etc.

### 13.5. Unpaid Salaries

- 13.7 If the salary remains unpaid to the employees, it shall be recorded in the Unpaid Salary Register maintained in Form ES-4. The register shall have the details for unclaimed salary as well as subsequent payment of salary. Salary Unpaid for specified period shall be re-deposited in the Bank Account as per the Financial Rules and the details will be accordingly recorded in the Unpaid Salary Register.
- 13.8 Recording of unpaid salaries (bank). In case Cheques issued to the employees have not been encashed for three months or such other period as may be prescribed by the Government/ applicable Acts, such Cheques shall be cancelled. On cancellation of Cheques, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
450210000	Bank Account *	Debit	
350110300	To Unpaid Salaries		Credit

**Source Document:** Bank Reconciliation Statements  
**Records Updated:** Bank Book, Ledger, Unpaid Salary Register

\* Specify the name of the Bank and Account number

In case of ULBs paying Salary through ECS system then unpaid salary will not arise.

- 13.9 Recording of unpaid salaries if Cash is withdrawn but not collected by the employee. In case of salary payments by cash, if the amount has not been collected, the Accounts Department shall pass the following entries:

#### For recording the salary paid

Code	Particulars	Debit	Credit
350110000	Net Salaries Payable	Debit	
450100000	To Cash Account		Credit

**Source Document:** Consolidated Pay Bill – Form ES – 1  
**Records Updated:** Cash Book, Ledger

**For depositing the Cash lying in hand in respect of unpaid salary, the entry would be:**

Code	Particulars	Debit	Credit
450210000	Bank Account *	Debit	
450100000	To Cash Account		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank  
**Records Updated:** Cash Book, Bank Book, Unpaid Salary Register

\* Specify name of the Bank and Account number

#### For recording the unpaid salary, the following entry shall be passed:

Code	Particulars	Debit	Credit
350110200	Net Salaries Payable	Debit	
350110300	To Employee Liabilities – Unpaid Salaries		Credit

**Source Document:** Unpaid Salary Register – Form ES – 4  
**Records Updated:** Journal Book, Ledger

\* Specify name of the Bank and Account number

13.10 Recording of payment of unpaid salaries. On payment of unpaid salaries, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
350110300	Unpaid Salaries	Debit	
450210000	To Bank Account *		Credit
450100000	To Cash Account		Credit

Source Document: Payment Order – Form GEN – 15  
 Records Updated: Cash Book, Bank Book, Ledger, Unpaid Salary Register

\* Specify name of the Bank and Account number

### 13.6. Loans and Advances to Employees Loans and Advances Given

13.11 Recording of advances and loans to employees. Municipality may grant loans (interest bearing or interest free) and advances (temporary, standing, etc.) to the employees. On payment of loans and advances by the Municipality, the Register of Employee Loans / Advances (Form ES-2) shall be updated by the Accounts Department. These registers shall be maintained department-wise. For recording the payment of loans and advances to employees, the Accounts Department shall pass the following entries:

#### For Advances given to employees

Code	Particulars	Debit	Credit
460100000	Loans and Advances to Employees**	Debit	
450210000	To Bank Account *		Credit

Source Document: Payment Order – Form GEN – 15

Records Updated: Bank Book, Ledger , Register of Employee Loans and Advances – Form ES – 2

\* Specify name of the Bank and Account number

\*\* Insert detailed head of account as applicable

#### For Loans granted to employees

Code	Particulars	Debit	Credit
460100000	Loans and Advances to Employees**	Debit	
450210000	To Bank Account *		Credit

Source Document: Payment Order – Form GEN – 15

Records Updated: Bank Book, Ledger , Register of Employee Loans and Advances – Form ES – 2

\* Specify name of the Bank and Account number

\*\* Insert detailed head of account as applicable

13.12 The Accounts Department shall intimate the concerned department to update the respective Service Books for recording the loans and advances taken by the employees of that department.

### **13.7. Accrual of Interest on Loans provided to employees**

13.13 Recognizing interest on loans and advances granted to the employees at the period-end. As per the terms and conditions of the loan agreement, interest is levied on the outstanding balance of loans. The amount of interest accrued shall be communicated by the concerned department to the Accounts Department at the period-ends for which an entry shall be made in the Register of Interest on Loans to Employees (Form ES-3). On the basis of intimation received, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
431400600	Interest due from Advances to Employees	Debit	
171200000	To Interest on Loans and advances to Employees		Credit

**Source Document:** Calculation sheet of amount of interest  
**Records Updated:** Journal Book, Ledger , Register of Interest on Loans to Employees

13.14 Recording of Penal Interest for non-payment of principal or interest installment. In case of default in either repayment of principal or payment of interest, penal interest shall be levied at the rates and in the manner prescribed. To record penal interest levied, the Accounts Department shall pass the entry passed in para 13.13 above.

### **13.8. Recovery of Loans and Advances**

13.15 The Accounts Department shall update the Register of Employee Loans/ Advances (Form ES-2) for the amount of advances and loans recovered. The entries for recovery of loans and advances every month from the Pay Bill, have already been described above in para 13.6 (d).

### **13.9. Recovery of Interest accrued on Loans provided to employees**

13.16 Recovery of interest installment. As per the terms and conditions of loan agreement, interest accrued and recognized, as an asset receivable shall be recovered in instalments. The accounting entry for interest recovery from the monthly pay-bill has already been described in para 13.5 (d) above.

### **13.10. Write off of employee loans/advances**

13.17 Write off of employee loans/advances. In case of write off of loans and advances, the Accounts Department shall pass the following entry

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
270400200	Assets Written off – Loans & Advances	Debit	
460100000	To Loans and Advances to Employees *		Credit

**Source Document:** Sanction of the Government

**Records Updated:** Journal Book, Ledger , Register of Interest on Loans to Employees

(a) Insert detailed head of account as applicable

### 13.11. Payments Otherwise Than From Pay Bill

- 13.18 For various types of employee related payments such as leave travel concession, bonus & ex-gratia, overtime, medical reimbursement, hospitalization claim, suspension allowance, gratuity, leave salary, house rent reimbursement, etc., the concerned department shall send the approved Payment Order along with the supporting documents to the Accounts Department.
- 13.19 Upon payment, the Accounts Department shall immediately update the Function wise Expenditure Subsidiary Ledger maintained in Form GEN-35.

### 13.12. Provident Fund

#### Employees' Provident Fund Subscription

- 13.20 A deduction shall be made for employees' Provident Fund subscription from the salaries of the employees in the Pay Bill. The entry for this has already been described above in para 13.5 (d).

#### Payment of Provident Fund Subscription of Regular employees and employees on deputation

- 13.21 Provident Fund Subscription of Regular employees shall be paid to Central Provident Fund every month and Provident Fund Subscription of Employees on deputation shall be deposited with the relevant authority every month. On payment, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
350200101	Recoveries Payable - Subscription to Provident Fund for Chief Municipal Officers	Debit	
350200102	Recoveries Payable - Subscription to Provident Fund for Permanent Officers	Debit	
350200103	Recoveries Payable - Subscription to Provident Fund for Permanent Staffs	Debit	
350200104	Recoveries Payable - Subscription to Provident Fund for Officers & Staffs on Deputation	Debit	
350200105	To Recoveries Payable -Subscription to Provident Fund for Contractual Officers & Staff	Debit	
350200106	To Recoveries Payable -Subscription to Provident Fund for Contingent Staff	Debit	
450210000	To Bank Account *		Credit

**Source Document:** Payment Order – Form GEN – 15

**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank and Account number

#### Loans to Employees against Provident Fund

13.22 The loans to Employees against Provident Fund are granted at the Government level and the money for disbursement is transferred to the Municipality's bank account. On receipt of the amount and the sanction letter, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
450210000	Designated Bank Account *	Debit	
350110400	To Provident Fund Payable		Credit

**Source Document:** Summary of Daily Collection – Form GEN - 13

**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank and Account number

13.23 On payment of the loan to the Employees, the Municipality shall pass the following entry.

Code	Particulars	Debit	Credit
350110400	Provident Fund Payable	Debit	
450210000	To Designated Bank Account *		Credit

**Source Document:** Payment Order – Form GEN - 15, Intimation from the Central Provident Fund

**Records Updated:** Bank Book, Ledger Account

#### Recovery of Provident Fund Loan

13.24 A deduction shall be made for recovery of loan given from the Provident Fund, from the salaries of the employees from the Pay Bill. The entry for this has already been described above in para 13.5 (d).

#### Withdrawal from Provident Fund

13.25 The balance standing to the credit of the employee's Provident Fund account may be withdrawn either at the time of employee's retirement or otherwise in accordance with the prescribed rules in this behalf.

13.26 On receipt of the amount to be paid to an Employee, the Accounts Department shall pass the following entries:

**On receipt of the amount due to be paid to an employee**

Code	Particulars	Debit	Credit
450210000	Bank Account *	Debit	
350110400	To Provident Fund Payable		Credit

**Source Document:** Summary of Daily Collection – Form GEN – 13  
**Records Updated:** Bank Book, Ledger

\* Specify name of the Bank and Account number

**On payment**

Code	Particulars	Debit	Credit
350110400	Provident Fund Payable	Debit	
450210000	To Bank Account *		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records Updated:** Bank Book, Ledger

\* Specify name of the Bank and Account number

**RETIREMENT BENEFITS**

13.27 Retirement benefits for employees of Municipality usually consist of:

- a. Pension;
- b. Gratuity; and
- c. Leave Encashment.

13.28 Pension and gratuity in respect of Municipal employees, other than contingent staff shall be met out of the Central Pension Fund. In case of contingent staff, the Municipality shall constitute a Pension Fund for the Pension liability. The leave encashment for all employees shall be borne by the Municipality.

**PENSION**

13.29 The pension would be payable at the time of their retirement either on superannuation or otherwise in accordance with the prescribed rules. Details of pension liability for each pensioner shall be maintained separately in Pension

Register in Form ES-6. The Municipality shall pay pension based on the amount remitted by the Government.

### **Pension to Regular Employees**

#### **Payment of Municipalities Contribution to Pension Fund**

- 13.30 On payment of pension contribution in respect of Municipal Employees/Employees on deputation at Municipality. In respect of pension contribution payable by the Municipality, to the concerned authorities, the Accounts Department shall pass the following entry on payment:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
210300100	Contribution to Municipal Pension Fund – Permanent Employees	Debit	
210300200	Contribution to Other Pension Fund –Employees on deputation	Debit	
350110500	To Contribution to Municipal Pension Fund payable		Credit
350110600	To Contribution to Other Pension Fund payable		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records Updated:</b> Journal, Ledger			

#### **On payment of Pension Contribution**

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350110500	Municipal Pension Fund payable*	Debit	
350110600	Other Pension Fund payable*	Debit	
450210000	To Bank Account *		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records Updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and Account number

#### **Payment of Pension to Employees**

- 13.31 Based on the order received for making of pension payment, the pension shall be paid by the Municipality and entry shall be made in the Register of Pension Payment Order (Form ES – 5). The money for making the pension payment shall be received from Central Pension Fund. To record the receipt of money and payment of pension, the Accounts Department shall pass the following entry:

### On receipt of money for payment of pension

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Designated Bank Account*	Debit	
350110700	To Pension & Gratuity Payable		Credit
<b>Source Document:</b> Consolidated Pay Bill – Form ES – 1			
<b>Records Updated:</b> Journal Book, Ledger, Register of Pension Payment Order – Form ES – 5			

\* Specify name of the Bank and Account number

### On payment of pension

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350110700	Pension and Gratuity Payable	Debit	
450210000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records Updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and Account number

### Pension in case Contingent Staff

- 13.32 The pension for contingent staff would be payable at the time of their retirement in accordance with the prescribed rules. Details of pension liability for each pensioner shall be maintained separately in Pension Register in Form ES-6. The Municipality shall pay pension through a Pension Fund established for this purpose as required by the existing rules.

### Creation of Pension Fund for contingent staff

- 13.33 The Municipality shall, on a monthly basis, contribute a sum as determined by the existing rules towards the Pension Fund. The contribution shall be recorded as an expense and charged to the Statement of Income and Expenditure and shall also be recognized as a liability.
- 13.34 For creation of Pension Fund. Every month, contribution to the Pension Fund shall be made for the contingent employees on the payroll. For recognizing the liability in respect of Pension Fund contribution, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
210300300	Contribution to Pension Fund - Contingent staff	Debit	
311700000	To Trust or Agency Fund-Pension Fund for contingent staff		Credit
<b>Source Document:</b> Pension Payment Order			
<b>Records Updated:</b> Journal Book, Ledger			

\* Specify name of the Bank and Account number

- 13.35 For transfer of money to Pension Fund Bank Account. An amount equivalent to the contribution to Pension Fund shall be transferred from Main Bank Account to Pension Fund Bank Account. On transfer, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated Bank Account	Debit	
450210000	To Bank Account		Credit
<b>Source Document:</b> Pension Payment Order			
<b>Records Updated:</b> Cash Book, Ledger			

\* Specify name of the Bank and Account number

#### **Payment of Pension to Contingent Staff**

- 13.36 Payment of pension shall be made on the basis of the approved Pension Payment Order (PPO). The details of PPO shall be recorded in Pension Payment Order Register in Form ES-5.

- 13.37 Recording of payment of pension. A Pension Pay Bill shall be prepared for making monthly pension payment to the individual pensioners. On receipt of approved Pension Pay Bill, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
311700000	Trust or Agency Fund-Pension Fund for contingent staff Pension Fund for Contingent Staff	Debit	
450410000	To Designated Bank Account		Credit
<b>Source Document:</b> Pension Payment Order			
<b>Records Updated:</b> Cash Book, Ledger			

\* Specify name of the Bank and Account number

#### Pension Fund deficit

- 13.38 An amount equivalent to the deficit in the Pension Fund for Contingent Staff, i.e., the amount by which the Pension Fund is inadequate to pay pension to the pensioners, shall be transferred from the Main Bank Account to the Pension Fund Bank Account. On transfer of funds, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated Bank Account	Debit	
450210000	To Bank Account		Credit
<b>Source Document:</b>			
<b>Records Updated:</b> Cash Book, Ledger			

\* Specify name of the Bank and Account number

- 13.39 The shortfall in the Pension Fund Bank Account, which is met by way of transfer from the Main Bank Account, shall be treated as an expense of the accounting period in which such transfer is made. For this, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
210300600	Contribution to Pension Fund - Contingent Staff (Deficit)	Debit	
311700000	Trust or Agency Fund-Pension Fund for contingent staff Pension Fund		Credit
<b>Source Document:</b>			
<b>Records Updated:</b> Journal Book, Ledger			

\* Specify name of the Bank and Account number

#### GRATUITY

- 13.40 Based on the amount given by the Central Pension Fund, the gratuity shall be paid by the Municipality and the Accounts Department shall pass the following entry:

### On creation of liability for payment of gratuity

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Designated Bank Account*	Debit	
350110700	To Pension & Gratuity Payable		Credit
<b>Source Document:</b> Consolidated Pay Bill – Form ES – 1			
<b>Records Updated:</b> Journal Book, Ledger			

\* Specify name of the Bank and Account number

### On payment of gratuity

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350110700	Pension & Gratuity Payable	Debit	
450210000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records Updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and Account number

### LEAVE ENCASHMANT

13.41 For accrual of the leave encashment liability and the payment of the same, the Accounts Department shall pass the following entry:

### On creation of liability for leave encashment

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
210400100	Leave Encashment	Debit	
350110900	To Leave Salary payable		Credit
<b>Source Document:</b> Computation Sheet for the amount of leave encashment			
<b>Records Updated:</b> Journal Book, Ledger			

### On payment of liability for leave salary payable

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350110900	Leave Salary payable	Debit	
450210000	To Bank Account *		Credit
<b>Source Document:</b> Payment Order – Form GEN - 15			
<b>Records Updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and Account number

### INTERNAL CONTROLS

13.42 The following internal controls shall be observed by the Municipality:

- Separate Pay Bills shall be prepared by each department.
- Consolidation of Pay Bills shall be made Department wise and Department bills are consolidated for ascertainment of Municipality level information.

- c. Consolidated Pay Bill summary shall be checked with previous month for ensuring all departments' bills are included.
- d. A monthly reconciliation shall be carried out by the Accounts Officer and the Head of Administration/ Establishment Department in respect of loans and advances outstanding between the balances in the Ledger Accounts maintained at the Accounts Department and the Register of Employee Advances and Register of Loans to Employees. Further, at the period-end, the Accounts Officer shall ensure that accounting entry for recording income in respect of interest accrued on loans provided to employees has been passed.
- e. Every month, the Accounts Officer shall ensure timely remittance of the various deductions made from the employees' salaries in the Pay Bill to the concerned authorities.
- f. Every month, the Accounts Officer shall ensure timely remittance of the various Contributions to be made by the Municipalities to the concerned authorities.
- g. The Accounts Officer shall ensure that the total establishment expenditure incurred and recorded in the Functional Expenditure Subsidiary Ledger reconciles with the balance as per the respective Establishment Expenditure Ledger Account. The Subsidiary Ledger shall record total establishment expenditures incurred, including that paid through Pay Bill.
- h. Every month, the Accounts Officer or other officers of the Municipality designated by him shall verify that Provident Fund Subscription and Pension Fund contribution deducted for the employees on deputation have been deposited with the concerned authorities.
- i. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.

13.43 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

### **PRESENTATION IN FINANCIAL STATEMENTS**

- 13.45 The various heads of account used for the accounting of Employee Related Transactions shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 13.46 The Schedules of Income and Expenditure Statement in respect of Employee Related Transactions are presented below.

**Schedule I-8: Schedule of Interest Earned**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
171200000	Interest on Loans and advances to Employees		
<b>Total Income earned from Employees to be shown Interest Earned Schedule</b>			

**Schedule I-9: Schedule of Other Income**

Code No.	Heads of Account	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
180400000	Recovery from Employees		
<b>Total Income earned from Employees to be shown Other Income Schedule</b>			

**Schedule I-10: Establishment Expenditures -Expenditure head wise**

Code No.	Head of Account	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
210100000	Salaries, Wages and Bonus		
210200000	Benefits and Allowances		
210300000	Pension		
210400000	Other Terminal & Retirement Benefits		
<b>Total Expenditure of Employees to be shown as part of establishment expenditures– expenditure head wise Schedule</b>			

Note: Details of any other establishment expenditures incurred, which has not been specifically disclosed above, shall be collated and disclosed as Other Administrative expenditures, provided the expenditure incurred does not exceed the disclosure limits prescribed in this Accounts Manual.

13.47 The Balance Sheet Abstracts in respect of the Employee Related Transactions are presented below.

**Schedule B-2: Schedule of Earmarked Funds****Schedule B – 2: Special Funds**

Particulars	<i>Amount in Rs</i>
	<b>Pension Fund for contingent staff</b>
<b>(a) Opening Balance</b>	
<b>(b) Additions to the Special Fund</b>	
(i) Transfer from Municipal Fund	
(ii) Interest/Dividend earned on Special Fund Investments	
(iii) Profit on disposal of Special Fund Investments	
(iv) Appreciation in Value of Special Fund Investments	
(v) Other addition (Specify nature)	
<b>Total (b)</b>	
<b>Total (a+b)</b>	
<b>(c) Payments out of funds</b>	
<b>(i) Capital expenditure on</b>	
Fixed Assets* Others	
<b>Sub –total</b>	
<b>(ii) Revenue Expenditure on</b>	
Salary, Wages and allowances etc. Rent	
Other administrative charges	
<b>Sub –total</b>	
<b>(iii) Other:</b>	
Loss on disposal of Special Fund Investments Diminution in Value of Special Fund	
Investments Transferred to Municipal Fund	
<b>Sub –total</b>	
<b>Total of (i+ii+iii) (c)</b>	

<b>Net balance at the year end – (a+b)-(c)</b>	
<b>Grant Total of Special Funds</b>	

Note: All funds are to be shown as separate fund either in the schedule or in a separate schedule with the corresponding indication in the balance sheet under "Funds" on liability.

Additions during the year:

- a. Addition to Pension Fund would be out of the "Transfer to Funds" from Income and Expenditure Account as per the accounting principles.
- b. Interest from investments of Funds would be added to respective Funds.

Deductions during the year:

- a. Deductions from Pension Fund means payments made on account of Pension

**Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
350110200	Net Salaries Payable		
350110300	Unpaid Salaries		
350110400	Provident Fund Payable		
350110500	Contribution to Municipal Pension Fund Payable		
350110600	Contribution to other Pension Fund Payable		
350110700	Pension & Gratuity payable		
350110800	Welfare Funds Payable		
350110900	Leave Salary Payable		
350111000	Bonus payable		
350201500	Recoveries Payable – Income Tax Deducted at source – Salaries		
350201600	Recoveries Payable – Profession Tax – Salaries		

	<b>Total</b>		
--	--------------	--	--

**Schedule B-17: Schedule of Cash and Bank Balances**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
450100000	Cash Account		
450210000	Bank Account		
450410000	Designated Bank Account		
	<b>Total</b>		

**Schedule B-18: Schedule of Loans, advances and deposits**

<b>Code No.</b>	<b>Particulars</b>	<b>Opening Balance at the beginning of the year (Rs.)</b>	<b>Paid during the current year (Rs.)</b>	<b>Recovered during the year (Rs.)</b>	<b>Balance outstanding at the end of the year (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
460100000	Loans and advances to employees				
	<b>Total</b>				
461000000	Less: Accumulated Provisions against Loans, Advances and Deposits				
	<b>Net total of Receivables from Employees</b>				

## FORM BMAR NO 47, [Rule 94(1)]

*Form ES-1**Name of the Municipality*

**CONSOLIDATED PAY BILL SUMMARY ROLL OF THE PERMANENT/TEMPORARY  
ESTABLISHMENT FOR THE MONTH OF**

*Accounting Unit:**Fund Code:*

Serial No.	Section of establishment	Function Code	Field Code	Subsidiary Ledger Code	Substantive pay (Personal pay or special pay, if any, should also be shown in this column as a separate entry below substantive pay)	Leave Salary	Officiating pay	Compensatory or other allowances	Total
						Rs.	Rs.		
1	2	3	4	5	6	7	8	9	10

Pay, officiating pay or leave salary held	Deductions			Miscellaneous recoveries (Fines and	Net amount	Remarks	Date of receipt of bill
	Income Tax	Provident Fund Subscription	Other				

<b>over for future payment</b>			<b>deductions</b>	<b>advances, house rent, etc.)</b>	<b>payable</b>		
<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>		
<b>12</b>	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>
<b>*Please specify the nature of Deduction</b>							
<b>Total</b>							
(in words .....,)							

**Form ES-2****Name of the Municipality****REGISTER OF EMPLOYEE LOANS/ ADVANCES FOR THE YEAR 20 \_\_\_\_\_ to 20 \_\_\_\_\_****Accounting Unit:****Fund Code:**

Month and date and name of the employee	Particulars of advance	Voucher or receipt number	Amount	Monthly Total	Repayments or adjustments					
					April	May	June	July	August	September
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9	10	11

Repayments or adjustments						Total Repayment for the year **	Date and voucher number of repayment/ adjustment	Balance remaining unadjusted at the end of the year	Remarks	
October	November	December	January	February	March					
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.			Rs.	
12	13	14	15	16	17	18	19	20	21	

**Entered By :#**                                   **Checked By :#**

\*\* Total repayment in Column 18 shall be the sum total of Columns 6 to 17

# For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

## FORM BMAR NO 62, [Rule No 119 (4)]

Name of the Municipality

## REGISTER OF INTEREST ON LOANS TO EMPLOYEES FOR THE YEAR 20 \_\_\_ to 20 \_\_\_:

Name of Employee	Particulars of Loans	Opening Cumulative Accrued Interest	Interest Accrued during the Quarters				Total Interest Accrued during the year	Total Cumulative Accrued Interest	Repayments or Adjustments		
			Quarter I	Quarter II	Quarter III	Quarter IV			April	May	June
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9	10	11	12
							(4+5+6+7)	(3+8)			

Repayments or Adjustments										Total Interest Recovered during the year **	Balance remaining unadjusted at the end of the year***	Remarks	
July	August	September	October	November	December	January	February	March	Rs.	Rs.			
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
1 3	1 4	15	16	17	18	1 9	2 0	2 1	2	2 2	2 3	2 4	
											(9-22)		

Entered By :#

Checked By :#

\*\* Column 22 shall be sum total of columns 10 to 21

\*\*\* Balance in Column 23 at the end of the accounting year shall be the opening balance of Column 3 in the next year

# For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry

**FORM BMAR NO 49, [Rule No 94(4)]***Name of the Municipality***UNPAID SALARY REGISTER FOR THE YEAR 20\_\_ to 20\_\_****Form ES-4****Accounting Unit:****Fund Code:**

<b>Payments</b>						
Date	Serial No. of credit	Name of person	Subsidiary Ledger Code	On what account	Amount (Rs.)	Initials of Authorised Officer
1	2	3	4	5	6	7

<b>Payments</b>						
Date	Serial No. of payment	Name of person	Subsidiary Ledger Code	Amount(Rs.)	Acquittance of payee	Initials of Authorised Officer
8	9	10	11	12	13	14

**Entered By :\*****Checked By :\***

\*For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry

***Name of the Municipality***

**REGISTER OF PENSION PAYMENT ORDER**

**Accounting Unit:**

**Fund Code:**

<b>Number of Pension Payment Order</b>	<b>Name of Pensioner</b>	<b>Monthly Amount</b>	<b>Remarks</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Entered By :*</b> _____		<b>Checked By :*</b> _____	

\* For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry

**Form ES-6****PENSION REGISTER*****Name of the Municipality***

Name of Pensioner \_\_\_\_\_

Orders sanctioning the pension \_\_\_\_\_

**Accounting Unit:****Fund Code:**

Month	20 to 20			Remarks									
	Date of payment	Voucher No.	Initials of Authorised Officer	Date of payment	Voucher No.	Initials of Authorised Officer	Date of payment	Voucher No.	Initials of Authorised Officer	Date of payment	Voucher No.	Initials of Authorised Officer	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
April ..													
May ..													
June ..													
July ..													
August ..													
Sept ..													
Oct ..													
Nov ..													
Dec ..													
Jan ..													
Feb ..													
March ..													
Entered By :*							Checked By :*						

\* For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the en

## Chapter Fourteen

### 14. Health & Sanitation

**This chapter on Health & Sanitation is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Health & Sanitation.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Health & Sanitation and,
- Appreciate the concepts and underlying principles.

#### 14.1. Introduction

14.1 This chapter contains the recommended accounting system for transactions relating to health and sanitation activities in the Municipality.

14.2 The Health Department is primarily involved in operating the hospitals, dispensaries & maternity homes and in monitoring sanitation and other public health related activities, within the limits of the Municipality.

14.3 The main sources of incomes earned by the Health Department are as follows:

a. Fees and User Charges

- Fees from Medical Institutions
- Registration Fees for Patients
- Recovery of Cost of Medicines
- Examination Charges [X -Rays, Tests, Ultra-Sound, etc.]
- Ambulance Charges
- Funeral/Hearse Van Services
- License fees from Butchers and Traders of Meat
- Meat and Poultry Trade Licensing Fees, etc.
- Disposal Charges (Solid Waste)

b. Sale & Hire Charges

- Sale of Garbage/Manure

14.4 Besides incurring the usual administrative expenditures such as establishment expenditures, printing, stationery, office expenditures, etc., the Health Department incurs expenditures related to its Health and Sanitation functions. Following is an illustrative list of the expenditures incurred in respect of the Health Department:

- a. Sanitation related expenditures
  - > Solid Waste Management related expenditures
    - City cleaning and sweeping
    - Garbage clearance
    - Dumping ground maintenance
  - > Repairs and Maintenance – Solid Waste Management related expenditures
    - Dustbin repairs and maintenance
    - Cattle-shed maintenance
    - Crematoria operation and maintenance
  - > Own Programmes
  - > Consumption of Health Stores – Solid Waste Management, etc.
    - Purchase of cleaning material
    - Insecticides and pesticides
    - Insecticides and pesticide spraying
- b. Hospitals and Dispensaries related
  - > Medical related expenditures
  - > Testing & inspection fees
  - > Repairs and Maintenance – Medical/Health related assets
  - > Consumption of Medical Stores, etc.
- c. Public Health programme/scheme related
  - > Health Program related expenditures
    - Family welfare expenditures
    - Pulse polio vaccination expenditures
    - School children health program related expenditures
    - Aids awareness expenditures, etc.

## 14.2. Accounting Principles

- 14.5 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to health and sanitation:
- a. Revenue in respect of the following shall be recognised on actual receipt.
    - i. Hospital fees, maternity homes fees, diagnostic centre fees and dispensaries fees;
    - ii. Hospital training fees;
    - iii. Rent and/or hire charges in respect of ambulance, hearse, suction unit, meat van and road roller, etc.;
    - iv. Sale of fertilizers and waste, sale of animals and sale of scrap;

- b. 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;
- c. All revenue expenditures incurred shall be recognized on admission of the bills for payment by the Municipality;
- d. Provision shall be made at the year-end for all bills received up to a cutoff date. The cut-off date shall be 30 days before the date prescribed for the finalisation of Annual Financial Statements under the Rules.

### **14.3. Accounting Records & Procedures**

14.6 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Health & Sanitation. For the purposes of accounting of Health & Sanitation all the forms are the ones generally applicable in respect of the transactions of the Municipality.*

#### **14.3.1. Accounting For Income and Other Receipts**

##### **Medical Fees**

- 14.7 The procedure to be followed for the collection and accounting of medical fees shall be as follows:
  - a. The collection in respect of the medical fees shall be made at the respective units (i.e. Hospitals, Dispensaries, Maternity Homes, etc.). A Receipt (Form GEN-8) shall be issued to the person making the payment at the respective units.
- 14.8 The amount collected by the units shall be deposited in a Designated Bank Account or forwarded to the Head Office or Zonal Office or to the Accounts Department.
- 14.9 The procedures for Cash/Cheque collection, remittance and/or deposit have been described in Chapter 5 - General Accounting Procedures, reference to which is invited. These procedures should be followed for Health and Sanitation related transactions.
- 14.10 Recording of collection of medical fees. On the basis of the Summary of Daily Collection (Form GEN-13) received from the various entities, i.e., Units, Ward Offices, Zonal Offices, Health Department, Head Office, etc., the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account	Debit	
450100000	Cash	Debit	

140502800	To Receipts from hospitals and dispensaries		Credit
<b>Source Document:</b> Summary of Daily Collection (Form 13)			
<b>Records Updated:</b> Cash Book, Ledger Account			

\* Specify name of the Bank and account number

*Note: The postings in the Ledger Account of “\_\_\_\_\_Charges” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the bank account is involved, there will be no entry in the Journal Book.*

#### **In case of deposit of Cash collections to Bank**

Code	Particulars	Debit	Credit
450210000	Bank Account	Debit	
450100000	To Cash		Credit
<b>Source Document:</b> Summary of Daily Collection (Form 13)			
<b>Records Updated:</b> Cash Book, Ledger Account			

#### **Trade License Fees**

- 14.11 Revenue in respect of Trade License Fees shall be accrued in the year to which it pertains, when demands are ascertainable based on the terms of the Acts and Rules.
- 14.12 The procedure and accounting entries in respect of demand raised for trade license fees, collections made, provisioning for unrealized fees, etc. shall be similar to as described under section ‘Accounting for Incomes to be accounted on Accrual Basis’ in Chapter 8 – Rentals, Fees, and Other Incomes.

#### **Other Incomes**

- 14.13 The other incomes pertaining to the health and sanitation related activities such as ambulance rent, suction unit rent, dumping ground charges, etc., shall be accounted for in the manner as has been described under section ‘Accounting for Other Incomes to be accounted on Actual Receipt Basis’ in Chapter 8 - Rentals, Fees, and Other Incomes.

### **14.4. Expenditures Pertaining To Health and Sanitation**

- 14.14 The accounting for expenditures pertaining to hospitals, dispensaries, sanitation, scavenging, etc., shall be similar to that described in Chapter 11 - Public Works (for expenditure incurred through awarding of contracts to outside parties for construction of hospitals, etc.), Chapter 12 - Stores (for expenditure incurred on purchase of stores such as medicines, insecticides, pesticides, etc.) and Chapter 15 - Other Revenue Expenditures (in respect of all other expenditures pertaining to health and sanitation related activities) and Chapter 16 - Fixed Assets (in

respect of medical equipments purchase, vehicles purchased, etc.) references to which are invited.

- 14.15 At the period-end, the Health Department shall ensure that all the bills received in respect of expenditures incurred before the last date of the accounting period, are processed and forwarded to the Accounts Department for accounting and payment within 15 days from the end of the accounting period.

#### **14.5. Internal Controls**

- 14.16 The following internal controls shall be observed by the Municipality in respect of health and sanitation related transactions:
- A half yearly reconciliation shall be carried out by the Accounts Officer and the Head of the Health Function in respect of the amount collected under the various heads based on the balances standing in the Functional Income Subsidiary Ledger (Form GEN-34) in respect of Fees & User Charges and Sale & Hire Charges relating to Health Function maintained at the Accounts Department and the Collection Register (Form GEN-11) maintained at the Health Department;
  - The officers designated by the Municipality for operating the Designated Bank Account (if any) shall co-ordinate with the banks on a daily basis and ascertain the status of the Cheques deposited by them;
  - The Accounts Officer shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure;
  - The Accounts Officer shall ensure that all the bills/invoices were journalized before release of the payments;
  - In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.
- 14.17 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

#### **14.6. Presentation in the Financial Statements**

- 14.18 The various heads of accounts used for the accounting of Health and Sanitation related transactions shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 14.19 The Schedules of Income and Expenditure Statement in respect of Health and Sanitation related Income and Expenditures are presented below.

**Schedule I-4: Schedule of Income from Fees & User Charges – Income head-wise**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
140100000	Empanelment & Registration Charges/Fees - Hospital Registration Fee		
140100300	User Charges - Receipts from Hospitals and Dispensaries		
140502800			
<b>Total income of Health &amp; Sanitation to be shown as part of Fees &amp; User Charges – Income head-wise Schedule</b>			

**Schedule I-5: Schedule of Income from Sale & Hire Charges – Income head-wise**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
150110000	Sale of Forms		
150410000	Hire Charges of Equipment		
<b>Total income of Health &amp; Sanitation to be shown as part of Sale &amp; Hire Charges – Income head-wise Schedule</b>			

**Schedule I-12: Schedule of Operations & Maintenance – Expenditure head-wise**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
230510000	Repairs & maintenance - Civic		
230511600	Amenities Repairs & maintenance		
230530000	- Hospital Buildings Repairs &		
230590000	maintenance – Vehicles		
	Repairs & maintenance – Others		
<b>Total expenditure of Health &amp; Sanitation to be</b>			

<b>shown as part of Operations &amp; Maintenance Expenditures Schedule</b>		
--	--	--

**Schedule I-14: Schedule of Programme Expenditures**

<b>Code No.</b>	<b>Particul ars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
250200000	Own Programmes		
250300000	Share in Programmes of others		
<b>Total expenditure of Health &amp; Sanitation to be shown as part of Program Expenditures Schedule</b>			

14.20 The Balance Sheet Abstract in respect of Health & Sanitation Expenditure is presented below:

**Schedule B-17: Schedule of Cash and Bank Balances**

<b>Code of Account</b>	<b>Particul ars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
435100000	Cash		
435210000	Bank Account		
<b>Total</b>			

## Chapter Fifteen

### 15. Other Revenue Expenditures

**This chapter on Establishment cost is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Other Revenue Expenditure and,
- Familiarizing you with accounting system related to payroll management.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Other Revenue Expenditure and,
- Appreciate the concepts and underlying principles.

#### 15.1. Introduction

15.1 This chapter contains the recommended accounting system for transactions relating to revenue expenditures other than the Employees related expenditures, the Public Works and the Stores. The expenditures discussed in this chapter are those in respect of which the benefits expire in a short period of time, i.e., less than one year.

15.2 The revenue expenditures discussed in this chapter could illustratively include:

a. Administrative Expenditures

- Books and Periodicals, Newspapers
- Legal expenditures
- Fuel
- Printing
- Stationery
- Advertisement and publicity
- Service Postage / Stamps
- Electricity and power
- Telephone and communication expenditures
- Rent, Rates and Taxes
- Suit Compromises
- Professional and other Fees/charges
- Insurance charges
- Hospitality expenditures
- Training expenditures
- Computer related expenditures (Revenue Expenditures)
- Any other expenditures, etc.

- b. Programme Expenditures
    - Election Expenditures
    - Own Programmes
    - Share in Programmes of others
    - Census Expenditures
    - Transferred Institution Programme Expenditures
    - Decentralized Planning Programme Expenditures, etc.
  - c. Miscellaneous Expenditures
    - Miscellaneous contingent expenditures
    - Women and Child Welfare Expenditure
    - Backward Class Expenditure, etc.
- 15.3 Payment in respect of all the expenditures incurred or borne by the Municipality shall be made centrally by the Accounts Department. However, payment for certain categories of expenditures, may be made from the Permanent Advance granted to a Head of the Department as resolved by the Municipality or from the advance provided to the employees of the Municipality.
- 15.4 Permanent Advance refers to those advances, which are granted to the Heads of the Departments for incurring certain specific expenditure, usually of a minor nature involving payments of small amounts, subject to bye-laws framed by the Municipality in this behalf.
- 15.5 The Municipality may also grant Miscellaneous Advance for incurring expenditure to the employees of the Municipality. Such advances are expected to be settled immediately after the purpose for which they were sanctioned has been fulfilled.

## **15.2. Accounting Principles**

- 15.6 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Other Revenue Expenditures:
- a. Other Revenue Expenditures shall be treated as expenditures as and when they become due;
  - b. Provisions shall be made at the year-end for all bills received up to a cutoff date. The cut-off date shall be 30 days before the date prescribed for the finalisation of Annual Financial Statements under the Rules;
  - 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 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.

### 15.3. Accounting Records & Procedures

- 15.7 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Other Revenue Expenditures. For the purposes of accounting of Other Revenue Expenditures all the forms applicable, are the ones generally applicable in respect of the transactions of the Municipality.*
- 15.8 The concerned department, on receipt of bill or invoice for goods purchased or services received, shall prepare a Payment Order in Form GEN-15 and forward it to the Accounts Department for payment.
- 15.9 On receipt of the Payment Order, the Accounts Department shall enter the particulars thereof in a Register of Bills for Payment (Form GEN-14).
- 15.10 The procedure to be followed for approval and accounting of payment of expenditure is the same as provided in Chapter 5 on General Accounting Procedures.
- 15.11 Recording payment of expenditure. With regard to the payment made towards an expenditure, the benefit of which is likely to expire within a financial year in which it is incurred, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
220000000	Administrative Expenditures	Debit	
230000000	Operations & Maintenance Expenditure	Debit	
271000000	Miscellaneous Expenditure	Debit	
450210000	To Bank*		Credit

**Source Document:** Payment Order – Form GEN – 15

**Records Updated:** Cash Book, Ledger Account

\* Specify name of the Bank and Account number

(a) – Insert detailed head of account as applicable

Note: The postings in the Ledger Account of “Expenditures” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever the Cash or the bank account is involved, there will be no entry in the Journal Book.

- 15.12 The Accounts Department shall maintain a Functional Expenditure Subsidiary Ledger in Form GEN-35 for each function in which various expenditure incurred by a function shall be recorded on a daily basis. On payment of expenditure, the Accounts Department shall immediately update the Functional Expenditure Subsidiary Ledger. The procedure for updating Subsidiary Ledger has been provided in Chapter 5 – General Accounting Procedures, reference to which is invited.

#### **15.4. Treatment of Expenditures Involving an Element of Prepayment**

- 15.13 In case of expenditures for which payment is made in one accounting period and the benefit is likely to be received in the period within which the payment is made as well as the next period, the accounting entries shall be as explained below. This is illustrated with reference to rent payment.
- 15.14 Suppose the rent is payable in advance for a calendar year, e.g., January 2008 to December 2008. The bill for this is received in the month of November 2007. The portion in respect of January 2008 to March 2008 will pertain to the financial year 2007-2008. The portion in respect of April 2008 to December 2009 will pertain to the financial year 2008-2009.
- 15.15 Recordings of payment say in November 2007. The Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
220100000	Rent, Rates & Taxes	Debit	
450210000	To Bank*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records Updated:** Bank Book, Ledger Account

\* Specify name of the Bank and Account number

- 15.16 Recording of adjustment of prepaid rent. Immediately on expenditure being incurred, the amount of rent paid in advance shall be determined for recording the prepaid rent. For adjusting the rent paid for April 2008 to December 2008, i.e., for the next financial year, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
440200000	Pre-paid Administration Expenses	Debit	
220100000	To Rent, Rates & Taxes		Credit

**Source Document:** Calculation Sheet for adjustment  
**Records Updated:** Journal Book, Ledger Account

Note: This entry shall be passed only if the prepaid amount is ascertainable at the time of recording expenditure. If such amount is not ascertainable at the time of recording of expenditure, the same shall be ascertained at the period-end and recorded then.

- 15.17 Recording of rent expenditure in next year. In the financial year 2008-2009, in April 2008, the following entry shall be passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
220100000	Rent, Rates & Taxes	Debit	
440200000	To Pre-paid Administration Expenses		Credit

**Source Document:** Calculation Sheet  
**Records Updated:** Journal Book, Ledger

- 15.18 All other expenditures shall be treated in a similar manner.
- 15.19 Most expenditures which are payable on a time basis shall be treated in the above manner. In case of expenditures of a sporadic nature, if the entire service has not been received in the year of payment, an estimate would need to be made at the end of the financial year to carry forward the unexpired portion of the benefit or service to the next financial year.

### **15.5. Accrued Expenditure**

- 15.20 There may be instances of expenditures, which pertain to a particular accounting period in respect of which the bills have been received but may not have been admitted for payment by the Municipality. These shall be provided at the end of an accounting period to fully reflect the revenue expenditures incurred in that period.
- 15.21 For this, at the end of the accounting period, each of the departments shall collate the details of the accrued expenditure from the bills received during or after the accounting period but pertaining to the accounting period and remaining unpaid at the end of the accounting period. The said information shall be collated in Form GEN-29 within 15 days from the end of the accounting period.
- 15.22 The portion of a bill representing accrued liability in respect of an accounting period shall be accounted for in that period's Books, irrespective of the fact that it has been received in the next accounting period.
- 15.23 Recording of Accrued Expenditure. For recording the accrued expenditure, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
2200000000	Administrative Expenditures*	Debit	
3501000000	To Creditors		Credit

**Source Document:** Bills of the Expenditures, Approval for the Expenditures  
**Records Updated:** Journal Book, Ledger Account, Register of bills for payment – Form GEN – 14

- (a) Insert minor head and detailed head of account as applicable
- (b) Insert detailed head of account as applicable
- 15.24 Payment of Accrued Expenditure. In the next accounting period, upon payment of accrued expenditure, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
3501000000	Creditors	Debit	
4502100000	To Bank*		Credit

**Source Document:** Payment Order – Form GEN – 15

**Records Updated:** Bank Book, Ledger Account, Register of bills for payment – Form GEN - 14

\* Specify name of the Bank and Account number

(a) Insert detailed head of account as applicable

15.25 The Accounts Department shall pass the entries for recording of liability towards legal fees and payment of the same. .

- Recording the liability. For the accrued expenditure, the Accounts Department shall pass the following entry for legal fees in the Books of accounts:

Code	Particulars	Debit	Credit
220510000	Legal Expenditures	Debit	
350100000	To Creditors		Credit

**Source Document:** Bills from Professionals

**Records Updated:** Journal Book, Ledger Account , Register of bills for payment – Form GEN - 14

(a) Insert detailed head of account as applicable

- Recording of payment of Legal Fees. When the payment is made Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
350100000	Creditors	Debit	
450210000	To Bank*		Credit

**Source Document:** Payment Order – Form GEN - 15

**Records Updated:** Journal Book, Ledger Account, Register of bills for payment – Form GEN - 14

\* Specify Name of the Bank and Account number

(a) Insert minor head and detailed head of account as applicable

## 15.6. Payment against Permanent Advance

15.26 Recording of grant of Permanent Advance. Permanent Advance may be provided to the heads of the departments for incurring specific expenditure, as per the bye-laws of the Municipality or as approved by the Municipality. The Accounts Department shall record the grant of Permanent Advance in Register of Permanent Advance in Form GEN-17 and pass the following entry:

Code	Particulars	Debit	Credit
460100300	Permanent Advance	Debit	
450210000	To Bank*		Credit

**Source Document:** Payment Order – Form GEN - 15

**Records Updated:** Bank Book, Ledger Account , Register of Permanent Advance – Form GEN – 18

\* Specify Name of the Bank and Account number

- 15.27 Recording of other revenue expenditure incurred. Expenditure in respect of which Permanent Advance has been provided shall be initially incurred against it. At intervals of not more than one month, the concerned department shall prepare a Payment Order (Form GEN-15) and forward it to the Accounts Department. On receipt of Payment Order, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
220000000	Administrative Expenditures*	Debit	
460100300	To Permanent Advance		Credit

**Source Document:** Payment Order – Form GEN - 15

**Records Updated:** Journal Book, Ledger Account, Register of Permanent Advance – Form GEN - 18

- (a) Insert minor head and detailed head of account as applicable

- 15.28 The Accounts Department after recording the aforesaid entry shall replenish the permanent advance to the extent of the amount expended and in respect of which entry as referred to in para. 15.27 shall be passed.

- 15.29 For recovery of Permanent Advance. The permanent advance granted to the Departments shall be recovered at the end of the financial year. On receipt of money, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
450210000	Bank*	Debit	
460100300	To Permanent Advance		Credit

**Source Document:** Summary of Daily Collection – Form GEN – 13

**Records Updated:** Bank Book, Ledger Account , Register of Permanent Advances – Form GEN – 17

\* Specify name of the Bank and Account number

## 15.7. Payment against Miscellaneous Advance

- 15.30 Recording of grant of Miscellaneous Advances. Miscellaneous Advances may be given to the employees of the Municipality for incurring specific expenditure for the Municipality. The Accounts Department at the time of granting of miscellaneous advance shall make an entry in the Register of Advance (Form GEN-17) and pass the following entry:

Code	Particulars	Debit	Credit

460100300	Loans & Advances to Employees- Miscellaneous .	Debit	
450210000	To Bank*		Credit

**Source Document:** : Payment Order – Form GEN - 15

**Records Updated:** Bank Book, Ledger Account , Register of Advances – Form GEN – 17

#### Expenditures incurred are less than the advance given

- 15.31 Recording of Expenditure incurred. The concerned employee shall prepare a Payment Order (Form GEN-15) for the expenditure incurred against the miscellaneous advance provided and forward it to the Accounts Department. The excess Cash shall be re-deposited with the Accounts Department. The Accounts Department shall update the Register of Advances (Form GEN-17) for the Payment Order received and pass the following entry:

Code	Particulars	Debit	Credit
2200000	Administrative Expenditures	Debit	
46010030	To Loans and Advances to Employees –		Credit

**Source Document:** : Payment Order – Form GEN - 15

**Records Updated:** Journal Book, Ledger Account , Register of Advances – Form GEN – 17

(a) Insert minor head and detailed head of account as applicable

- 15.32 Re-deposit of excess Cash. For excess Cash tendered along with the Payment Orders, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
450100000	Cash	Debit	
460100300	To Loans & Advances to Employees –		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank

**Records Updated:** Cash Book, Ledger Account , Register of Advances

\* Specify name of the Bank and Account number

#### Expenditures incurred are more than the advance given

- 15.33 Recording of Expenditure incurred. The concerned employee shall prepare a Payment Order (Form GEN-15) for the expenditure incurred against the miscellaneous advance provided and forward it to the Accounts Department. The Accounts Department shall update the Register of Advances (Form GEN-17) for the Payment Order received and pass the following entry:

Code	Particulars	Debit	Credit
2200000	Administrative Expenditures	Debit	
4601003	To Loans & Advances to Employees –		Credit

**Source Document:** Payment Order – Form GEN - 15

**Records Updated:** Journal Book, Ledger Account , Register of Advances

(a) Insert minor head and detailed head of account as applicable

- 15.34 Recording extra expenditure incurred. In case, expenditure incurred is more than the advance provided to the employee, for recording the extra expenditure incurred and payment for it, either to the employee or to the supplier, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
220000000	Administrative Expenditures	Debit	
450210000	To Bank*		Credit

**Source Document:** Payment order – Form GEN – 15

**Records Updated:** Bank Book, Ledger Account , Register of Advances

\* Specify name of the Bank and Account number

(a) Insert minor head and detailed head of account as applicable

## 15.8. Accounting of Expenditure Incurred In Terms Of Any Grant or Special Fund

- 15.35 The procedure to be followed for accounting of expenditure incurred in pursuance of the terms and conditions of any Grants or Special Funds, shall be the same as what is described above in respect of expenditure incurred by the Municipality during the normal course of its operations. The expenditure so incurred shall be paid from the respective designated bank accounts. The accounting entry to be passed for expenditure incurred and paid shall be the same as what has been described in Chapter 10 on Grants in respect of expenditure incurred under any Grant and Chapter 19 on Special Funds in respect of expenditure incurred from any Special Fund.

## 15.9. Internal Controls

- 15.36 The following internal controls shall be observed by the Municipality:

- The Accounts Officer shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure;
- The Accounts Officer shall ensure that all the bills/invoices were journalized before release of the payments;
- The Accounts Officer shall ensure proper authorization of Payment Order as per the authorities delegated by the Municipality;
- The Accounts Officer shall ensure that the relevant supporting documents are annexed to the Payment Order submitted by the Department;
- The Accounts Officer shall ensure appropriate classification both in terms of expenditure head and the period in which the expenditure has been

- accounted with reference to the nature of the bill and the date of the bill, respectively;
- f. On a quarterly basis, and, also in between, on a random basis, the Accounts Officer shall conduct physical verification of Cash in hand held at the various departments and tally it with the departmental records maintained there and thereafter with the Register of Advances (Form GEN-17) maintained at the Accounts Department;
  - g. At the time of making payment, the Accounts Department shall ensure that reference to the departmental Register of Bills for Payment where the payment bill has been recorded by the department concerned, is provided in the Payment Order. In case of non-referencing, the Accounts Department shall return the Payment Order to the concerned Department for rectification and resubmission. In addition, at the time of payment to Suppliers/contractors and any other creditors it shall be ensured that no amount is due from them, which may be adjusted before payment;
  - h. The Accounts Officer shall ensure that a monthly reconciliation of total expenditure incurred and recorded in the Departmental Expenditure (Administrative Expenditures) Subsidiary Ledger is carried out with the total expenditure recorded in several Administrative Expenditure Ledger Accounts;
  - i. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.
- 15.37 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.
- ### **15.10. Presentation in Financial Statements**
- 15.38 The prepaid expenditures and accrued liability shall be identified for proper disclosure in the Balance Sheet of the Municipality.
- 15.39 The various heads of accounts used for the accounting of Other Revenue Expenditures shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 15.40 The Schedules of Income and Expenditure Statement in respect of Other Revenue Expenditures are presented below.

**Schedule I-11: Schedule of Administrative Expenditures – Expenditure head-wise**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
220100000	Rent, Rates and Taxes		
220510000	Legal Expenses		
271000000	Miscellaneous Administrative Expenditures		
<b>Total expenditure of Other Revenue Expenditure to be</b>			

<b>shown as part of Administrative expenditures – expenditure head wise Schedule</b>		
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15.41 The abstracts of Balance Sheet in respect of Other Revenue Expenditures are presented below:

**Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
350100000	Creditors		
	<b>Total</b>		

**Schedule B-10: Schedule of Provision for Expenditures**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
360100000	Provision for Expenses		
	<b>Total</b>		

**Schedule B-16: Schedule of Prepaid Expenses**

<b>Code No.</b>	<b>Particulars</b>	<b>Current year Amount (Rs.)</b>	<b>Previous year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	
440200000	Prepaid Administration Expenses		
220510000	Prepaid Operations & Maintenance Expenses		
271000000	Prepaid Programme Expenses		
	<b>Total</b>		

**Schedule B-17: Schedule of Cash and Bank Balances**

<b>Code No.</b>	<b>Particulars</b>	<b>Current year Amount (Rs.)</b>	<b>Previous year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
450100000	Cash		
450210000	Bank		
450610000	Designated Bank Account		
	<b>Total Cash and Bank balances</b>		

**Schedule B-18: Schedule of Loans, advances and deposits**

<b>Code No.</b>	<b>Particulars</b>	<b>Opening Balance at the beginning of the year (Rs.)</b>	<b>Paid during the current year (Rs.)</b>	<b>Recovered during the year (Rs.)</b>	<b>Balance outstanding at the end of the year (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
460500000	Advance to Others				
	<b>Net total of Loans, advances, and deposits</b>				

## Chapter Sixteen

### 16. Fixed Assets

**This chapter on fixed Assets is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Fixed Assets and,
- Familiarizing you with accounting system relating to purchase,/acquisition and disposal of Fixed Assets and ,
- Making Conversant with Accounting for revaluation of Assets and Depreciation.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Fixed Assets and,
- Appreciate the concepts and underlying principles.

#### 16.1. Introduction

- 16.1 This chapter contains the recommended accounting system for transactions relating to fixed assets for Municipalities.
- 16.2 Fixed Assets represent those assets of the Municipalities which are meant for use over an extended period. These are the assets held for providing services and are not held for resale in the normal course of operations of the Municipalities.
- 16.3 Fixed Assets may be constructed or acquired by or may be gifted or donated to the Municipalities either for its own use or for public benefit. The accounting treatment in respect of Fixed Assets constructed by the Municipalities has been described in Chapter 11 on “Public Works”, reference to which is invited.
- 16.4 This chapter covers the accounting procedures in respect of purchase/acquisition and disposal of Fixed Assets, including acquisition by way of gift or donation. This chapter also covers the accounting for revaluation of the assets and Depreciation on all the Fixed Assets of the Municipalities including those covered by Chapter 11 on “Public Works” and Chapter 22 on “Special Transactions”.
- 16.5 The Fixed Assets described in this chapter could be broadly classified as Infrastructure assets and Other assets and the list of these assets illustratively include:

#### A. Infrastructure Assets

- Roads and Bridges;

- Bridges,  
    Causeways, etc.
- Water Works;  
    Bore Wells,  
    Distribution Networks, etc.
- Sewerage and drainage;  
    Open Drains,  
    Underground Drains, etc.
- Markets & Slaughterhouse  
    Markets  
    Slaughterhouse
- Public Lighting;  
    Lamp Posts,  
    Luminary & Electrical Fittings, etc.

#### **B. Other Assets**

- Land;  
    Land,  
    Grounds, etc.
- Buildings;  
    Stadiums,  
    Town Halls, etc.
- Furniture, fixtures, fittings and Electrical appliances;  
    Cabinets and cupboards,  
    Chairs, etc.
- Office & other equipments;  
    Air Conditioners,  
    Computer - Hardware, etc.
- Vehicles;  
    Ambulances, Buses,  
    etc.
- Health related assets; and  
    Cold Storage Equipment,  
    Medical Equipment, etc.

16.6 A record shall be maintained for the immovable fixed assets in the relevant Register of Immovable Property in Form GEN-31 and for the moveable fixed assets in the Register of Movable Property in Form GEN-32.

#### **16.2. Accounting Principles**

16.7 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Fixed Assets:

- a. All Fixed Assets shall be carried at cost less accumulated depreciation. Cost means Historical Cost or revalued amount of the assets. 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 expenditures incurred up to that date;
- 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;
- 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. Where the assets are compulsorily acquired for non-payment of taxes or duties, the unpaid amount as appearing in the Books constitutes the consideration for the acquisition and the asset acquired should accordingly be recorded at such amount;
- e. Revaluation of assets shall be done only with the written sanction of the Empowered Standing Committee. 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 shall be charged to Income and Expenditure accounts;

Fixed assets may be generally revalued under the following circumstances:

- I) Commercial development of the fixed assets is taken up after the land use and architectural control have been approved by the competent authority;
- II) At the time of lease; or
- III) At the time of issue of municipal bonds.

#### Conditions of revaluation

- f. Revaluation of a class of assets should not result in the net Book value of that class being greater than the recoverable amount of the assets of that class;
- g. Revaluation reserve shall be reduced by transfer of equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets;
- h. Depreciation shall be charged by Straight Line Method (SLM) on all fixed assets except land. The rate of depreciation for each type of fixed assets will be based on the estimated useful life and will be prescribed by the Government. All assets costing less than Rs.5,000 shall be depreciated at 100% in the year of purchase; The depreciation rates are given in Appendix 16.1.
- i. All assets which have been fully depreciated shall be carried at a Book value of Re. 1/-;

- j. 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;
- k. 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;
- l. Assets recorded in the register but not physically available shall be written off after a specified period after obtaining specific sanction from the Government;
- m. Land that are acquired free of cost from the government or provided by individuals or institutions under endowment for specific purposes shall be valued at Re. 1/-;
- n. Where the ownership of the asset has not been transferred in favour of the Municipality, but the asset is in the permissive possession of the Municipality, it shall be included in the Fixed Asset Register with Re. 1/- as its value. However there should be a clear mention in the Register that in case the Government takes back the asset at any point of time in future, reversal of entry shall be made in the Fixed Asset Register. Cost of developing such assets, if any, shall be Booked under the respective head of accounts;
- o. No depreciation shall be charged on those assets for which the value is taken as Re. 1/- e.g. assets acquired free of cost, assets not transferred in the name of the Municipality, etc.;
- p. Cost of land improvements such as leveling, filling or any other developmental activity shall be capitalized as a part of the cost of land;
- q. Statues and Heritage Assets - Statues and valuable works of art shall be charged at original cost and no depreciation shall be charged thereon;
- r. Land pertaining to Parks and Playgrounds including the cost of development of land shall be Booked under land. Other amenities to Parks and Playgrounds shall be capitalized as 'Parks and Playgrounds';
- s. Any building /structures/ plant and machinery, etc., constructed/ installed in the Parks and Playgrounds and used for other purposes shall be Booked under the appropriate heads of account;
- t. Assets identified and evaluated technically as obsolete and held for disposal shall be stated at their net Book value or estimated net realizable value, whichever is lower;
- u. Intangible assets of the Municipality including computer software shall be valued at cost plus consultants costs incurred, in implementing the software. It shall be capitalized, only when the intangible asset is developed and which can be used by Municipality 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 amortized over a period of five years or useful life, whichever is earlier;
- v. If the Municipality has taken a loan, or other borrowings for the construction of an asset or a group of assets, interest shall be capitalized to that particular asset or the group of assets. If a particular loan cannot be identified for a specific asset, then capitalization should 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;
  - w. Borrowing cost shall include interest and commitment charges on the bank borrowings and other short term and long term borrowings and amortization of discounts or premiums related to the borrowings;
  - x. Capitalization of the borrowing cost shall cease when substantially all the activities that are necessary to prepare the asset for its intended use or sale is complete. An asset is normally ready for its intended use or sale when its physical construction or production is complete even though the routine administrative work might still continue;
  - y. Depreciation on assets on which grant has been received shall be calculated on the gross value of Fixed Asset, i.e., without deducting the grant amount from asset value.

### **16.3. Accounting Records and Procedures**

- 16.8 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Fixed Assets. For the purposes of accounting of Fixed Assets all the forms applicable, are generally applicable in respect of the transactions of the Municipalities including in respect of Fixed Assets.*
- 16.9 The procedure for accounting of fixed assets is briefly described below:
- a. Earnest Money Deposit (EMD) may be received from the bidders bidding for the tender as per the principles and procedures prescribed by the Municipalities. On award of contract, EMD shall be refunded to the unsuccessful bidders;
  - b. Contract for supply of requisite fixed asset shall be awarded to the successful supplier and a Purchase Order shall be issued to the supplier for supply of fixed assets specified therein;
  - c. Advance may be provided to the contractor as per the terms and procedures of the Municipalities and purchase agreement entered into with the contractor;
  - d. On receipt of bill, the concerned department shall prepare a Payment Order in Form GEN-15 for the purchase/acquisition of the Fixed Asset and forward it to

the Accounts Department to make the payment after deducting the Security Deposit and any other deductions specified in the purchase agreement.

#### **Accounting for Earnest Money Deposit (EMD)**

- 16.10 Earnest Money Deposit may be collected from the bidders on such basis as determined by the Municipalities at the time of submitting their tenders. A Receipt in Form GEN-8 shall be issued for the amount collected. The accounting for collection of EMD from the bidders, refund of EMD to the unsuccessful bidders and conversion of EMD of successful bidder into Security Deposit and its refund shall be the same as provided in the Chapter 11 on "Public Works".

#### **Accounting for Security Deposit**

- 16.11 Where the terms of Agreement entered into with the supplier provide for collection of a certain percentage of Security Deposit in advance, a Receipt (Form GEN-8) shall be issued for the amount collected to the successful bidder. The procedure for accounting of Security Deposit received and refunded on successful execution of the order shall be the same as provided in Chapter 11 on "Public Works".

#### **Accounting for Advance**

- 16.12 As per the terms of purchase agreement, advance may be paid to the supplier. The procedure to be followed for payment and accounting in respect of advance shall be the same as provided in the Chapter 11 on "Public Works".

#### **Accounting for Acquisition/Purchase of Fixed Assets**

- 16.13 Recording of purchase of Fixed Assets. The department which purchases/acquires the Fixed Asset shall prepare a Payment Order in Form GEN-15 for the purchase / acquisition of the Fixed Asset and forward it to the Accounts Department. To record the purchase of the Fixed Asset, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410 – (a)	Fixed assets	Debit	
350100301	To Suppliers Control Account – Municipal Fund		Credit
340100205	To Supplier's Security Deposit - Municipal Fund		Credit
460400101	To Advance to Suppliers - Advance paid - Municipal Fund		Credit

**Source Document:** Bills/invoice of the asset sent from the department

**Records updated:** Journal Book, Ledger, Register of Movable Property – Form GEN - 32, Register of Public Lighting System - Form GEN – 37

(a) Insert minor head and detailed head of account as applicable

Note 1: All the fixed assets belonging to a class of assets shall be accounted under that asset class. For instance, the acquisition of a building for any purpose shall be accounted under the asset head of Buildings.

Note 2: The Cost of the fixed assets shall also include installation, duties, taxes and other incidental expenditures for eg, transport charges, port dues, etc incurred towards acquisition of an asset.

Note 3: The postings in the Ledger Accounts of "Fixed Asset" Account, "Suppliers" Account, "Security Deposit" Account and "Advance to Supplier" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the Bank account is involved, there will be no entry in the Journal Book.

- 16.14 Recording of payment made. After obtaining approval of the concerned authority, the Accounts Department shall prepare a Bank Payment Voucher in Form GEN-5 and draw a Cheque in accordance with the procedure provided in the Chapter 5 on General Accounting Procedures. On payment, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
350100301	Suppliers Control Account – Municipal Fund	Debit	
450210000	To Main Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records updated:** Bank Book, Ledger, Register of Bills for Payment – Form GEN – 14

\* Specify name of the Bank and account number

- 16.15 Any addition 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. The procedure to be followed for accounting of any addition or improvement to Fixed Asset shall be the same as provided earlier in this chapter.

#### **Depreciation on Fixed Assets**

- 16.16 At the end of the accounting year, depreciation shall be provided on each class of Fixed Asset at the rates prescribed in Appendix 16.1. The amount of depreciation to be provided each year shall be computed by applying the depreciation rate to the cost of Fixed Asset as per the prescribed accounting principles. E.g. full depreciation for assets acquired before October 1st, half year depreciation for assets acquired after October 1st, etc. An example of computation of depreciation is provided in Table 16.1 below.

- 16.17 For Depreciation on Fixed Asset. For providing depreciation (refer e.g. in Table 16.1 below), the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit

272000000	Depreciation on _____	Debit	
411000000	To Accumulated Depreciation		Credit

**Source Document:** Calculation Sheet

**Records updated:** Journal Book, Ledger, Register of Movable Property – Form GEN - 31, Register of Immovable Property – Form GEN – 31

Note: Separate depreciation entry shall be passed for each class of fixed assets, such as Buildings, Vehicles, etc.

**Table 16.1**  
**Computation of Depreciation at Year-end on an asset class**

Sr. No	Particulars	Amount (Rs.)
a.	Original Cost of Fixed Asset at the beginning of the year	10,000
b.	<u>Less:</u> Original Cost of fixed asset sold during the accounting year*	2,000
c.	<b>Original Cost of the fixed asset held at year-end</b>	8,000
d.	Annual Depreciation provision (@ 20%) for the financial year	1,600
	<b>Depreciation on fixed assets purchased during the year**</b>	
e.	Depreciation on the fixed asset purchased before October 1 of an accounting year (at full rate of 20% on Rs. 2,000/-)	400
f.	Depreciation on the fixed asset purchased after October 1 of an accounting year (at half the rate of 20% i.e. 10% on Rs. 1,000/-)	100
g.	<b>Total Depreciation charge for the year (d+e+f)</b>	<b>2,100</b>

\* Refer sale of fixed asset worth Rs 2,000 in para 16.24 under section 'Sale/Disposal of Fixed Assets' below.

\*\* It is assumed that fixed assets worth Rs. 2,000 purchased before October 1 of an accounting year and fixed assets worth Rs. 1,000 purchased after October 1 of an accounting year.

- 16.18 Register of Immovable Property maintained in Form GEN-31, Register of Movable Property maintained in Form GEN-32, and Register of Public Lighting System in Form GEN-37 shall be updated in respect of the depreciation provision made during an accounting year annually.

#### **Maintenance of Sinking Fund**

- 16.19 Municipalities may maintain Sinking Funds to invest the replacement of assets. In such cases the following procedures shall be adopted.

16.20 Recording of transfer of funds from Main Bank Account to Asset Replacement Bank Account. Immediately after the approval of Financial Statements by the Municipalities, an amount equivalent to depreciation provision for the year shall be transferred from the Main Bank Account to Asset Replacement Bank Account for which the Accounts Department shall pass the following entry:

For Creation of Sinking Fund from Municipal Fund

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
310100100	Municipal Fund-General Fund Account	Debit	
311520000	To Sinking Fund –Assets Replacement Fund Account		Credit
<b>Source Document:</b> Calculation Sheet, Register of Movable Property – Form GEN - 32, Register of Immovable Property – Form GEN - 31 Immovable Property – Form GEN – 31 Calculation Sheet			

For transfer of Funds from bank account of Municipal Fund to the Designated bank for sinking fund

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated Bank Account*	Debit	
450210000	To Bank Account*		Credit
<b>Source Document:</b> Calculation Sheet, Register of Movable Property – Form GEN - 32, Register of Immovable Property – Form GEN - 31 <b>Records updated:</b> Journal Book, Ledger			

\* Specify name of the Bank and account number

16.21 The amount so set aside shall be utilized only for the purpose of purchase or acquisition of the fixed assets pertaining to the asset class in respect of which the above depreciation has been provided.

16.22 Asset Replacement Register in Form GEN-36 shall be maintained asset class-wise to record the money set aside and shall be updated for deposits made to Asset Replacement Bank Account in respect of annual depreciation provision made during the accounting year and for utilisation of proceeds from the Asset Replacement Bank Account for the purpose of replacement by way of purchase / acquisition / construction of fixed asset.

**16.23 Recording of transfer of funds from Asset Replacement Bank Account to Main Bank Account.** In case, where the payment in respect of any such fixed assets is made through the Main Bank Account, the Accounts Department shall transfer an amount equivalent to the cost of acquisition from the Asset Replacement Bank Account to the Main Bank Account and pass the following entry:

For transfer of Funds from Designated bank account of Sinking fund to the bank account of Municipal Fund

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
450410000	To Asset Replacement Bank Account*		Credit

**Source Document:** Deposit Challan acknowledged by the Bank

**Records updated:** Journal Book, Ledger, Asset Replacement Register in Form GEN-36

On purchase of Fixed Assets from Assets Replacement Fund

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
311520000	Sinking Fund –Assets Replacement Fund Account	Debit	
	To Municipal Fund-General Fund Account		Credit

**Source Document: Source Document:** Calculation Sheet, Register of Movable Property – Form GEN - 32, Register of Immovable Property – Form GEN - 31

Immovable Property – Form GEN - 31  
Calculation Sheet

#### **Sale/Disposal of Fixed Asset**

**16.24** The Fixed Assets may be transferred by way of sale either through auction or otherwise. The procedure for accounting of receipt of EMD from the bidders, refund of EMD to the unsuccessful bidders, conversion of EMD of successful bidder into Security Deposit and its adjustment shall be the same as provided in Chapter 11 on Public Works.

**16.25 Recording of Depreciation on disposal of Fixed Asset.** Depreciation shall be provided at the prescribed rates on the asset class (in respect of fixed asset sold). The amount of depreciation to be provided shall be computed by applying the depreciation rate to the cost of fixed asset as per the period of sale (half year depreciation for sale before 1st October and full year depreciation for sale after 1st October). For providing depreciation, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
27200000	Depreciation on _(please specify)	Debit	
41100000	To Accumulated Depreciation		Credit

**Source Document:** Calculation Sheet

**Records updated:** Journal Book, Ledger

16.26 **Recording of disposal of Fixed Asset.** In respect of the Fixed Asset to be sold, the Accounts Department shall compute the Written Down Value for that Fixed Asset. Written Down Value of an asset is calculated as Cost of the Fixed Asset – Accumulated Depreciation provided till the previous year - Provision for Depreciation made during the year (computed in Table 16.2 below). The Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410900000	Assets under disposal#	Debit	
411000000	Accumulated Depreciation	Debit	
	To Fixed assets*		Credit

**Source Document:** Calculation Sheet  
**Records updated:** Journal Book, Ledger,

# This would be the same figure as the Written-Down Value of the Fixed Asset computed in Table 16.2 below as an example.

\* Insert minor head and detailed head of account as applicable

16.27 **Recording of receipt of money on disposal of Fixed Asset.** On receipt of money, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
350900000	To Sale proceeds		Credit

**Source Document:** Summary of Daily Collection – Form GEN - 13  
**Records updated:** Bank Book, Ledger, Register of Movable Property – Form GE - 32, Register of Immovable Property – Form GEN – 31

\* Specify name of Bank and account number

Note: This entry would be passed for the consideration amount at which the Fixed Asset is disposed.

16.28 **Recording of refund of Security Deposit.** After the completion of the disposal of the fixed asset, Security Deposit (if any) received shall be refunded for which the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
340100205	Suppliers Security Deposit – Municipal Fund	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records updated:** Bank Book, Ledger

\* Specify name of Bank and account number

16.29 The concerned Fixed Asset may be transferred at a loss or profit in comparison to its written down value, as provided in Table 16.2 which shall be calculated by applying the rate of depreciation (prescribed for the asset class) to the cost of fixed asset sold. The cost of Fixed Asset sold shall be obtained from Register of Immovable Property (GEN-31).

**Table 16.2**  
**Computation of Profit or Loss on Disposal of Fixed Asset**

Sr. No.	Particulars	Profit scenario Amount (Rs.)	Loss scenario Amount (Rs.)
a.	Original Cost of Fixed Asset	4,000	4,000
b.	Add: Cost of improvement/addition	0	0
c.	<b>Total cost of Fixed Asset (a+b)</b>	<b>4,000</b>	<b>4,000</b>
d.	<u>Less:</u> Depreciation provided from the year of acquisition till the previous financial year	800	800
e.	<u>Less:</u> Depreciation provided for the current financial year till the month of disposal	200	200
f.	<b>Total Depreciation provided on the Fixed Asset Disposed (d+e)</b>	<b>1000</b>	<b>1000</b>
g.	<b>Written down Value of the Fixed Asset at the time of transfer (c- f)</b>	<b>3000</b>	<b>3000</b>
h.	<u>Less:</u> Disposal value realised	4,000	1000
i.	<b>Profit or (loss) on transfer of Fixed Asset (h-g)</b>	<b>1000</b>	<b>(2000)</b>

16.30 Recording profit on disposal of Fixed Asset. In case of profit on disposal of Fixed Asset (as per the example given above), the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
350900000	Sale proceeds	Debit	
410900000	To Assets under disposal		Credit
180300000	To Profit on disposal of Fixed Asset		Credit

**Source Document:** Summary of daily Collection – Form GEN – 13  
**Records updated:** Journal Book, Ledger,

16.31 Recording loss on disposal of Fixed Asset. In case the asset is disposed at a loss on disposal of fixed asset, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
350900000	Sale proceeds	Debit	
271100000	Loss on disposal of Assets	Debit	
410900000	To Assets under disposal		Credit

**Source Document:** Summary of daily Collection – Form GEN – 13  
**Records updated:** Journal Book, Ledger,

Note: In practice, only one of the above two situations could happen.

## 16.4. Revaluation of Fixed Assets

16.32 Fixed assets may be generally revalued under the following circumstances:

- a) Commercial development of the fixed assets are taken up after the land use and architectural control have been approved by the competent authority;
- b) At the time of lease; or
- c) At the time of issue of municipal bonds.

16.33 Revaluation may be done only with the written sanction by the Government. The procedures for accounting of revaluation of fixed assets are briefly described below:

- Recording for increase or decrease of the values of the Fixed Assets;
- Recording of amortisation of revaluation reserve;
- Recording of disposal of revalued assets.

- a) Recording of increase in the value of assets: Increase in values arising on account of revaluation of the fixed assets shall be credited to a reserve account under General fund. The accounting entry for recording the increase shall be as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
41000000	Fixed Assets	Debit	
31260000	To Revaluation Reserve		Credit

**Source Document:** Council resolution approving the revaluation

**Records updated:** Journal Book, Ledger, Fixed Assets Register

- b) Recording of decrease in the value of assets: Decrease in the value of fixed assets because revaluation shall be charged off in the Income and Expenditure Account. The accounting entry for recording the decrease shall be as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
270400100	Fixed Assets Written Off	Debit	
410000000	To Fixed Assets*		Credit

**Source Document:** Council resolution approving the revaluation

**Records updated:** Journal Book, Ledger, Fixed Assets Register

\* Insert minor head and detailed head of account as applicable

- c) Recording of adjustment of depreciation against revaluation reserve: Revaluation reserve shall be adjusted/reduced by an amount equivalent to the depreciation charge on the revalued portion of the fixed assets. The accounting entry for recording the adjustment is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
31260000	Revaluation Reserve	Debit	
27200000	To Depreciation		Credit

**Source Document:**

**Records updated:** Journal Book, Ledger, Fixed Assets Register

- d) Recording of disposal of assets revalued: In case the assets revalued have been disposed off or written off, the revaluation reserve if any relating to those assets shall also be reversed.
- 16.34 The concerned Fixed Asset may be transferred at a loss or profit in comparison to its written down value, as provided in Table 16.3 which shall be calculated by applying the rate of depreciation (prescribed for the asset class) to the cost of fixed asset sold. The cost of Fixed Asset sold shall be obtained from Register of Immovable Property (GEN-31).

**Table 16.3**  
**Computation of Profit or Loss on Disposal of Fixed Asset**

Sr. No.	Particulars	Profit scenario Amount (Rs.)
a.	Original Cost of Fixed Asset	5,000
b.	<u>Add:</u> Increased on account of revaluation	2,500
c.	<b>Total value of the Fixed Asset (a+b)</b>	<b>7,500</b>
d.	<u>Less:</u> Depreciation provided from the year of acquisition till the previous financial year	3,500
e.	<u>Less:</u> Depreciation provided for the current financial year till the month of disposal	200
f.	<b>Total Depreciation provided on the Fixed Asset Disposed (d+e)</b>	<b>3,700</b>
g.	<b>Written down Value of the Fixed Asset at the time of transfer (a-f)</b>	<b>1,300</b>
h.	<u>Less:</u> Disposal value realised	6,000
i.	<b>Profit or (loss) on transfer of Fixed Asset (h-g)</b>	<b>4,700</b>

\* The accumulated depreciation at the beginning of the period and depreciation for the current period includes the depreciation provision on the portion of increase in the value of assets on revaluation. (i.e. Rs 2000)

- i. Recording of transfer of assets and reversal of revaluation on disposal: In respect of the Fixed Asset to be sold, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
410900000	Assets under disposal#	Debit	
312600000	Revaluation Reserve	Debit	
411000000	Accumulated Depreciation	Debit	
	To Fixed Assets*		Credit

**Source Document:**

**Records updated:** Journal Book, Ledger

# This would be the same figure as the Written-Down Value of the Fixed Asset computed in Table 16.3 above as an example.

\* Insert minor head and detailed head of account as applicable

- ii. Recording of profit or loss on disposal of revalued assets: The scheme of entries shall be same as explained in paras 16.30 & 16.31 for profit or loss respectively.

## 16.5. Investment from Asset Replacement Bank Account

16.35 Investments made from Asset Replacement Bank Account shall be entered in the Investment Register (Form IN-1) (provided in Chapter 17 on Investments). The accounting procedures to be followed, the accounting entries to be recorded and accounting records to be updated in respect of investments of such funds are similar to those followed in respect of investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 17 on Investments.

## 16.6. Treatment of Certain Type of Assets

### Assets under dispute/litigation

16.36 All the fixed assets accounted in the Books of Municipalities which are under dispute or litigation shall be disclosed in the Financial Statements along with notes/remarks that these are under dispute and also the status of the legal case as at the reporting date of the financial statements.

### Assets in Register not yet physically identified

16.37 The details of assets, which are in the register but not yet physically identified / traced, shall be disclosed in the Financial Statements in the form of a note. Assets recorded in the register but not physically available shall be written off after a specified period after obtaining specific sanction from the Government. Accounts Department shall pass the following entry for recording of write off.

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
270400001	Fixed Assets written off	Debit	
411000000	Accumulated Depreciation	Debit	
	To Fixed Assets*		Credit

**Source Document:** Council resolution approving the write off  
**Records updated:** Journal Book, Ledger

\* Insert minor head and detailed head of account as applicable

### Assets destroyed by fire and other natural calamities

16.38 The details of assets, which are destroyed by fire and such other natural calamities, shall be disclosed in the Financial Statements in the form of a note. To recognize the loss in respect of the above, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
270400001	Fixed Assets written off	Debit	
411000000	Accumulated Depreciation	Debit	
	To Fixed Assets*		Credit

**Source Document:** Council resolution approving the write off  
**Records updated:** Journal Book, Ledger

\* Insert minor head and detailed head of account as applicable

## 16.7. Period End Procedures

- 16.39 Recording of liability for fixed assets purchased for which payment has not been made. At period end, the concerned departments shall ensure that for bills in respect of all the fixed assets received before the last date of the accounting period are processed and sent to the Accounts Department for accounting and payment within 15 days from the end of the accounting period. Based on the bills received, the Accounts Department shall pass the same entry as what is described in para. 16.13 above.
- 16.40 Provision for Depreciation: 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. However, the depreciation calculation sheet shall be updated for all additions and deletions during the period under reporting and accordingly the additional provisions for subsequent periods are accounted.
- 16.41 For Fixed Assets purchased under any financial assistance or grant received or the cost of which is met from funds set aside in a Special Fund, period-end entries as described in Chapter 10 on “Grants” and Chapter 19 on “Special Funds” respectively, shall be recorded.

## 16.8. Internal Controls

- 16.42 The following internal controls shall be observed by the Municipalities:
- a. At the time of award of new contract, the concerned department shall ensure the availability of adequate budget allocation after considering all commitments made against that budget allocation before purchasing any new fixed asset;
  - b. The Accounts Officer shall carry out half yearly reconciliation of the balance as per the Deposit Register maintained at the concerned department with the Deposit Ledger accounts;
  - c. The Municipality shall have a system of conducting physical verification of fixed assets throughout the year so that each fixed asset is verified at least once during the year. Any discrepancies with the Fixed Assets Register should be reconciled;
  - d. The Accounts Officer shall ensure that the amount set aside in the Asset Replacement Bank Account consequent to depreciation provision made, is utilized only for the purpose of purchase or acquisition of fixed asset for which depreciation has been provided;
  - e. Before releasing payment to the supplier, the Accounts Officer shall ensure that the fixed assets acquired are recorded in the Register of Immovable Properties. Further, it shall be ensured that the Payment Order provides reference to the Register of Immovable Properties where the entry for receipt

- of fixed assets is recorded;
- f. At the time of computing depreciation provision for the period, the Accounts Officer shall ensure that the accumulated depreciation (including current period's depreciation provision) provided on any fixed asset does not exceed its cost of acquisition;
  - g. The Chief Municipal Officer shall ensure that the documents of title to the assets are properly maintained and shall verify the same on a periodical basis.
  - h. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns/reports for monitoring.

16.43 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

### **16.9. Presentation in Financial Statements**

16.44 The various heads of account used for the accounting of Fixed Assets shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipalities. All such Financial Statements and schedules shall be affixed with signature/seal of authorised officer.

16.45 The schedules of Income and Expenditure Statement in respect of Fixed Assets are provided below.

#### **Schedule I-9: Schedule of Other Income**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
180300000	Profit on Disposal of Fixed assets		
<b>Total of Income of Fixed Assets to be shown as part of Other Income Schedule</b>			

#### **Schedule I-17: Miscellaneous Expenditures**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
271100000	Loss on disposal of Assets		
271300000	Decline in Value of Fixed Assets on Revaluation		
<b>Total of Expenditure of Fixed Assets to be shown as part of Miscellaneous expenditures Schedule</b>			

16.46 The Balance Sheet abstract in respect of Fixed Assets is provided below.

**Schedule B-3: Reserves**

Code No.	Particulars	Opening balance (Rs.)	Additions during the year (Rs.)	Total (Rs.)	Deductions during the year (Rs.)	Balance at the end of the current year (Rs.)
1	2	3	4	5 (3+4)	6	7 (5-6)
312600000	Revaluation Reserve					
	<b>Total</b>					

**Schedule B-7: Deposits Received**

Amount in Rs.			
Code No.	Particulars	Current Year Amount (Rs.)	Previous Year
1	2	3	4
34010010	Earnest Money Deposits		
34010020	Security Deposits		
	<b>Total</b>		

**Schedule B-9: Other Liabilities (Sundry Creditors)**

Amount in Rs.			
Code No.	Particulars	Current Year Amount (Rs.)	Previous Year
1	2	3	4
35010030	Suppliers Control Account		
35090000	Sale Proceeds		
	<b>Total</b>		

**Schedule B-11: Fixed Assets**

Code No	Particulars	Gross Block (410)				Accumulated Depreciation (411)				Amount in Rs.	
		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 the previous year
		1	2	3	4	5	6	7	8	9	10
410100000	Land										
0	Buildings										
410200000	<b><i>Infrastructure Assets</i></b>										
410300000	Roads and Bridges										
410310000	Sewerage and drainage										
410320000	Waterways										
410330000	Public Lighting										
	<b><i>Other assets</i></b>										
410400000	Plants & Machinery										
410500000	Vehicles										
410600000	Office & other equipment										
410700000	Furniture, fixtures, fittings and electrical appliances										
410800000	Other fixed assets										
	<b>Total</b>										

\$ - Additions include fixed assets created out of Earmarked Funds and Grants transferred to Municipality's fixed block as referred to in Schedule B-2 and B-4 in Chapter 27.

Additional disclosures to the Schedule

- (1) Value of fixed assets under dispute or litigation shall be provided. The status of the legal case as at the reporting date of the financial statements shall also be mentioned.
- (2) The details & value of assets, which are not yet physically identified/traced, shall be disclosed separately.
- (3) Details and value of assets under leases and hire purchase needs to be disclosed as a note

Note:

- i. 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<sup>st</sup> April 2009 shall be equal to the closing asset balance as on 31<sup>st</sup> March 2009.
- ii. Land includes areas used as and for the purpose of public places such as parks, squares, gardens, lakes, museums, libraries, godowns etc.
- iii. Buildings include office and works buildings, commercial buildings, residential buildings, school and college buildings, hospital building, public buildings temporary structures and sheds, etc.
- iv. Roads and bridges include roads and streets, pavements, pathways, bridges, culverts and subways.
- v. Sewerage and drainage include sewerage lines, storm water drainage lines and other similar drainage system.
- vi. Waterworks include water storage tank, water wells, bore wells, Water pumping station, Water transmission & distribution system, etc.
- vii. No depreciation is to be charged on "Land"(01)

Schedules B-17: Schedule of Cash & Bank Balances

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450100000	Cash Account		
450210000	Bank Account		
	<b>Total</b>		

Schedule B-18: Schedule Loans, advances and deposits

Code No.	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.)
1	2	3	4	5	6
460400000	Advance to Suppliers and Contractors				

461000000	<b>Sub -Total</b> Less: Accumulated Provisions against Loans, Advances and Deposits				
	<b>Net Total Loans, advances, and deposits</b>				

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**Appendix-16.1****Rates of Depreciation**

S. No.	Description of Assets	Details of assets to be included	Estimated life	Annual rate under SLM
1	Land	Parks, burial grounds, play grounds, and any vacant site on which no construction has been done (vacant site owned by ULB), and other lands owned by ULB on which construction has been made. This includes the open spaces of all kinds surrendered by the layout promoters to the ULB, lands given to the ULB by transfer deeds or by katha transfer, land acquired for laying of roads, and all lands owned by the ULB.	-	-
2	Building Class I Civil Structures	Office buildings, school buildings, public conveniences, hospitals, dispensaries, clinics, maternity & child welfare centers, swimming pool, market places, slaughter houses, dhobi khanas crèches, stadia, shopping complexes, zoo, bus stand, TB / IB Town hall, community hall, lodging houses, cinema theatre, staff quarters, etc	50 years	2.00%
3	Building Class II Civil Structures	Compound walls and civil structures constructed adopting second grade materials	25 years	4.00%
4	Roads & pavements	a) Concrete	10 years	10%
		b) BT Roads		

		i) Wearing surface	5 years	20.00%
		ii) Sub grade	3 years	33.33%
5	Bridges, Flyovers,	Bridges, flyover, subways	40 years	2.50%
6	Cause ways & Subways	Cause ways, Vehicular Subways, Pedestrian Over bridges	15 years	6.67%
7.a	Storm water drains, open drains & culverts	Storm Water drains, open drains & culverts	30 years	3.33%
7.b	Road side Drains	Road side Drains	15 years	6.67%
8	Heavy vehicles	Lorry, tractor, bulldozer, mechanical sweeper, tipper, loader, bus, road roller, water tankers etc	10 years	10.00%
9	Light vehicles	Jeeps, cars, power tillers, motorcycles, mini lorry, auto rickshaw, etc	8years	12.50%
10	Other vehicles	Single person driven RC, double person driven RC, Bicycles, carts, etc (RC-Rubbish cart)	5 years	20.00%
11	Plant/ Machinery & Equipment (excluding office equipment)	Road rollers, mixing mortars, other civil engineering equipments, medical equipments in hospitals, dispensaries & maternity centers, school equipments, public health equipments, tower clocks, electrical motor & equipments, other plant & machinery, etc.	10 years	10.00%
12	Furniture, Fixtures,	Steel chairs, steel tables, wooden chairs, wooden tables, steel racks,	10 years	10.00%

	office equipments, Etc	wooden racks, steel cupboards, communication equipments, calculators, air conditioners, water coolers, refrigerators, fans electrical fittings, other office equipments radios, TVs, stools, public address systems, wireless equipments, copiers etc		
13	Electrical installation cables	HT & LT	20 years	5.00%
14	Electrical installation cables-lamp posts	All length (sizes)	20 years	5.00%
15.a	Electrical installation cables-lamps	Mercury Vapour Lamps, Sodium Vapour lamps	10 years	10.00%
15.b	Electrical installation cables-lamps	Tube light fittings	3 years	33.33%
16	Computers	Computer machinery, peripherals, printers, mouse, etc, typewriters, duplicators, Xerox machines,	5 years.	20.00%
17	Water supply source & transmission system	1.Reservoirs	30 years	3.33%
		2. OHT/GLR	30 years	3.33%
		3. Ground water well/deep bore wells	20 years	5.00%
		4. Channels	40 years	2.50%
		5. Conduits (main lines)	50 years	2.00%
		6 Pumps	10 years	10.00%
18	Water	Pipe Lines;		

	Distribution system	a. PVC pipes of all diameters	20 years	5.00%
		b. Metal pipes of all diameters	50 years	2.00%
19	Water	1. MS Steel tanks	5 years	20.00%
	Distribution system (mini water supply scheme)	2. India Mark II pumps / Hand Pumps	5 years	20.00%
20	Sewerage collection & transmission system	Sewerage Lines	30 years	3.33%
21	Plant & machinery	a. Water Supply	10 years	10.00%
		b. Sewerage	10 years	10.00%
22	Laboratory equipments	All equipments in the laboratories maintained for the water supply and sewerage system	10 years	10.00%

## Chapter Seventeen

### 17. Investments

**This chapter on Investments is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Investments and,
- Familiarizing you with accounting for Investments.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Investments and,
- Appreciate the concepts and underlying principles.

#### 17.1. Introduction

- 17.1 This chapter contains the recommended accounting system in relation to investment transactions, i.e., transactions dealing with surplus or other funds.
- 17.2 The Municipalities may invest surplus funds available with it as per the rules prescribed by the Government. Investments mean assets held not for operational purposes or for rendering services and comprises of financial assets resulting from investments of Cash surpluses (e.g., securities, shares, debentures, etc.).
- 17.3 Investments shall be classified based on the maturity profile / nature into short-term and long-term. According to the Accounting Standard 13 prescribed by the Institute of Chartered Accountants of India, 'short term' investments are those which are readily realizable, and are intended to be held for not more than twelve months from the date of investment. Investments falling outside the ambit of short term investments are treated as 'long term' investments.
- 17.4 A separate account code has to be assigned for each type of the investments made by the Municipalities.

#### 17.2. Accounting Principles

- 17.5 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Investments:
- a. Investment shall be recognized at cost of investment. The cost of investment is to include cost incurred in acquiring investment and other incidental expenditures incurred for its acquisition;

- b. All long-term investments shall be carried / stated in the books of accounts at their cost. However in the event of any permanent diminution in their value as on the date of Balance Sheet, these shall be provided for;
- 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 recognized on actual receipt;
- f. Profit/loss, if any, arising on disposal of investment (net of selling expenditure 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 recognized 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 expenditure such as commission, brokerage, etc) made from the Special Fund and Grants under specific Scheme shall be recognized and credited/debited to Special Fund Account and Grant under specific scheme Account respectively.

### **17.3. Accounting Records and Procedures**

17.6 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Investments. For the purposes of accounting of Investments, there are certain forms, registers, etc. which are specific to Investments, e.g., Investment Register - Form IN-1. This is annexed to this chapter and is prefixed "IN". Details of investment made from the Municipal Fund, various Special Funds and Grants for specific purpose shall be recorded in separate Investment Registers.*

#### **Investment of funds from Municipal Fund, Special Funds and Grant for specific purposes**

17.7 Recording of investment made from Municipal Fund: For investment made from the Municipal Fund, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
4200000000	Investments - General Fund	Debit	
4502100000	To Bank Account**		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Bank Book, Ledger, Investment Register – IN – 1			

\* Separate folios shall be maintained in respect of each of the investments made in the Investment Register.

\*\* Specify name of the Bank and Account number

Note: The postings in the Ledger Account of "Municipal Fund Investment" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the bank account is involved, there will be no entry in the Journal Book.

- 17.8 Recording of investment made from Special Funds. For investment made from Special Funds, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
4210000000	Investments - Other Funds*	Debit	
4504100000	To Designated Bank Account **		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Bank Book, Ledger, Investment Register – IN – 1			

\* Separate accounts shall be maintained for investments made from different funds such as, Provident Fund, Pension Fund, sinking fund, etc.

\*\*Specify name of the bank

- 17.9 Recording of investment made from Grants for specific purposes. For investment made from Grants for specific purposes, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
4210000000	Investment – Other Funds*	Debit	
4506100000	To Designated Bank Account **		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Bank Book, Ledger, Investment Register – IN – 1			

\* Separate accounts shall be maintained for investments made from different grants for specific purposes, such as, Grants from Central Government, State Government and Others.

**\*\*Specify name of the bank**

- 17.10 Designated bank accounts of Special Funds and Grants shall be credited for investment made from respective funds and grants.

#### **Income from Investment**

- 17.11 Recording of receipt of interest/dividend on investments from the Municipal Fund. To record the receipt of interest/dividend on the Municipal Fund Investments, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
170100000	To Interest		Credit
170200000	To Dividend		Credit

**Source Document:** Summary of Daily Collection - Form GEN – 13  
**Records updated:** Bank Book, Ledger, Investment Register – IN - 1

\* Specify name of Bank and Account number

- 17.12 Recording of receipt of interest/dividend on investments from the Special Funds and Grants. Interest/dividend earned on investments made from Special Funds and Grants shall be deposited in the respective Special Fund or Grant bank account. Interest/dividend received on investments represents accretion to the Special Fund or Grant and cannot be utilised for any purpose other than for which the Special Fund has been created or Grant has been received. To record the receipt of interest/dividend on investments made from Special Funds or Grants, the Accounts Department shall pass the following entries:

- a. Recording of interest/dividend received on Special Fund Investments. To record the interest/dividend received on Special Fund Investments, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated Bank Account*	Debit	
311100000	To Special Funds**		Credit

**Source Document:** Summary of Daily Collection - Form GEN – 13

**Records updated:** Bank Book, Ledger, Investment Register – IN - 1 , Special Fund Register – Form SF – 1

\* Specify name of Bank and Account number

\*\* Specify name of the Special Fund

- b. Recording of interest/dividend received on Grant Investments. To record the interest/dividend received on Grant Investments, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450610000	Designated Bank Account*	Debit	
320000000	To Grants, Contribution for Specific Purposes		Credit

**Source Document:** Summary of Daily Collection - Form GEN – 13  
**Records updated:** Bank Book, Ledger, Investment Register – Form IN - 1 , Grant Register – Form G- 1

\* Specify name of Bank and Account number

17.13 Interest earned on investments made from Special Funds and Grants shall be updated in the Investment Register along with Special Funds Register maintained in Form SF-1, Grants Register maintained in Form G-1.

#### **Re investment of interest amounts**

17.14 Investments are re-invested along with Interest on many occasions. To record the re-investment of interest on the Municipal Fund Investments, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
420000000	Investments - General Fund	Debit	
170100000	To Interest		Credit

**Source Document:** Document authorising re-investment  
**Records updated:** Journal book, Ledger, Investment Register – Form IN - 1

17.15 Similar entries will be passed for other funds.

#### **Period-end Procedures**

17.16 At period-end, interest shall be accrued on investments made from the date of last receipt of interest till the end of the accounting period. The accrual of interest shall include both interests due for receipt and interests not due for receipt. This can be explained with the help of an illustration. For instance, assume interest on Municipal Fund Investment of Rs. 1 lakh is payable half yearly on 30th June and 31st December @ 10% per annum, which implies that interest of Rs.5000 is receivable on 31st December 2009 of the current accounting year and Rs 5000 is receivable on 30th June 2010 of the next accounting year. However, interest for the period from the date of last receipt, i.e., 30th December 2009 to the end of the accounting year needs to be accounted in the books of account as interest is computed on the basis of time elapsed. Thus, Rs.7500 (10% on Rs. 1 lakh for 3 months), i.e., interest for the intervening period shall be recorded in the books of accounts. In case interest due for half-year ended 31December of Rs. 5,000 which is not received as of March i.e. year end it shall be accounted as 'Interests accrued

and due' and the interest accrued for the three months period upto 31 March 2010 of Rs 2,500 shall be accounted as 'Interest accrued but not due'. The entries that would be passed for accounting of interest accrued is outlined below.

- Recording of Interest accrued on Municipal Fund Investments. At period- end, to record the interest accrued on Municipal Fund Investments, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
431400201	Interest accrued & dues - Municipal Fund Investment	Debit	
431400301	Interest accrued but not due - Municipal Fund Investment	Debit	
170100000	To Interest on Municipal Fund Investment		Credit

**Source Document:** Calculation sheet

**Records updated:** Journal Book, Ledger, Investment Register – IN – 1

- Recording of Interest accrued on Investments made from the Special Funds. In case the investment in the illustration is made from the Special Fund, 'interest accrued and due on Investments' and 'interest accrued and not due on Investments' shall be added to the respective Special Fund for which the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
431400202	Interest accrued & due - Special Fund Investment	Debit	
431400302	Interest accrued & not due - Special Fund Investment	Debit	
311100000	To Special Funds*		Credit

**Source Document:** Calculation sheet

**Records updated:** Journal Book, Ledger, Investment Register – IN – 1

\* Specify name of the Special Fund

- Recording of Interest accrued on Investments made from the Grants. In case the investment in the illustration is made from funds received in the form of Grant, 'interest accrued and due on Investments' and 'interest accrued and not due on Investments' shall be added to the respective Grant for which the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
431400203	Interest accrued & dues - Grant Investment	Debit	
431400303	Interest accrued & not due - Grant Investment	Debit	
320000000	To Grants, Contribution for Specific Purposes		Credit
<b>Source Document:</b> Calculation sheet/other details like fixed period in case of time investments,FDR, Bond Certificate			
<b>Records updated:</b> Journal Book, Ledger, Investment Register – IN – 1			

17.17 Reversal of Interest accrued on Municipal Fund Investments. At the beginning of the next accounting period, the entry for accrual of interest on Municipal Fund Investment shall be reversed by passing the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
170100000	Interest on Municipal Fund Investment	Debit	
431400201	To Interest accrued & dues - Municipal Fund Investment		Credit
431400301	To Interest accrued & not due - Municipal Fund Investment		Credit
<b>Source Document:</b> Calculation Sheet			
<b>Records updated:</b> Journal Book, Ledger, Investment Register – IN – 1			

17.18 Reversal of Interest accrued on investments made from Special Funds. At the beginning of the next accounting period, the entry for accrual of interest on Investments made from the Special Funds shall be reversed by passing the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
311100000	Special Funds*	Debit	
431400202	To Interest accrued & dues - Special Fund Investment		Credit
431400302	To Interest accrued & not due - Special Fund Investment		Credit
<b>Source Document:</b> Calculation Sheet			
<b>Records updated:</b> Journal Book, Ledger, Investment Register – IN – 1			

\* Specify name of the Special Fund

17.19 Reversal of Interest accrued on investments made from Grants. At the beginning of the next accounting period, the entry for accrual of interest on Investments made from the Grants shall be reversed by passing the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
3200000000	Grants, Contribution for Specific Purposes	Debit	
431400203	To Interest accrued & dues - Grant Investment		Credit
431400303	To Interest accrued & not due - Grant Investment		Credit
<b>Source Document:</b> Calculation Sheet			
<b>Records updated:</b> Journal Book, Ledger, Investment Register – IN - 1			

- 17.20 Through the above reversing entries passed in Paras 17.16 to 17.19, the entry for period end interest income passed in the current accounting period shall be reversed in the next accounting period. Money received during the next accounting period in respect of the concerned head of accounts shall be recorded by credits to the concerned head of accounts in the same manner as receipt of interest income accruing and arising in the next period.
- 17.21 The debits made in the interest income account through above entries would be for a temporary period and would automatically be set-off when credits shall be given in the next accounting period. Through this, interest of Rs. 7,500 is recognized as an income of the current accounting period and not as an income of the next accounting period when money is actually received.

#### **Maturity/Disposal of Investment**

17.22 Investments may be held to maturity or may be disposed before the maturity date. On disposal of investment, the Municipality may either realize a profit or loss depending on whether the amount received on disposal of investment is more or less than the cost of investment. In case of Municipal Fund Investment, the profit earned or loss incurred on disposal of investment shall be recorded as income or expenditure in the Income and Expenditure Statement whereas, in case of Special Funds Investments or Grants Investments, the profit realized or loss incurred shall be adjusted in the Special Fund or Grant.

- a. In case the investment is disposed at cost, the Accounts Department shall pass the following entries for money realised:

i. In case of Municipal Fund Investments

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
420000000	To Investments - General Fund		Credit

**Source Document:** Summary of daily Collection – Form GEN - 13

**Records updated:** Bank Book, Ledger, Investment Register - Form IN - 1

\* Specify name of the Bank and Account number

ii. In case of Special Fund Investments

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated Bank Account*	Debit	
421000000	To Investment – Other Funds**		Credit

**Source Document:** Summary of daily Collection – Form GEN – 13

**Records updated:** Bank Book, Ledger, Investment Register(Form IN 1), Special Fund register (SF – 1), Register of Sinking Fund (BR-3)

\* Specify name of the Bank and Account number

\*\* Separate accounts shall be maintained for investments made from different funds such as Provident Fund, Pension Fund, sinking fund, etc.

iii. In case of Grant Investments

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450610000	Designated Bank Account*	Debit	
421000000	To Investment – Other Funds**		Credit

**Source Document:** Summary of daily Collection – Form GEN – 13

**Records updated:** Bank Book, Ledger, Investment Register(Form IN 1), Grant Register (G-1)

\* Separate accounts shall be maintained for investments made from different grants for specific purposes, such as Grants from Central Government, State Government and Others.

c. In case the investment is disposed off at a profit, the Accounts Department shall pass the following entry for money received and profit realised on disposal of investment.

- i. For money realised on disposal of investment. Entries referred to in (a)above shall be passed for money realised on disposal of investment;
- ii. For recording profit realised on disposal of investment.

- In case of Municipal Fund Investments

Code	Particulars	Debit	Credit
420000000	Investment – General Fund	Debit	
170400000	To Profit on Sale of Investments		Credit

**Source Document:** Calculation Sheet

**Records updated:** Journal Book, Ledger, Investment Register(Form IN 1)

- In case of Special Fund Investments

Code	Particulars	Debit	Credit
421000000	Investment – Other Funds**	Debit	
311100000	To Special Fund*		Credit

**Source Document:** Calculation Sheet

**Records updated:** Journal Book, Ledger, Investment Register(Form N 157), Special Fund Register (Form SF-1), Register of Sinking Fund (Form BR-3)

\* Separate accounts shall be maintained for investments made from different funds such as Provident Fund, Pension Fund, sinking fund, etc.

\*\* Specify name of the Special Fund

- In case of Grant Investments

Code	Particulars	Debit	Credit
421000000	Investment – Other Funds**	Debit	
320000000	To Grants, Contribution for Specific Purposes		Credit

**Source Document:** Calculation Sheet

**Records updated:** Journal Book, Ledger, Investment Register(Form IN 1), Grant Register (G-1)

\* Separate accounts shall be maintained for investments made from different grants for specific purposes, such as Grants from Central Government, State Government and Others.

c. In case the investment is disposed at a loss, the Accounts Department shall pass the following entries for money received and loss incurred on disposal of investment.

i. For money realised on disposal of investment. Entries referred to in (a) above shall be passed for money realised on disposal of investment

ii. For recording loss incurred on disposal of investment.

- In case of Municipal Fund Investments

Code	Particulars	Debit	Credit
271200000	Loss on disposal of Investments	Debit	
420000000	To Investment – General Fund		Credit

**Source Document:** Calculation Sheet

**Records updated:** Journal Book, Ledger, Investment Register(Form IN 1)

\* Separate folios shall be maintained in respect of each of the investments made in the Investment Register.

- In case of Special Fund Investments

Code	Particulars	Debit	Credit
311100000	Special Fund*	Debit	
421000000	To Investment – Other Funds**		Credit

**Source Document:** Calculation Sheet

**Records updated:** Journal Book, Ledger, Investment Register(Form IN 1), Special Fund Register (Form SF-1), Register of Sinking Fund (Form BR3)

\* Specify name of the Special Fund

\*\* Separate accounts shall be maintained for investments made from different funds such as, Provident Fund, Pension Fund, etc.

- In case of Grant Investments

Code	Particulars	Debit	Credit
320000000	Grants, Contribution for Specific Purposes	Debit	
421000000	To Investment – Other Funds**		Credit

**Source Document:** Calculation Sheet

**Records updated:** Journal Book, Ledger, Investment Register -Form IN - 1, Grant Register – Form G – 1

\*\*Separate accounts shall be maintained for investments made from different grants for specific purposes, such as Grants from Central Government, State Government and Others.

17.23 Profit or Loss arising on disposal of Special Funds Investments and Grants Investments shall be updated in the Special Funds Register maintained in Form SF-1, Grants Register maintained in Form G-1.

#### **Valuation of Investments**

17.24 All long-term investments shall be carried / stated in the books of accounts at their cost. In the case of the market values being less than the carrying value of

the investments at the period, the diminution in the value of investments will be accounted as charge to the Income and Expenditure Statement in the case of Municipal Fund Investment or to respective funds account as the case may be.

- 17.25 Short-term investments shall be carried at their cost or market value (if quoted) whichever is lower.
- 17.26 At the end of the financial year, the Accounts Department has to ascertain whether any amount is to be provided towards diminution or decline in value of the investments. The provision required in accordance with the accounting principle shall be calculated investment wise. The total amount of provision so calculated would then have to be compared with the balances in the 'Accumulated Provision for Decline in Value of Investments' accounts. Wherever balances fall short of the amount of provision calculated, an additional provision for such shortfall is created and where the balance in accumulated provision for investments account exceeds the provision calculated, such excess in the books would have to be written back. For the purpose of calculation for provision, calculation sheet as provided in Form IN-2 shall be used. To record the diminution in value of long-term investments and fall in the value of short-term investments, the Accounts Department shall pass the following entries:

i. In case of Municipal Fund Investments

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
270200300	Provision Investments	Debit	
420900000	To Accumulated Provisions		Credit

**Source Document:** Calculation Sheet – Form IN – 2

**Records updated:** Journal Book, Ledger, Investment Register - Form IN – 1

\* In the case of long-term investment the account to be credited is 'Accumulated Provision' (under the account head 417-90-(a) and the Investment value will be shown net of the balance in this account).

ii. In case of Special Funds Investments

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
311100000	Special Fund*	Debit	
421900000	To Accumulated Provisions		Credit

**Source Document:** Calculation Sheet – Form IN – 2

**Records updated:** Journal Book, Ledger, Investment Register(Form IN 1), Special Fund Register

(Form SF-1), Register of Sinking Fund (Form BR3)

\* Specify the name of the Special Fund

\*\* In the case of long-term investment the account to be credited is 'Accumulated Provision' (under the account head 416-90-(a) and the Investment value will be shown net of the balance in this account).

### iii. In case of Grant Investments

Code	Particulars	Debit	Credit
320000000	Grants, Contribution for Specific Purposes*	Debit	
421900000	To Accumulated Provisions		Credit

**Source Document:** Calculation Sheet – Form IN - 2

**Records updated:** Journal Book, Ledger, Investment Register(Form IN 1), Grant Register (Form G-1)

\* Separate accounts shall be maintained for investments made from different grants for specific purposes, such as, Grants from Central Government, State Government and Others.

\*\* In the case of long-term investment the account to be credited is 'Accumulated Provision' (under the account head 416-90-(a) and the Investment value will be shown net of the balance in this account).

17.27 Investments, after provision for diminution shall be carried in Financial Statements at the reduced value.

17.28 Any appreciation in market value of both short-term and long-term investments over the cost of investments shall be ignored. If the appreciation is in respect of investments for which provision for diminution in value or fall in value was made in earlier years, the value of the said investments shall be appreciated by an amount not greater than the provision for diminution / fall in value made in earlier years. To record the appreciation in value of investment, the Accounts Department shall pass the following entries:

#### i. In case of Municipal Fund Investments

Code	Particulars	Debit	Credit
420900000	Accumulated Provisions	Debit	
170800100	To Appreciation in Value of Investment		Credit

**Source Document:** Calculation Sheet – Form IN – 2

**Records updated:** Journal Book, Ledger, Investment Register(Form IN 1)

\* In the case of long-term investment the account to be debited is 'Accumulated Provision' (under the account head 416-90-(a) and the Investment value will be shown net of the balance in this account).

#### ii. In case of Special Funds Investments

Code	Particulars	Debit	Credit
421900000	Accumulated Provisions	Debit	

311100000	To Special Fund*		Credit
<b>Source Document:</b> Calculation Sheet – Form IN – 2			
<b>Records updated:</b> Journal Book, Ledger, Investment Register(Form IN 1), Special Fund Register			
(Form SF-1), Register of Sinking Fund (Form BR3)			

\* Specify the name of the Special Fund

\*\* In the case of long-term investment the account to be debited is ‘Accumulated Provision’ (under the account head 416-90-(a) and the Investment value will be shown net of the balance in this account).

Note: Restricted to increase in value of Special Fund investments for which diminution provision was provided in earlier years.

### iii. In case of Grant Investments

Code	Particulars	Debit	Credit
421900000	Accumulated Provisions	Debit	
320000000	To Grants, Contribution for Specific Purposes*		Credit

**Source Document:** Calculation Sheet – Form IN – 2

**Records updated:** Journal Book, Ledger, Investment Register(Form IN 1), Grant Register (Form G-1)

\* In the case of long-term investment the account to be debited is ‘Accumulated Provision’ (under the account head 416-90-(a) and the Investment value will be shown net of the balance in this account).

Note: Restricted to increase in value of Grant investments for which diminution provision was provided in earlier years.

- 17.29 Investments, whose value has appreciated on account of reversal in diminution in value, shall be disclosed in the Financial Statements at their increased value.

## 17.4. Internal Controls

- 17.30 The following internal controls shall be observed by the Municipalities:

- The Accounts Officer shall ensure that investments are made as per the laws applicable;
- At the end of every month, the Accounts Officer or other officer designated in this behalf shall reconcile the ledger balance of various Investment Accounts with the Investment Register;
- The Chief Municipal Officer shall verify every security or investment periodically and at least once in every quarter and reconcile the balance as denoted in the investments with the balance in ledger accounts. Each of the investment certificate/instrument/document

- shall be tallied with the Investment Register;
- d. The Accounts Officer or other officer designated in this behalf shall review the Investment Register on a weekly basis to identify and list investments maturing within the next two weeks for information of the Chief Municipal Officer;
  - e. The Accounts Officer shall ensure that interest/dividend on investments is actually received as per the terms of the investments;
  - f. The Accounts Officer shall ensure that the Investments at the end of the financial year are valued at cost or market price, whichever is less. Further, they shall ensure that Investments are not stated over the original cost of acquisition;
  - g. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.
- 17.31 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

### **17.5. Presentation in Financial Statements**

- 17.32 The various heads of accounts used for the accounting of Investments related transactions shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipalities. These Financial Statements and schedules should be affixed with signature/seal of authorised staff.
- 17.33 The schedules of Income and Expenditure Statement in respect of the income earned from Investments are provided below.

#### **Schedule I-7: Income from Investments – General Fund**

<b>Code No</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
170100000	Interest		
170200000	Dividend		
170300000	Income from projects taken up on commercial basis		
170400000	Profit on Sale of Investments		
170800000	Others		
	<b>Total Income from Investments</b>		

**Schedule I-8: Interest Earned**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
171100000	Interest from Bank Accounts		
	<b>Total. – Interest earned</b>		

**Schedule I-17: Miscellaneous Expenditures**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
271200000	Loss on disposal of Investments		
	<b>Total Expenditures of Investments to be shown as part of Miscellaneous expenditures Schedule</b>		

17.34 The Balance Sheet Abstract in respect of Investments is provided below.

**Schedule B-12: Investments - General Fund**

<b>Code No.</b>	<b>Particulars</b>	<b>With whom invested</b>	<b>Current year</b>		<b>Previous year</b>	
			<b>Face value</b>	<b>Carrying Cost</b>	<b>Face value</b>	<b>Carrying Cost</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>
420100000	Central Government Securities					
420200000	State Government Securities Debentures and Bonds Preference Shares					
420300000						
420400000						
420500000	Equity Shares					
420600000	Units of Mutual Funds					
420800000	Other Investments					
	Sub-total					
	Less:					

420900000	Accumulated Provision					
	<b>Net Total Investments GF</b>					

**Note:**

1. Provide detailed break-up of 'other investments' as applicable
2. Value in respect of investments, which have matured but not encashed shall be disclosed separately.
3. Aggregate amount of quoted investments and also market value thereof shall be disclosed. Aggregate amount of unquoted investments shall also be disclosed.

**Schedule B-13: Investments - Other Funds (Special Funds, Grants)**

Code No.	Particulars	With whom invested	Current year		Previous year	
			Face value (Rs.)	Carrying Cost (Rs.)	Face value (Rs.)	Carrying Cost (Rs.)
1	2	3	4	5	6	7
421100000	Central Government Securities					
421200000	State Government Securities					
421300000	Debentures and Bonds Preference Shares					
421400000	Equity Shares					
421500000	Units of Mutual Funds					
421600000	Other Investments					
	Sub-total					
	Less:					
421900000	Accumulated Provision					
	<b>Net Total Investments OF</b>					

**Notes:**

1. Provide break-up of investments as provided for General Provident Fund Investment.
2. Details of Investments shall be provided separately for each of the Special Fund Investment and Grant Investment.
3. Value in respect of investments, which have matured but not encashed, shall be disclosed separately.
4. Aggregate amount of quoted investments and also market value thereof shall be disclosed. Aggregate amount of unquoted investments shall also be disclosed.

**Schedule B-15: Sundry Debtors (Receivables)**

Code No.	Particulars	Gross Amount (Rs.)	Provision for Outstanding revenues (Rs.)	Net amount (Rs.)	Previous year Net amount (Rs.)
	2	3	4 43 2	5 = 3 – 4	6
431400200	Receivables from Other Sources – Interest accrued & due				
431400300	Receivables from Other Sources – Interest accrued & not due				
	<b>Total</b>				

**Schedules B-17: Schedule of Cash & Bank Balances**

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
450100000	Cash Account		
450210000	Main Bank Accounts		
450410000	Designated Bank Accounts		

*Name of the Municipality*

**INVESTMENT LEDGER / REGISTER**  
**For Municipal Fund Investment/ \_\_\_ Special Fund/ \_\_\_ Grant**  
**Investment**

**Accounting  
Unit: Fund  
Code:**

Sr. No.	No. and date of resolution authorising investment	Date of investment	Particulars of investment quoting no. and date of Govt. Paper or FDR no. of the Bank	Purchase Price (Rs.)	Face Value (Rs.)	Due date of receipt of interest	Amount of interest due on	Initials of Authorised Officer	Amount of interest recovered (Rs.)	Date on which interest recovered	Date / month in which adjusted in accounts	Amount realised either on sale or maturity of investment (Rs.)	Date on which proceeds were realised	Date / month of adjustment in accounts	Initials of Authorised Officer	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

**Note:**

- Separate folio would be allotted to each type of investment.  
Seal/Signature of authorised officer
- Separate ledger / register for each type of fund investment should preferably be maintained. For example, separate ledger may be maintained for Municipal Fund Investment, GPF investment, Pension Fund Investment, etc.

NAME OF THE MunicipalityCALCULATION SHEET FOR PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS FOR THE PERIOD ENDINGFor Municipal Fund Investment/ Special Fund/ Grant InvestmentAccounting Unit:  
Fund Code:

S No	Name of the investment	No of units	Cost per unit	Cost of the investment	Book value as of the previous closing period	Market rate/NAV (refer notes)	Market value as on the reporting date	Accumulated Provision as of the previous period	Accumulated Provision to be made as of current reporting date	Additional provision to be made or reversed
Col 1	Col 2	Col 3	Col 4	Col 5 (Col 3 x 4)	Col 6	Col 7	Col 8( Col 3x7)	Col 9	Col 10	Col 11 (10-9)
a)										
b)										
c)										
d)										
	Total									

Notes

1. Market rate is applicable for only the quoted shares (normally classified as 'short term' investments)
2. NAV (net assets value) is applicable to unquoted investments which are generally intended to be held for more than twelve months and these are classified as 'long-term investments'

## Chapter Eighteen

### 18. Loans & Advances Granted By the Municipalities

**This chapter on Loans & Advances Granted is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Loans & Advances given and,
- Familiarizing you with accounting System for Loans & Advances.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Loans & Advances given and,
- Appreciate the concepts and underlying principles.

#### 18.1. Introduction

- 18.1 This chapter contains the recommended accounting system for transactions relating to loans given to others including any boards/undertakings set up by the Municipality. Loans and advances provided to employees and contractors /suppliers are covered in Chapter 13 and 11 respectively.
- 18.2 Municipalities may lend loans out of General funds as per the rules and provisions of the Act governing the Municipalities. Municipalities may also advance out of Specific Funds / Grants received for long-term projects if the terms and conditions of the Fund/Grant provide for the same. In such cases, interests earned on the loans and advances lent out of the Specific Project Fund/Grant shall be credited to these Funds/Grants account.

#### 18.2. Accounting Principles

- 18.3 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to loans provided by Municipalities.
- a. Interest/penal interest on loans shall be recognized as and when due. At period- ends, interest shall be accrued up to the date of the period-end.
  - b. Interest/penal interest earned on loans given out of Specific Fund/Grant shall be directly credited to the Specific Fund/Grant account.
  - c. In exceptional circumstances, when the loans given to employees cannot be recovered, it may be written off, in accordance with the laws in force.
  - d. In respect of all other loans overdue beyond two (2) years, provision shall be made based on the following provisioning norms:

- Overdue for more than 2 years but not exceeding 3 years: 50% Overdue for more than 3 years: 100% (additional 50%)
- e. Any additional provision for loans 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 Municipality.
  - f. Write-offs of bad and doubtful loans shall be adjusted against the provisions made and to that extent, loan outstanding get reduced. In case of inadequate provisions, the write off shall be recognized as expenditure.

### **18.3. Accounting For Loans To Others**

- 18.4 The amount of loans granted to external organizations and undertakings shall be entered in the Register of Loans to others in Form LA-1 maintained by the Accounts Department of the Municipality.
- a. Recording of disbursement of loans. On disbursement of loan, the Accounts Department shall pass the following entries:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460300000	Loan to others	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment order – Form GEN – 15  
**Records updated:** Cash Book, Ledger, Register of Loans to other – Form LA -1

\* Specify name of the Bank and Account number

Note: The postings in the Ledger Accounts of "Loans to Others" Account shall be carried out as indicated in Chapter

5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever the Cash or the bank account is involved, there will be no entry in the Journal Book.

- b. Recording of recovery of loan installments:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
45021000	Bank Account*	Debit	
46030000	To Loan to others		Credit

**Source Document:** Payment records  
**Records updated:** Bank Book, Ledger, Register of Loans to other – Form LA -1

\* Specify name of the Bank and Account number

- c. Recording of interest due on loans to external organizations/ undertakings:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
43140020	Interest accrued & due	Debit	
17130000	To Interest on Loans to Others		Credit

**Source Document:** Calculation Sheet

**Records updated:** Journal Book, Ledger, Register of Loans to other – Form LA -1

d. Recording of receipt of interest on loans:

Code	Particulars	Debit	Credit
45021000	Bank Account*	Debit	
43140020	Interest accrued & due		Credit

**Source Document:** Summary of daily Collection- Form GEN – 13

**Records updated:** Bank Book, Ledger, Register of Loans to other – Form LA -1

\* Specify name of the Bank and Account number

#### 18.4. Provisioning against bad and doubtful debts for ‘loans to others’

18.5 The Accounts Department shall review recoverability status of all Loans to Others on periodical basis and based on the review and in accordance with the accounting policies and/or the existing laws in force in this respect appropriate amount of provisioning needs to be determined and accounted. The accounting entries for provisioning or write off of Loans and Advances (other than to employees) are detailed below:

a. Recording of provision against doubtful loans to Others as at the period end:

Code	Particulars	Debit	Credit
27020000	Provision for Other Assets	Debit	
46110000	To Accumulated Provision for Loans to Others		Credit

**Source Document:** Computation sheet for the amount of provisioning

**Records updated:** Journal Book, Ledger

b. Recording of write off doubtful and bad loans for which provisioning was made in the previous years:

Code	Particulars	Debit	Credit
461100000	Accumulated Provision for Loans to others	Debit	
460300000	To Loans to Others		Credit

**Source Document:** Summary Statement of write offs

**Records updated:** Journal Book, Ledger

c. Recording of write off of doubtful or bad loans for which no provisioning was made in the previous years:

Code	Particulars	Debit	Credit
270400200	Assets written off -Loans & Advances	Debit	
460300000	To Loans to Others		Credit

**Source Document:** Computation sheet for the amount of provisioning

**Records updated:** Journal Book, Ledger

- d. Recording of write back of provision against doubtful loans to the extent of the amount recovered:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
461100000	Accumulated Provision for Loans to others	Debit	
180600500	To Excess Provisions Written back – Loans to		Credit
<b>Source Document:</b> Computation sheet for the amount of provision to be written back			
<b>Records updated:</b> Journal Book, Ledger			

### **18.5. Internal Controls**

- 18.6 The Municipalities in respect of Loans lent to others shall observe the following internal controls:
  - a. The Loans to Others shall be entered in the 'Register of Loans to Others' in Form LA –1 and on a monthly basis, the amount as per the register shall be reconciled with the amounts as per the ledger accounts.
  - b. Also the interest accrued at the period ends shall be entered in the registers referred above and the interest on loans as per the registers shall be reconciled with the amount as per Interest ledger.
  - c. At the end of the year, an abstract of 'Loans to Others' has to be made showing the loans outstanding at the beginning of the year, loans lent during the year, total interests accrued during the year and total amount of recoveries/ adjustments during the year.
  - d. In addition to the reports specified in this manual, the Chief Municipal Officer of the Municipality shall specify such appropriate calendar of returns /reports for monitoring.
- 18.7 All the Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

### **18.6. Presentation in Financial Statements**

- 18.8 The various heads of accounts used for the accounting of Loans to Others shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipality. All such statements and schedules should be affixed with signature and seal of designated authorities.
- 18.9 The schedule of Income and Expenditure Statement in respect of Loans is provided below:

**Schedule I-8: Schedule of Interest Earned**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
171300000	Interest on loans to others		
<b>Total Income of Loans &amp; advances to be shown as part of Interest Earned Schedule</b>			

**Schedule I-9: Schedule of Other Income**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
180600005	Excess Provisions written back		
<b>Total Income of Loans &amp; Advances to be shown as part of Other Income Schedule</b>			

**Schedule I-16: Schedule of Provisions & Write off**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
270200000	Provision for other Assets		
270400000	Assets written off		
<b>Total Expenditures of Loans &amp; advances to be shown as part of Provisions &amp; Write off Schedule</b>			

18.10 The Balance Sheet abstract in respect of Loans and advances is provided below:

**Schedule B-15: Schedule of Sundry Debtors (Receivables)**

Code No.	Particulars	Gross Amount (Rs.)	Provision for Outstanding revenues (Rs.)	Net amount (Rs.)	Previous year Net amount (Rs.)
1	2	3	4	5 = 3 – 4	6
431400000	Receivables from Other Sources				
	<b>Total of Sundry Debtors (Receivables)</b>				

\* Break up for provision for outstanding revenues are given in Column 4

**Schedule B-18: Schedule of Loans, advances and deposits**

Code No.	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.)
1	2	3	4	5	6
460300000 461000000	Loans to Others Less: Accumulated Provisions against Loans, Advances and Deposits				
	<b>Net total of Loans, advances, and deposits</b>				

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

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
461100000	Accumulated Provisions against Loans to Others		
	<b>Total Accumulated Provision</b>		

*Name of the Municipality***REGISTER OF LOANS TO OTHERS****Form LA – 1**

**Accounting Unit:**  
**Fund Code:**

Name of the borro wer	Purpose of Loan	No. & date of resolution / orders sanctioni ng the loan	Amount of Loan sanctioned	Rate of Interest	No. of instalment [Whether monthly, quarterly, half-yearly or yearly]	Amount of each installment	Name of the Specific fund/gran t used for lending	Amount Repaid				Balance			Remarks
								Date of Repayment	Principal Amount	Interest	Total	Principal Amount	Interest	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

**Note:**

1. Separate folio shall be allotted to each loan.
1. Pages of ledger / register would be numbered.
2. In case of more than one loan, summary of all loans shall be drawn suitably in the register.
3. For each entry made, record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry

## Chapter Nineteen

### 19. Special Funds

#### This Chapter on Special Funds aims to...

- Provide knowledge on Accounting System for transactions, applicable Accounting Policies, Accounting procedure and Internal control requirements relating to Special Funds Constituted by the Municipalities.

#### By the end of this chapter, you should...

- Be aware of the Accounting System, Policies, Procedures and area and nature of Internal Control in relation to the Special funds.

#### 19.1. Introduction

- 19.1 This chapter contains the recommended accounting system for transactions relating to Special Funds, other than the Funds for which separate books are required to be maintained under Sec 86 of the Bihar Municipal Act 2007.
- 19.2 Municipalities may, as per relevant statute, constitute Special Funds for any purpose mentioned in the statute. The statute may also prescribe the manner in which such funds shall be constituted and disposed off.
- 19.3 Special Funds are created for objects for which it is considered essential to allocate separate funds from the Municipal Funds or by earmarking certain percentage of specific receipts of the Municipality for example –Sinking Fund. A separate account may be created and all moneys collected for the specific purpose shall be transferred to the Special Funds Account. All expenditures incurred for the specific purpose shall be debited to the respective fund accounts.
- 19.4 The accounting procedure and entries for creation/addition to sinking fund and its utilization, investments made from fund and other related aspects are described in Chapter 20 on Borrowings, reference to which is invited. This chapter essentially covers the accounting procedures in respect of other Special Funds only.

#### 19.2. Accounting Principles

- 19.5 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Special Funds:
  - a. Special Funds shall be treated as a liability on their creation.
  - b. Income on investments made from Special Fund shall be recognized and credited to Special Fund, whenever accrued. Profit/loss, if any, arising on disposal of investments made from the Special Fund shall be recognized 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 Special Fund (Utilized).

### **19.3. Accounting Records & Procedures**

- 19.6 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Special Funds. For the purposes of accounting of transactions related to Special Funds, there are certain forms, registers, etc., which are specific to Special Funds, e.g., Special Funds Register – (Form SF-1). This is annexed to this chapter and is prefixed “SF”.*

### **19.4. Creation of Funds**

- 19.7 Special Funds are created as an appropriation from the Municipal Fund. Each of the Special Funds shall be represented by a separate Bank Account. On creation of the fund, money shall be transferred from the Main Bank Account to Special Fund Bank Account. The Accounts Department shall maintain a Special Fund Register in Form SF-1 where details of each fund created, expenditure incurred in respect of each fund, etc., is separately recorded.
- a. On creation of Special Funds. The Accounts Department shall enter the details of the order approving the creation of fund in the Special Fund Register and pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
31010000	Municipal Fund	Debit	
31100000	To Earmarked Fund *		Credit

**Source Document:** Council resolution approving the creation of Special Fund  
**Records updated:** Journal Book, Ledger, Special Fund Register – Form SF – 1

\* Specify the name of the Special Fund

Note: The postings in the Ledger Accounts of “Municipal Fund” Account and “Special Fund” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the bank account is involved, there will be no entry in the Journal Book.

- b. Recording of contribution to Special Funds from earmarked collection: The Accounts Department as per the decision of the Municipality shall transfer the earmarked collection accounted as revenue to the Special Funds. Accounting entry for transfer of these amounts to Special Fund is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
29000000	Transfer to Reserve Fund*	Debit	
31100000	To Earmarked Special Fund *		Credit

**Source Document:** Summary of all collections in respect of Earmarked Funds  
**Records updated:** Journal Book, Ledger, Special Fund Register – Form SF – 1

\* Specify the name of the special fund

- c. Recording of transfer of money to Designated Special Fund Bank Account. For transferring the funds to a separate bank account, Accounts Department shall transfer the amount from Main Bank Account to Special Fund Bank Account and pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated Bank Account*	Debit	
450210000	To Main Bank Account *		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank  
**Records updated:** Bank Book, Special Fund Register – Form SF – 1

\*Specify the name of the Bank and Account number

Note: A Separate Bank Book shall be maintained for Special Funds.

## 19.5. Utilisation of Funds

- 19.8 Special Funds shall be utilized for the purpose for which they are created. The expenditure incurred could be either revenue or capital expenditure. The accounting procedure to be followed is described below.

### Utilisation of Special Fund for Revenue Expenditure

- a. The accounting procedure to be followed in respect of revenue expenditure incurred against Special Fund shall be the same as what is described in Chapter 11 on Public Works for repairs and maintenance expenditures, Chapter 12 on Stores for stores purchased, and Chapter 15 on Other Revenue Expenditures for other revenue expenditures.
- b. Payment of advance to contractor/supplier in respect of a Special Fund. Any advance made to a supplier/contractor in respect of a project/scheme to be carried out against a Special Fund, shall be payable from the Designated Special Fund Bank Account only and not from the Main Bank Account. The entry for this shall be the same as described in section “Advance paid to contractors / suppliers”.
- c. Recording of liability on receipt of contractor/supplier bill. On receipt of processed bill in respect of material supplied or services rendered or works executed which is of a revenue nature, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
31100000	Earmarked Special Fund*	Debit	
35010010	To Contractors Control Account -Special Fund		Credit

**Source Document:** Approved Bill from the respective department  
**Records updated:** Journal Book, Ledger, Special Fund Register – Form SF – 1

*\*Specify the name of the special Fund*

- d. Recording of deductions from contractor's/supplier's bill. If Security or any tax on behalf of Government or advance provided to contractor/supplier is deducted or any other deduction is made from the processed bill, the amount payable shall be reduced for the deduction made and the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
35010010	Contractors Control Account - Special Fund	Debit	
34010020	To Contractors Security Deposit - Special Funds*		Credit
46040020	To Advance to Contractors - Advance paid -		Credit
35020020	To Income Tax Deducted at Source		Credit
46040020	To Advance to Contractors - Materials issued to		Credit

**Source Document:** Measurement Book and Running Bill received from the Engineering Department, Contract agreement  
**Records updated:** Journal Book, Ledger, Special Fund Register – Form SF – 1

*\* Use the appropriate head of account as applicable*

- e. Recording of payment to the contractor/supplier. Such payments shall be made only from the bank account maintained for that Special Fund. On payment, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
35010010	Contractors Control Account - Special Fund	Debit	
45041000	To Designated Bank Account *		Credit

**Source Document:** Payment Order – Form GEN - 15  
**Records updated:** Special Fund Bank Book, Ledger, Special Fund Register, Register of Bills for Payment – Form GEN – 14

*\*Specify the name of the Bank and Account number*

- f. Recording of payment for deductions made. Deductions made shall also be paid from the respective Designated Special Fund Bank Account. On payment of deductions made, the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
35020020	Income Tax Deducted at Source	Debit	
35020990	Recoveries Payable –Other Recoveries	Debit	
45041000	To Designated Bank Account*		Credit

**Source Document:** Payment Order – Form GEN - 15  
**Records updated:** Special Fund Bank Book, Ledger, Special Fund Register

*\*Specify the name of the Bank and Account number*

- g. Recording of transfer of money from Designated Special Fund Bank Account to Main Bank Account on utilization of Common Stores. The amount equivalent to the common stores utilized for the purpose of the Special Fund shall be transferred from the Special Fund Bank Account to Main Bank Account before issue of any common stores. Accounts Department shall update the Special Fund Register (Form SF-1) and pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
450410000	To Designated Bank Account*		Credit

**Source Document:** Intimation from the Stores  
**Records updated:** Bank Book, Special Fund Bank Book, Special Fund Register

\*Specify the name of the Bank and Account number

- h. Recording of utilization of Common Stores for special funds. For common stores consumed, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
31100000	Special Fund *	Debit	
43010020	To Purchase of Material - Stores		Credit

**Source Document:** Intimation from the Stores  
**Records updated:** Journal Book, Ledger, Special Fund Register

\*Specify the name of the Special Fund

#### utilization of Special Fund for Capital Expenditure

19.25 The accounting procedures and entries to be recorded for:

- a. Advance provided to the contractor/supplier;
- b. Recovery of advance provided to contractor/supplier;
- c. Receipt of Earnest Money Deposit (EMD) from the bidders and its refund to unsuccessful bidders;
- d. Conversion of EMD of successful bidder into Security Deposit;
- e. Security Deposit received from contractor/supplier;
- f. Security Deposit deducted from the contractor's/supplier's bill;
- g. Refund of Security Deposit;
- h. Deduction of tax from the contractor's/supplier's bill;
- i. Payment of amounts deducted to the relevant authorities, etc.

Shall be the same as described in the section "utilization of Special Funds for Revenue Expenditure" above.

### 19.6. Period End Procedures

19.26 The following entries shall be passed for provisioning of the unpaid bills.

- a. Recording of period-end provision for bills remaining unpaid in respect of Special Fund expenditure. At period-end, a provision shall be made for the revenue expenditure incurred under Special Fund but for which bills are remaining unpaid as at the end of the accounting period. For making provision, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
311000000	Earmarked Special Fund *	Debit	
350100103	To Contractors Control Account - Special Fund		Credit

**Source Document:**  
**Records updated:** Journal Book, Ledger, Special Fund Register

- b. Recording of payment. On payment of the expenditures in respect of which period- end provision entry has been passed, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100103	Contractors Control Account - Special Fund	Debit	
450410000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN – 15			
<b>Records updated:</b> Special Fund Bank Book, Ledger, Special Fund Register			

\*Specify the name of the Bank and Account number

- 19.27 In respect of capital project / schemes, bills received in respect of works executed or acquisition / purchase of fixed assets before the last date of the accounting period must be processed and forwarded to the Accounts Department for accounting and payment within 15 days from the end of the accounting period. The accounting entry to be recorded shall be the same as provided in para 19.20 above for progress bill in respect of capital works being executed under Special Funds and para 19.21 above for bills in respect of acquisition / purchase of fixed assets under Special Funds.

### 19.7. On Closure of Funds

- 19.28 On closure of Special Funds. Once the purpose for which the Special Fund created is achieved, the unutilized balance in the fund, if any, shall be transferred from Special Fund to Municipal Fund by transferring the money from the Special Fund Bank Account to the Main Bank Account. The approval of the Municipality shall be obtained wherever required. The following entries shall be passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
311000000	Earmarked Special Fund *	Debit	
310100000	To Municipal Fund		Credit
<b>Source Document:</b> Council resolution for closure of Special Funds			
<b>Records updated:</b> Journal Book, Ledger, Special Fund Register – Form SF – 1			

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Main Bank Account	Debit	
460041000	To Designated Special Fund Bank Account*		Credit
<b>Source Document:</b> Council resolution for closure of Special Funds			
<b>Records updated:</b> Bank Book, Special Fund Bank Book			

\*Specify the name of the Bank and Account number

### 19.8. Internal Controls

- 19.29 The following internal controls shall be observed by the Municipality:

- a. The Accounts Officer shall, before transferring the money from Main Bank Account to the respective designated Special Fund bank account, ensure that the fund created is recorded in the Special Fund Register. Further, it shall be ensured that the Journal Voucher in Form No. GEN-7 prepared

- to record the transaction, shall provide reference to the Special Fund Register.
- b. The Accounts Officer and/or other officer designated in this behalf shall ensure timely transfer of mandatory contribution to Special Fund Bank Accounts.
  - c. The Accounts Officer and/or other officer designated in this behalf, shall ensure that the amount of Special Fund shall not be utilized for the purpose other than for which the fund it is created.
  - d. Bank reconciliation of Special Fund Bank Accounts shall be carried out on a monthly basis by the Chief Municipal Officer or Accounts Officer or any duly authorized person responsible for operating the bank account.
  - e. The Accounts Officer or other officer designated in this behalf shall regularly match the expenditure from a Special Fund to the reduction in the balance of the Special Fund.
  - f. At the end of every month, the Accounts Officer or other officer designated in this behalf shall reconcile the ledger balance of the Special Fund Account with the Special Fund Register and the Special Fund Bank Account balance.
  - g. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.
- 19.30 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

### **19.9. Presentation In Balance Sheet**

- 19.31 The various heads of accounts used for the accounting of Special Funds shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipality. All these Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 19.32 The Balance Sheet Abstract in respect of Special Funds is provided below.

**Schedule B-2: Special Fund**

<b>Code</b>	<b>Particulars</b>	<b>Special Fund</b>							
	<b>(a) Opening Balance</b> <b>(b) Additions to the Special Funds</b> i. Transfer from Municipal Funds ii. Interest/Dividend earned on Special Fund Investments iii. Profit on disposal of Special Fund Investments iv. Appreciation in Value of Special Fund Investments v. Other addition (Specify nature)								
	<b>Total (b)</b>								
	<b>Total (a+b)</b>								
	<b>(c) Payments out of funds</b> <b>(i) Capital expenditure on Fixed Assets</b>								
	<b>Total</b>								
	<b>(ii) Revenue Expenditure on</b> Salary, Wages and allowances etc. Rent Other administrative charges								
	<b>Total</b>								
	<b>(iii) Other:</b>								
	Loss on disposal of Special Fund								
	Diminution in Value of Special Fund								
	Transferred to Municipal Fund								
	<b>Total</b>								
	<b>Total (c)</b>								
	<b>Net balance at the year end – (a)+(b)-(c)</b>								

**Schedule B-3: Schedule of Reserves**

Code No.	Particulars	Opening Balance at the beginning of the year (Rs.)	Additions (Rs.)	Total (Rs.)	Deductions (Rs.)	Balance outstanding at the end of the current year (Rs.)
312300000	Special Fund (Utilised)					
	<b>Total</b>					

**Schedule B-7: Schedule of Deposits Received**

Code No.	Particulars	Opening balance as the beginning of the year	Additions during the current year	Refunded during the year	Balance outstanding at the end of the current year
340100203	Contractors Security Deposit – Special Funds				
340100207	Suppliers Security Deposit – Special Funds				
340100103	Contractors Earnest Money Deposit - Special Funds				
340100107	Suppliers Earnest Money Deposit - Special Funds				
340100303	Contractors Retention Money – Special Funds				
340100307	Suppliers Retention Money – Special Funds				
	<b>TOTAL</b>				

**Schedules B-9: Schedule of Other Liabilities (Sundry Creditors)**

<b>Code of Account</b>	<b>Liabilities</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
350100103	Contractors Control Account -		
350100303	Special Fund Suppliers Control Account – Special Fund Tax		
350200201	Deducted at Source		
	<b>Total</b>		

**Schedule B-13: Schedule of Investments – Other Funds**

<b>Code No</b>	<b>Particulars</b>	<b>With whom invested</b>	<b>Face value</b>	<b>Cost</b>	<b>Remarks</b>
<b>1.</b>	<b>2</b>	<b>3.</b>	<b>4.</b>	<b>5.</b>	<b>6.</b>
421100100	Any other investments Special Fund Investment				
	<b>Total</b>				

**Schedules B-17: Schedule of Cash & Bank Balances**

<b>Code No</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
450102000	Cash Account		
450210000	Main Bank Accounts		
450410000	Designated Bank Accounts		
	<b>Total</b>		

**Schedules B-20: Schedule of Other Loans, Advances & Deposits**

<b>Code No</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
460400203	Advance to Contractors - Advance paid - Special Funds*		
	<b>Total</b>		

**Form SF-1*****Name of the Municipality*****SPECIAL FUNDS  
REGISTER****Accounting  
Unit: Fund  
Code:**

On creation/ addition to Fund					On Utilisation of Fund					Balance in fund (Rs.) (5- 10)	Remarks
Date of Receipt	Reference of voucher No.	Particulars	Amount (Rs.)	Cumulative Amount (Rs.)	Date of Payment	Reference of voucher No.	Particulars	Amount (Rs.)	Cumulative Amount (Rs.)		
1	2	3	4	5	6	7	8	9	10	11	12

**Note:**

1. Interest earned on investments and Profit on disposal of investments made from the Special Funds shall be recorded in the column 1 to 5 to update the balance of Special Funds
2. Loss on disposal of investments shall be recorded in the column 6 to 10 to reduce the balance of Special Fund

For each entry made; record the Name, Designation, and Signature of the person making the entry in the register and the person checking the entry.

As per BMAR 73 under Rule 120(2).

## Chapter Twenty

### 20. Borrowings

#### **This Chapters on Borrowing aims to...**

- Provide knowledge on Accounting System for transactions, applicable Accounting Policies, Accounting procedure and Internal control requirements relating to loans Taken by the Municipalities.

#### **By the end of this chapter, you should...**

- Be aware of the Accounting System, Policies, Procedures, area and nature of Internal Control in relation to the loan.

#### **20.1. Introduction**

- 20.1 This chapter contains the recommended accounting system for transactions relating to loans received by the Municipality.
- 20.2 The Municipality may borrow funds, in accordance with the laws in force either by issuing debentures, or otherwise, for the purposes specified in the approval. These borrowings are generally secured by movable and immovable properties vested in the Municipality. Unless specifically approved by the Government, the loans cannot be used for any purpose other than that specified in the approval.
- 20.3 Where the terms of sanction provide for the establishment of a Sinking Fund for the repayment of loan, the Municipality shall establish it and credit to it, funds from the Municipal Fund. Similarly, if the terms provide for a creation of an Escrow Account for repayment of loans, the Municipality shall create it and credit to it, the income earmarked for this. The purpose of establishment of a Sinking Fund or an Escrow Account is to accumulate money, including interest, adequate to repay the loan as per the repayment schedule.

#### **20.2. Accounting Principles**

- 20.4 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Borrowings (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 expenditures incurred while issuing debentures or bonds (Issue Expenditures) shall be deferred and amortised in equal installments 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 expenditures outstanding during the year shall be written-off and charged to the Income and Expenditure Statement as expenditure of the year when this happens. However, all other expenditures in respect of raising loans other than those considered, as issue expenditures shall be expensed off in the year in which they are incurred.

### **20.3. Accounting Records and Procedures**

- 20.5 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Loans. For the purposes of accounting of Loans, there are certain forms, registers, etc., which are specific to Loans, e.g., Register of Loans – (Form BR-1). These (Forms BR-1 to BR-3) are annexed to this chapter and are prefixed “Loan”.*

### **20.4. Accounting For Receipt of Loan**

- 20.6 The amount borrowed as per the terms of sanction shall be entered in the Register of Loans in Form BR-1 maintained by the Accounts Department of the Municipality. A separate folio shall be allotted for each loan taken. In case, sanction has been obtained for issuing debentures, the particulars of the debenture holder shall be recorded in the Register of Debentures in Form BR-2. Amount received as loan shall be deposited in the Designated Loan Bank Account.
- 20.7 Raising / Borrowing of Funds. On receipt of loan, the Accounts Department shall pass the following entries:
- a. In cases where debentures have been issued for raising funds.

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450000000	Designated Loan Bank Account *	Debit	
330700000	To Bonds & debentures**		Credit

**Source Document:** Summary of Daily Collection – Form GEN - 13  
**Records updated:** Bank Book, Ledger, Loan Register – Form BR – 1

\* Specify the name of the Bank and Account number

\*\*Specify the percent or any other distinguishing feature of the debenture issued for easy identification.

Note 1: The Major account head to be credited shall be 330 in the case of Un-Secured Loans and this applies to all the entries relating to loans explained in this Chapter.

Note 2: The postings in the Ledger Accounts of “Bonds & debentures” Account shall

be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever the Cash or the bank account is involved, there will be no entry in the Journal Book.

- b. In cases where funds are borrowed otherwise than by issue of debentures.

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
4500000000	Designated Loan Bank Account *	Debit	
3300000000	To Loans **		Credit

**Source Document:** Summary of Daily Collection – Form GEN - 13

**Records updated:** Bank Book, Ledger, Loan Register – Form BR – 1

\*Specify the name of the Bank and Account number

\*\*Specify the institution from which the funds have been borrowed or any other distinguishing feature of the loan received for easy identification.

## 20.5. Accounting Of Interest Payable on Loan / Debentures

- 20.8 Recording of interest accrued. For interest payment, on receipt of approval for payment of interest from the authorities designated by the Municipality, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
2400000000	Interest and Finance Charges	Debit	
350120100	To Interest accrued and due- Loans		Credit

**Source Document:** Calculation sheet for interest

**Records updated:** Journal Book, Ledger

- 20.9 No provision for interest shall be made in respect of interest free loans.

- 20.10 Recording of payment of interest. On payment of interest to the lenders, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350120100	Interest accrued and due - Loans	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15

**Records updated:** Bank Book, Ledger

\*Specify the name of the Bank and Account number

- 20.11 The amount of interest remaining unclaimed or unpaid shall be treated as Current Liability.

- 20.12 Recording of interest accrued but not due. For the period between the date of last payment of interest and the date of the preparation of the financial statements, the amount of interest accrued for the period aforesaid shall be determined and a

provision shall be made for it. The Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
24000000	Interest and Finance Charges	Debit	
36020010	To Provision for Interest Accrued and not due		Credit
<b>Source Document:</b> Calculation sheet for interest			
<b>Records updated:</b> Journal Book, Ledger			

20.13 Recording of reversal of interest provisioning. At the beginning of the new accounting period, the provision entry made in the previous accounting period shall be reversed and the following entry shall be passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
36020010	Provision for Interest Accrued and not due	Debit	
24000000	To Interest and Finance Charges		Credit
<b>Source Document:</b> Calculation sheet for interest			
<b>Records updated:</b> Journal Book, Ledger			

20.14 Through the reversal entry, the entry for period end expenditures passed in the current period shall be reversed in the next accounting period. Payments made during the next accounting period in respect of the interest shall be recorded by debits to the interest on loans/ debentures accounts in the same manner as payment for interest accruing and arising in the next accounting period as described in 20.11 and 20.12.

20.15 The credits made in the interest account through the above reversal entry would automatically take care of the extra debits given in the next accounting period.

## 20.6. Accounting For Repayment of Loan/ Redemption of Debentures

### Repayment of Loan/Redemption of Debentures in case where Sinking Fund is established

#### **Establishment of Sinking Fund**

20.16 For creation/addition to Sinking Fund. Where the terms of sanction for raising loan or issuing debenture provides for establishment of a Sinking Fund, an amount stipulated in the terms of sanction shall be transferred to the Sinking Fund from the Municipal Fund at the end of the year. To record the above, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
29000000	Transfer to Reserve Funds	Debit	
31150000	To Sinking Fund		Credit
<b>Source Document:</b> Council resolution approving the creation of Sinking Fund			
<b>Records updated:</b> Journal Book, Ledger, Register of Sinking Funds – Form BR – 3			

20.17 Recording of transfer of funds from the Main Bank Account to the Sinking Fund Bank Account. The amount so transferred to the Sinking Fund from the Municipal Fund shall be deposited in a separate bank account. On deposit, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
45041000	Designated Bank Account*	Debit	
45021000	To Bank Account*		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank, Transfer intimation  
**Records updated:** Bank Book, Ledger, Register of Sinking Funds – Form BR – 3

\*Specify the name of the Bank and Account number

#### **Investment of Sinking Fund**

20.20 Investments made in respect of Sinking Fund shall be entered in a Sinking Fund Investment Register (Form IN-1) (provided in Chapter 17 on Investments). The accounting entries/procedures to be followed for investments of such moneys are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 17 on Investments.

20.19 Interest earned on Investments, profit/loss on disposal of Investments, if any, shall be updated in the Register of Sinking Fund (Form BR-3).

#### **Transfer from Municipal Fund to Sinking Fund**

20.20 Recording of transfer from Municipal Fund to make good the deficit in Sinking Fund observed during an examination of Sinking Fund investment. On examination, if it is observed that the present value of Sinking Fund investment is less than the value of the Fund stipulated in the terms of sanction, the difference shall be made good from the Municipal Fund. The Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
29000000	Transfer to Reserve Funds	Debit	
31150000	To Sinking Fund		Credit

**Source Document:** Sinking Fund Register – Form BR – 3  
**Records updated:** Journal Book, Ledger, Register of Sinking Funds – Form BR – 3

20.21 Recording of transfer of Funds. The additional amount so transferred from Municipal Fund to Sinking Fund shall be deposited to the Sinking Fund Bank Account and accordingly following entry shall be passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
45041000	Designated Bank Account*	Debit	
45021000	To Bank Account*		Credit

**Source Document:** Deposit Chalan acknowledged by the Bank, Transfer intimation  
**Records updated:** Bank Book, Ledger

\*Specify the name of the Bank and Account number

#### Repayment of Loan/Redemption of Debentures

20.22 On repayment/redemption of loans/debentures. For repayment of loans and/or redemption of debentures, the Accounts Department shall pass the following entries:

- For repayment of loan from the Sinking Fund

Code	Particulars	Debit	Credit
3300000000	Loans	Debit	
450410000	Designated Bank Account*		Credit

**Source Document:** Payment order – Form GEN - 15  
**Records updated:** Cash cum Bank Book, Ledger, Register of Loans – Form BR – 1, Register of Sinking Funds – Form BR – 3

\*Specify the name of the Bank and Account number

- For redemption of debentures from the Sinking Fund

Code	Particulars	Debit	Credit
330700000	Bonds & debentures	Debit	
450410000	To Designated Bank Account*		Credit

**Source Document:** Payment order – Form GEN - 15  
**Records updated:** Bank Book, Ledger, Register of Sinking Funds – Form BR - 3, Register of Debentures – Form BR – 2

- For transfer of funds from the Sinking Fund on repayment/redemption of loan/debenture

Code	Particulars	Debit	Credit
311500000	Sinking Fund	Debit	
310100000	To Municipal Fund		Credit

**Source Document:** Payment order – Form GEN - 15  
**Records updated:** Journal Book, Ledger, Register of Sinking Funds – Form BR – 3, Register of Loans – Form BR – 1, Register of Debentures – Form BR – 2

#### Repayment of Loan/Redemption of Debentures in case where Escrow Account is created:

20.23 Creation of Escrow Account: Where the terms of sanction for raising loan or issuing debentures provide for the establishment of an Escrow Account, an amount equivalent to that stipulated in the sanction shall be transferred to the Escrow Account based on collections of earmarked income. For e.g. if a loan has been taken for building Water Supply Infrastructure, then out of the water supply income collected, an amount equal to certain percentage of water charges shall

be deposited into the Escrow Account. For creation of Escrow Account, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated Bank Account*	Debit	
450210000	Bank Account*	Debit	
431300101	To Receivable for Water Charges (Current)		Credit
431300102	To Receivable for Water Charges (Arrears)		Credit
140500102	To Water Connection Charges		Credit

**Source Document:** Summary of Daily Collection – Form GEN – 13

**Records updated:** Bank Book, Ledger, Register of Loans, Register of Debentures

\*Specify the name of the Bank and Account number

#### **Investment of amount lying in Escrow Account:**

- 20.24 Investments made in respect of Escrow Account shall be entered in an Escrow Account Investment Register (Form IN-1) (provided in Chapter 17 on Investments). The accounting entries/procedures to be followed for investments of such moneys are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 17 on Investments.
- 20.25 Interest earned on Investments, profit/loss on disposal of Investments, if any, shall be updated in the Escrow Account Investments Register.

#### **Accounting and payment of Interest on Loans/ Debentures**

- 20.26 Accounting and payment of interest on Loans/ Debenture/ Bonds raised/ issued will be same as provided in the section “Accounting of interest payable on loan / debentures” above, reference to which is invited. The only difference being payment will be out of Escrow Bank Account instead of Main Bank Account. To record the payment the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350120000	Interest Accrued & due	Debit	
450410000	To Designated Bank Account*		Credit

**Source Document:** Calculation Sheet

**Records updated:** Bank Book, Ledger, Register of Loans, Register of Debentures

\* Specify the name of the Bank and Account number

#### **Repayment of Loan/Redemption of Debentures**

- 20.27 On repayment/redemption of loans/debentures. For repayment of loans and/or redemption of debentures, the Accounts Department shall pass the following entries:
- a. For repayment of loan from the Escrow Account:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
-------------	--------------------	--------------	---------------

3300000000	Loans	Debit	
450410000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN - 15			
<b>Records updated:</b> Bank Book, Ledger, Register of Loans – Form BR – 1			

\*Specify the name of the Bank and Account number

b. For redemption of debentures from the Escrow Account:

Code	Particulars	Debit	Credit
330700000	Bonds & debentures	Debit	
450410000	To Designated Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN - 15			
<b>Records updated:</b> Bank Book, Ledger, Register of Debentures			

\*Specify the name of the Bank and Account number

#### **Repayment of Loan/Redemption of Debentures in case where Sinking Fund/Escrow**

#### **Account is not established**

20.28 Recording of repayment of loan or redemption of debenture. Where Sinking Fund is not established, the loan shall be repaid or debentures redeemed from the Municipal Fund as per the terms of the agreement entered into and the following entry shall be passed:

Code	Particulars	Debit	Credit
3300000000	Loans	Debit	
330700000	Bonds & debentures	Debit	
450210000	To Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN - 15			
<b>Records updated:</b> Bank Book, Ledger, Register of Loans, Register of Debentures			

\*Specify the name of the Bank and Account number

#### **Accounting for Expenditure incurred in raising loans or issuing debentures**

20.29 **Recording of Loan Issue Expenditures.** The Municipality may incur expenditures such as credit rating fees, security creation fees, stamp duty, and guarantee commission, etc., at the time of raising loan or issuing debentures. These expenditures shall be deferred and be classified as Loan Issue Expenditures and on payment being made; the Accounts Department shall pass the following entry:

Code	Particulars	Debit	Credit
480100000	Loan Issue Expenses	Debit	
450210000	To Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN - 15			
<b>Records updated:</b> Bank Book, Ledger			

\*Specify the name of the Bank and Account number

20.30 Recording of amortization of Loan Issue Expenditures. The Loan Issue Expenditures shall be amortized in equal instalments over a period of 5 years or the tenure of the loan whichever is lower. For instance, issue expenditures of Rs. 50,000 incurred for raising loan shall be amortized over a period of 5 years in equal instalments of Rs. 10,000/- every year. At the end of each financial year, for amortizing the relevant portion of Loan Issue Expenditures, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
27050000	Miscellaneous Expense written off	Debit	
48010000	To Loan Issue Expenses		Credit

**Source Document:**  
**Records updated:** Journal Book, Ledger

20.31 Recording of write-off of Loan Issue Expenditures. In case the loans are pre-paid or debentures are redeemed prematurely, the balance outstanding in the Loan Issue Expenditures shall be written-off during the year in which the prepayment or premature redemption has been made. Continuing the earlier illustration, in case the loans have been prepaid during the third year, then the balance of Rs. 30,000/- lying outstanding in the Loan Issue Expenditures shall be written-off during the third year. At the end of the financial year, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
27050000	Miscellaneous Expense written off	Debit	
48010000	To Loan Issue Expenses		Credit

**Source Document:** Council resolution for write off  
**Records updated:** Journal Book, Ledger

## 20.7. Internal Controls

20.32 The following internal controls shall be observed by the Municipality in respect of Loans related transactions:

- The Accounts Officer shall ensure that adequate provision is made for the interest accrued between the date of last payment of interest and the date of Financial Statements and is charged to the current period's Income and Expenditure Statement.
- The Accounts Officer shall carry out physical verification of Sinking Fund Investment documents and compare with the Sinking Fund Investment Account.
- The Accounts Officer shall monitor the funds borrowed and ensure proper utilization of funds.

- d. The Accounts Officer shall ensure that the present value of the Sinking Fund investment ties up with the value of the Fund as per the Government's sanction. If any mismatch is observed, adequate funds shall be transferred from the Main Bank Account to Sinking Fund Bank Account.
- e. The Accounts Officer shall ensure that the transfers to Escrow Account out of income collected are as per the conditions of borrowings.
- f. The Chief Municipal Officer shall ensure the loans raised are utilised for the purpose for which they are borrowed. In case of any diversion, the Government shall take the appropriate action against the Chief Municipal Officer.
- g. The Chief Municipal Officer shall ensure that the funds raised from borrowings are utilized for the specified purpose without delay.
- h. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.

20.33 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

## **20.8. Presentation in Financial Statements**

- 20.34 The various heads of accounts used for the accounting of Loans shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipality. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 20.35 The schedule of Income and Expenditure Statement in respect of Loans is provided below.

### **Schedule I-13: Interest & Finance Expenditures**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
240100000	Interest on Loans from Central Government		
240200000	Interest on Loans from State Government		
240300000	Interest on Loans from Government Bodies & associations		
240400000	Interest on Loans from International Agencies		
240500000	Interest on Loans from Banks & Other Financial Institutions		
240600000	Other Interest		
240700000			

240800000	Bank Charges Other Finance Expenditures		
	<b>Total Interest &amp; Finance expenditures</b>		

**Schedule I-16 - Schedule of Provisions & Write off**

Code No.	Particulars	Current Year	Previous Year
1	2	3	4
270500000	Miscellaneous Expense written off		
	<b>Total – Provisions &amp; Write off</b>		

20.36 The Balance Sheet abstract in respect of Loans is provided below.

**Schedule of Ear Marked Funds****Schedule B-2 (a): Sinking Fund**

Particulars	Sinking Fund
(a) Opening Balance	
(b) Additions to the Sinking Funds	
(i) Transfer from Municipal Funds	
(ii) Interest/Dividend earned on Sinking Fund Investments	
(iii) Profit on disposal of Sinking Fund Investments	
(iv) Appreciation in Value of Sinking Fund Investments	
(v) Other addition (Specify nature)	
<b>Total (b)</b>	
<b>Total (a+b)</b>	
(c) Payments out of funds	
(i) <b>Capital expenditure on</b>	
Fixed Assets	
Others	
<b>Total</b>	
(ii) <b>Revenue Expenditure on</b>	
Salary, Wages and allowances etc. Rent	
Other administrative expenditures	
<b>Total</b>	
(iii) <b>Other:</b>	
Loss on disposal of Sinking Fund	
Investments Diminution in Value of Sinking Fund Investments Transferred to Municipal Fund	

<b>Total</b>	
<b>Total (c)</b>	
<b>Net balance at the year end – (a)+(b)-(c)</b>	

**Schedule B-2 (b): Escrow Account**

Particulars	Escrow Account
(a) Opening Balance	
(b) Additions to the Escrow Account	
(i) Transfer from Income from Project	
(ii) Interest/Dividend earned on Escrow Account Investments	
(iii) Profit on disposal of Escrow Account Investments	
(iv) Appreciation in Value of Escrow Account Investments	
(v) Other addition (Specify nature)	
<b>Total (b)</b>	
<b>Total (a+b)</b>	
<b>(c) Payments out of funds</b>	
(i) Capital expenditure on	
Fixed Assets	
Others	
<b>Total</b>	
(ii) Revenue Expenditure on	
Salary, Wages and allowances etc.	
Rent	
Other administrative expenditures	
<b>Total</b>	
(iii) Other:	
Loss on disposal of Escrow Account Investments	
Diminution in Value of Escrow Account Investments	
Transferred to Municipal Fund	
<b>Total</b>	
<b>Total (c)</b>	
<b>Net balance at the year end – (a)+(b)-(c)</b>	

**Schedule B-5/6: Secured & Unsecured Loans [Code No 330/331]**

Amount in Rs.			
Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
330100000	Loans from Central Government		
330200000	Loans from State Government		
330300000	Loans from Govt. bodies & Associations		
330400000			

330500000	Loans from international agencies		
330600000	Loans from banks & other financial institutions		
330700000	Other Term		
330800000	Loans Bonds & debentures		
	Other Loans		
	<b>Total Secured/Un Secured Loans</b>		

Notes

1. Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan under each of these categories separately;
2. The nature of the Security shall be specified in each of these categories
3. Particulars of any guarantees given shall be disclosed
4. Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption
5. For loans disbursed directly to an Executing Agency, please specify the name of the Project for which such loan is raised.

**Schedule B-9: Schedule of Other Liabilities**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350120000	Interest Accrued and Due		
	<b>Total Other liabilities</b>		

**Schedule B-10: Schedule of Provisions**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
360200100	Provision for Interest Accrued & not due		
	<b>Total Provisions</b>		

**Schedule B-13: Schedule of Investments - Other Funds (Sinking Funds, Escrow Account)**

Code No.	Particulars	With whom invested	Current year		Previous year	
			Face value (Rs.)	Carrying Cost (Rs.)	Face value (Rs.)	Carrying Cost (Rs.)
1	2	3	4	5	6	7
421100000	Central Government Securities					
421200000	State Government Securities					
421300000						

421400000	Debentures and					
421500000	Bonds Preference					
421600000	Shares					
421800000	Equity Shares					
421900000	Units of Mutual Funds Other Investments Sub-total Less: Accumulated Provision					
	<b>Net Total Investments OF</b>					

Note:

1. Details of Investments shall be provided separately for each of the Special Fund Investment and Grant Investment.
2. Value in respect of investments, which have matured but not encashed shall be disclosed separately.

**Schedules B-17: Schedule of Cash & Bank Balances**

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450210000	Bank Balances		
450410000	Designated Bank Account		
	<b>Total</b>		

**Schedules B-20: Schedule of Miscellaneous Expenditure Not Written Off**

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
480100000	Loan Issue Expenses		
	<b>Total</b>		

**Name of the Municipality****Form BR – 1****REGISTER OF LOANS****Accounting Unit:  
Fund Code:**

1. Department from which loan received \_\_\_\_\_  
 2. Purpose of Loan \_\_\_\_\_  
 3. No. & date of resolution / orders sanctioning the loan \_\_\_\_\_  
 4. Amount of Loan sanctioned \_\_\_\_\_  
 5. Date of Maturity \_\_\_\_\_  
 6. Rate of Interest \_\_\_\_\_  
 7. No. of instalment \_\_\_\_\_  
 [whether half-yearly or yearly] \_\_\_\_\_  
 8. Amount of each instalment \_\_\_\_\_

Receipt of Loan			Amount due for repayment				Initials of the officer	Amount Repaid				Balance			Remarks
Date of Receipt	Amount Received	Total Amount Received	Due Date of Repayment	Amount of Principal	Amount of Interest	Total Amount due to repayment		Date of Repayment	Principal Amount	Interest	Total	Principal Amount	Interest	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

**Note :**

1. Separate folio shall be allotted to each loan.
2. The format for capital grant register would be similar.
3. Pages of ledger / register would be numbered.
4. In case of more than one loan, summary of all loans shall be drawn suitably in the register.
5. For each entry made, record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

As per BMAR 70 under Rule-118(3) BMAR Forms to be changed

*Name of the Municipality***REGISTER OF DEBENTURES****Date of order sanctioning the issue of debenture:****Accounting Unit:****Debenture Face Value (Rs.):****Fund Code:****Amount raised by issue of debentures (Rs.):****Rate of interest payable on debentures:****Date of issue of Debentures:****Purpose of issuing debentures:****Details of Guarantee and Security furnished:****Name of the Debenture-trustee, if any:****Interest payment Schedule:****Date of maturity:****Repayment Schedule:**

Sr. No.	Debenture Folio No.	Debenture Certificate Nos.	Distinctive number of Debentures issued		Name and Address of the Debenture holder	Date of becoming a debenture holder	Date of ceasing as a debenture holder	Initials of Authorised Officer*	Payment of Interest on Debentures				Initials of Authorised Officer*	Remarks
			From	To					Date when due	Amount due (Rs.)	Date of Payment	Amount paid (Rs.)		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

**Notes:**

- (1) Details of all the holders who have been issued debentures of a particular series shall be listed above. (2) Separate folios shall be allotted for each series of the debentures being issued.
- (3) Three to four lines should be left after each certificate number to record the transfer entries for those certificates.
- (4) Date on which a person becomes a debenture holder and the date on which he ceases to be shall be mentioned for all the transfers effected.
- (5) For each entry made, record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

As per BMAR 72 under Rule-118(5)

**Name of the Municipality****REGISTER OF SINKING FUNDS****Amount of loan and rate of interest:****Accounting Unit:****Date of raising the loan:****Fund Code:****Amount of Sinking Fund instalment:****Rate of interest provided for in the Agreement at which Sinking Fund develops:**

Previous Balance (Rs.)	RECEIPTS					INVESTMENTS										Difference (Rs.)	Remarks
	Annual Instalments (Rs.)	Date of Credit	Total (Rs.)	Amount of interest received/ accrued on Investments (Rs.)	Theoretical value as on 31st March (Rs.)	Previous Balance	Purchased during the year			Total		Present Value of Sinking Fund					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
		(1+2)		(4+5)						(7+9)	(8+10)			(14+15)	(16-6)		

**Note:** For each entry made, record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry

As per BMAR 71 under Rule-118(4)

## Chapter Twenty One

### 21. Lease & Hire Purchase

**This chapter on Lease & Hire Purchase is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions relating to Lease and hire purchase and,
- Familiarizing you with accounting system for Purchase or sale of Fixed Assets under lease and hire purchase.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Lease and hire purchase and,
- Appreciate the concepts and underlying principles of lease and hire purchase transactions.

#### 21.1. Introduction

- 21.1 This chapter contains the recommended accounting system for transactions relating to fixed assets purchased or sold under hire purchase and leases by the Municipalities in Bihar.
- 21.2 A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed period of time.
- 21.3 A lease is classified as a finance lease if it transfers substantially all risks and rewards incident to ownership. All other leases are classified as operating leases. Classification is made at the inception of the lease. Whether a lease is finance lease or an operating lease depends on the substance of the transaction rather than the form. Contextually under finance lease agreement the ownership passes on to the lessee on completion of the lease and in the case of an operating lease the ownership always remains with the Lessor.
- 21.4 Hire purchase agreement is a contract, more fully called contract of hire with an option of purchase, in which a person hires goods for a specified period and at a fixed rent, with the added condition that if he retains the goods for the full period and pay all the Installments of rent as they become due the contract shall determine and the title vest absolutely in him.
- 21.5 Accounting of leases and hire purchase transactions shall be divided into the following situations:
  - Finance lease in the books of the Municipality when it is the lessee.
  - Operating lease in the books of the Municipality when it is the lessor.

- Finance lease in the books of the Municipality when it is the lessor
  - Operating lease in the books of the Municipality when it is the Lessee
  - Hire Purchase in the books of the Municipality when it is the buyer.
  - Hire Purchase in the books of the Municipality when it is the seller.
- 21.6 Considering the general position Municipality as lessee in the case of Finance leases and lessor in the case of Operating lease are provided in this manual. While both situations are covered in respect of Hire Purchase.

## **21.2. Accounting Records And Procedures**

- 21.7 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Fixed Assets under lease and hire purchase. For the purposes of accounting of Fixed Assets under a lease or hire purchase all the forms, are the ones generally applicable in respect of the transactions of the Municipalities.

## **21.3. Accounting principles:**

- 21.8 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Fixed Assets acquired/given under Lease and Hire Purchase:
- a. Finance lease in the books of the Municipality when it is the lessee
    - I. At the commencement of the lease term, finance leases shall be recorded as an asset and a liability. Such recognition shall be at an amount equal to the cost.
    - II. Finance lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated as to produce a constant periodic rate of interest on the remaining balance of the liability for each of the period.
    - III. Depreciation on such assets shall be provided at the same rates as incase of owned assets.
  - b. Operating lease in the books of the Municipality when it is the lessor
    - I. Assets given under operating lease shall be accounted as own assets in the same manner similar to any other fixed assets owned and used by the Municipality.
    - II. Lease income from operating leases shall be recognized as income on a straight-line basis over the lease term. Lease income shall be accrued on the respective due dates.
    - III. Any amount incurred that results in improvement or increase of the useful life

- of the assets under operating lease shall be capitalized as like any other asset used by the Municipality for its own operations.
- IV. Depreciation on such assets shall be provided at the same rates as in case of owned assets.
- c. Hire purchase in the books of the Municipality when it is the buyer
- I. The purchase price shall be capitalized as the cost of fixed assets at the time of entering into the Hire Purchase agreement.
  - II. Hire Purchase (HP) Installments 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.
  - III. 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.
  - IV. The depreciation principle for assets purchased under HP should be Consistent with that for owned assets.
- d. Hire purchase in the books of the Municipality when it is the seller
- I. The sale price (including the interest portion) shall be accounted as receivable from HP agreement;
  - II. HP Installments shall be apportioned between the interest income and the reduction of the principal amount receivable (the finance income shall be allocated so as to produce a constant periodic rate of interest on the remaining balance of the receivable);
  - III. 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 Interest Income.

#### **21.4. Accounting for Finance Lease in the Books of the Municipality When It Is the Lessee**

##### **Accounting for Acquisition/Purchase of Fixed Assets**

- 21.9 Recording of purchase of Fixed Assets: Delivery / installation of fixed assets purchased under a 'Finance Lease' shall be as per the agreement. To record the purchase of the fixed assets under a finance lease, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000 9a	Fixed assets – (please specify the type)	Debit	
470300000	Interest control payable – Leases	Debit	
350800200	To Lease charges payable		Credit

**Source Document:** Lease agreement  
**Records updated:** Journal book, Ledger, Register of Movable/Immovable Assets – Form GEN 32/31

(a) – Insert minor and detailed head of account

as applicable

\* All the fixed assets belonging to a class of assets shall be accounted under that asset class. For instance, the acquisition of a building for any purpose shall be accounted under the asset head of Buildings.

Note: The postings in the Ledger Accounts of “Fixed Asset” Account, “Lease Charges Payable”, “Interest Control

Payable” Account shall be carried out as indicated in Chapter 5 –General Accounting Procedures. The postings in the

Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the Bank account is involved, there will be no entry in the Journal Book.

21.10 ‘Interest control payable – Leases account’ is in the nature of a control account, which represents an equivalent amount of unpaid interest portion included in the ‘Lease Charges Payable’. The balance in this account gets reduced at the period ends by accounting for the finance charges portion of the lease payments dues for the period.

### Lease payments

21.11 The periodical lease payments shall be accounted as per the lease agreement, the accounting entry for periodical lease payment is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350800200	Lease charges payable	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN - 15  
**Records updated:** Bank Book, Ledger

\* Specify names of the Bank and Account number

### Finance Charges

21.12 The portion of finance charges out of the lease payments due for the current period shall be identified at the period ends and accounted as finance charges for the period. The accounting entry for recording the finance charges is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
240600200	Interest on Leases	Debit	
470300000	To Interest control payable – Leases		Credit
<b>Source Document:</b> Calculation sheets/ Statement of lessor, Lease agreement			
<b>Records updated:</b> Journal Book, Ledger			

### **Depreciation Charge**

- 21.13 At the end of the accounting year, depreciation shall be provided on each class of fixed assets under finance lease at the prescribed rates. The amount of depreciation to be provided each year shall be computed by applying the depreciation rate to the cost of acquisition of the Fixed Assets. The calculation and accounting of depreciation shall be same as explained in Chapter 16 on Fixed Assets.

## **21.5. Accounting for Operating Leases in the Books of the Municipality When It Is the Lessor**

### **Lease rental income**

- 21.14 **Recording of accrual of lease rental:** The lease rentals due for the period shall be accrued in accordance with the lease agreement. For example, if there is an agreement for rental of Furniture under an operating lease for a monthly rental, it shall be accounted on a monthly basis. The accounting entry for this is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
431400500	Receivables against Lease rentals	Debit	
130500000	To Lease rentals		Credit
<b>Source Document:</b> Calculation sheets, Lease agreement			
<b>Records updated:</b> Journal Book, Ledger			

- 21.15 **Recordings of receipt of lease rentals:** The lease rentals shall be received in accordance with the lease agreement. The accounting entry for this is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
431400500	To Receivables against Lease rentals		Credit
<b>Source Document:</b> Receipt documents			
<b>Records updated:</b> Bank Book, Ledger			

\* Specify name of the Bank and Account number

- 21.16 **Accounting of Fixed assets and depreciation:** Accounting treatments for the fixed assets given under an operating lease and depreciation on those assets shall follow the same principles and procedures as laid down in Chapter 16 on Fixed Assets.

### **Period end procedures**

- 21.17 **Accrual of lease rentals:** The Accounts Department shall identify the total lease rentals due for the period under reporting and compare the same with the lease rental income recognised till date in the books and account for differences if any.

## **21.6. Accounting Of Hire Purchase (Hp) In the Books of Municipality When It Is the Buyer**

### **Down payment against purchase of Asset under Hire purchase agreement**

- 21.18 The HP agreement may have clauses for down payments either before or after delivery or receipt of the asset depending on the terms of the HP agreement.
- 21.19 To record the down payment made, the following entry shall be passed:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460400105	Advance to Suppliers – Hire Purchase Assets – Municipal Fund	Debit	
450210000	To Bank Account*		Credit
<b>Source Document:</b> Payment Order – Form GEN - 15 <b>Records updated:</b> Bank Book, Ledger, Register of Advances			

\* Specify Name of the Bank and Account number

### **Accounting for Acquisition/Purchase of Fixed Assets**

- 21.20 Recording of purchase of Fixed Assets: To record the purchase of the Fixed Asset under a hire purchase agreement, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000	Fixed Asset – (please specify the type)	Debit	
470300000	Interest control payable – Hire purchase	Debit	
330600000	To Other term loans		Credit
460400105	To Advance to Suppliers – Hire Purchase Assets – Municipal Fund		Credit
<b>Source Document:</b> HP agreement <b>Records updated:</b> Journal book, Ledger, Register of Movable – Form GEN – 32, Register of Advances			

### **HP Installments**

21.21 The accounting entry for the payment of installment is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
330600000	Other term loans	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment Order – Form GEN – 15  
**Records updated:** Bank Book, Ledger, Register of Movable – Form GEN – 32

\* Specify names of the Bank and Account number

### **Finance Charges**

21.22 The portion of interest out of the 'HP payable' due for the period under reporting shall be identified at the period ends and accounted as 'finance charges for that period. The accounting entry for recording the interest charges are as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
240600300	Interest on Hire purchase	Debit	
470300000	To Interest control payable – Hire purchase		Credit

**Source Document:** Calculation sheets  
**Records updated:** Journal Book, Ledger

### **Depreciation Charge**

21.23 At the end of the accounting year, depreciation shall be provided on each class of Fixed Asset purchased under HP at the prescribed rates. The amount of depreciation to be provided each year shall be computed by applying the depreciation rate to the cost of the Fixed Assets. The calculation and accounting entries for Depreciation on Fixed Assets purchased under HP shall be same as explained in para 21.17 of Chapter 16 on Fixed Assets.

### **Period end procedures:**

21.24 Recording of interest portion of the Instalments due appropriately: The Accounts Department shall identify the interest portion of the Instalments payable for the period under reporting and accordingly account for the interest income for the period.

## **ACCOUNTING OF HIRE PURCHASE (HP) IN THE BOOKS OF THE MUNICIPALITY WHEN IT IS THE SELLER**

### **Down payment received under Hire purchase agreement**

21.25 The HP agreement may have clauses for down payments to be received from the buyer up-front either before or after delivery of the asset depending on the terms of the HP agreement. The accounting entry to record the same shall be as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
350800400	To Interest Control Receivables - Hire Purchase		Credit

**Source Document:** Summary of Daily Collection – Form GEN – 13  
**Records updated:** Bank Book, Ledger

\* Specify Name of the Bank and Account number

### **Sale of Assets under HP**

21.26 To record the sale of the assets under an HP agreement and adjust the 'down payment' received, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350800300	Hire Purchase Advance	Debit	
460800100	Hire Purchase Instalments Receivable	Debit	
410000000	To Fixed Asset – (please specify the type)*		Credit
350800400	To Interest Control Receivables - Hire Purchase		Credit

**Source Document:** Summary of Daily Collection – Form GEN – 13

**Records updated:** Journal book, Ledger, Register of Movable/ – Form GEN – 32

\* Insert minor and detailed head of account as applicable

### **Installment Receipts**

21.27 The periodical hire purchase Instalments due shall be received as per the HP agreement. The accounting entry for receipt of the installment is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account*	Debit	
460800100	To Hire Purchase Instalments Receivable		Credit

**Source Document:** Summary of Daily Collection – Form GEN – 13

**Records updated:** Bank Book, Ledger

\* Specify names of the Bank and Account number

### **Interest Income**

21.28 The portion of interest income out of the 'Receivables - HP' due for the period under reporting shall be identified at the period ends and accounted as 'Interest Income' for that period. The accounting entry for recording the interest is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350800400	Interest Control receivables – Hire Purchase	Debit	
171800100	To Interest on Hire Purchase		Credit

**Source Document:** Calculation sheets

**Records updated:** Journal Book, Ledger

### **Period end procedures**

21.29 Recording of interest portion of the Instalments due appropriately: The Accounts Department shall identify the interest portion of the installment receivable for the period under reporting and accordingly account for the Interest Income for the period.

### **INTERNAL CONTROLS**

21.30 The following internal controls shall be observed by the Municipalities:

- a. For Finance lease /Hire purchase in the books of the Municipality when it is

the lessee/buyer

- The Accounts Officer shall ensure that the 'purchase of fixed assets' under a finance lease or HP and the terms (lease/HP rentals, lease/HP periods and interest rate) of the lease/HP agreement is approved before recording the capitalization.
- The Accounts Officer shall ensure that the interest charges included in the Lease Charges/HP Payable for the period under reporting are accounted appropriately.
- The Accounts Officer shall ensure that penalties or additional interests on account of delay in installment dues are provided as per the Lease /HP agreement

b. For Operating Leases in the books of the Municipality when it is the lessor

- The Accounts Officer shall ensure that lending the 'fixed assets' under a operating lease and the terms (lease rentals, lease periods) of the lease agreement are approved before recording of any lease rental income.
- The Accounts Officer shall ensure that penalties or additional interests on account of delay in instalment dues are raised timely and accounted as per the Lease agreement.
- The Municipality shall have a system of conducting physical verification of fixed assets throughout the year so that each fixed asset is verified at least once during the year. Additionally, a periodical confirmation of the assets held under operating lease from the lessee shall also be obtained. Any discrepancies with the Fixed Assets Register and the physical verification sheets or confirmation shall be reconciled.
- The Accounts Officer shall ensure that the fixed assets given under operating leases are updated in the Register of Immovable Properties with the name of the lessee and location.

c. For Hire Purchase in the books of the Municipality when it is the Seller

- The Accounts Officer shall ensure that 'sale of fixed assets' under a hire purchase agreement and the terms (HP Instalments, periods and interests) of the agreement are approved before recording the sale of assets.
- The Accounts Officer shall ensure that the interest income included in the HP Instalments due for the period under reporting are accounted appropriately.
- The Accounts Officer shall ensure that penalties or additional interests on account of delay in installment dues are levied and accounted as per the HP agreement.

**Presentation in financial statements**

21.31 The various heads of account used for the accounting of Fixed Assets shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipalities. All such Financial statements and schedules shall be affixed with signature/seal of authorised officer.

21.32 The schedule of Income and Expenditure Statement in respect of Fixed Assets under a finance lease is provided below.

**Schedule I-3: Schedule of Rental Income from Municipal Properties**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
130500000	Lease Rental		
<b>Total Income from HP, Lease to be shown as part of Rental Income Schedule</b>			

**Schedule I-8: Schedule of Interest Earned**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
240600300	Hire Purchase Interest		
<b>Total Income from HP, Lease to be shown as part of Interest Earned Schedule</b>			

**Schedule I-13: Schedule of Interest & Finance Expenditures**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
240600200	Interest on Leases		
171800100	Interest on Hire Purchase		
<b>Total Expenditure of HP, Lease to be shown as part of Interest Earned Schedule</b>			

21.34 The Balance Sheet abstract in respect of Fixed Assets provided below.

**Schedule B-5: Schedule of Secured Loans**

Code No.	Particulars	Original amount of loan	Rate of interest	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4	5	6
330600000	Other Term Loans				
	<b>Total</b>				

**Notes**

1. The nature of the Security shall be specified;
2. Particulars of any guarantees given shall be disclosed
3. Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan separately;

**Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	<b>Current Liabilities</b>		
350800200	Lease Charges payable		
350800300	Hire Purchase Advance		
350800400	Interest control Receivables – Hire		
	<b>Total</b>		

**Schedule B-15: Sundry Debtors (Receivables)**

Code No.	Particulars	Gross Amount (Rs.)	Provision for Outstanding revenues (Rs.)	Net amount (Rs.)	Previous year Net amount (Rs.)
	2	3	4 432	5 = 3 – 4	6
4314004000	Receivables from Other sources- HP Less than 2 years * More than 2 years*				
	<b>Sub-total</b>				
431400500	Receivables from Other sources – Lease Rentals Less than 2 years * More than 2 years*				
	<b>Sub-total</b>				
	<b>Total</b>				

**Schedules B-18: Schedule of Loans, advances & Deposits**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
460400105	Advance to Suppliers – Hire Purchase Assets – Municipal Fund		
	<b>Total</b>		

**Schedules B-17: Schedule of Cash & Bank**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
450100000	<b>Current Assets</b>		
450210000	Cash Account		
	Bank Account		
	<b>Total</b>		

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**Schedule B-10: Fixed Assets**

Amount (Rs.)

Code No	Particulars	Gross Block (410)				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 the previous year
1	2	3	4	5	6	7	8	9	10	11	12
	Land Buildings Roads and Bridges Sewera										
	Vehicles Office & other equipment Furniture, fixtures, fittings and electrical										
	<b>Total</b>										

Additional disclosures to the Schedule

- (1) Value of fixed assets under dispute or litigation shall be provided. The status of the legal case as at the reporting date of the financial statements shall also be mentioned.
- (2) The details & value of assets, which are not yet physically identified/traced, shall be disclosed separately.
- (3) Details and value of assets under leases and hire purchase needs to be disclosed as a note

**Notes:** 1. 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<sup>st</sup> April 2009 shall be

- equal to the closing asset balance as on 31<sup>st</sup> March 2009.
2. 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 building, public buildings temporary structures and sheds, etc.
  3. Roads and bridges include roads and streets, pavements, pathways, bridges, culverts and subways.
  4. Sewerage and drainage include sewerage lines, storm water drainage lines and other similar drainage system.
  5. Waterworks include water storage tank, water wells, bore wells, Water pumping station, Water transmission & distribution system, etc.
  6. No depreciation is to be charged on "Land"(01)
  7. All the assets under leases and hire purchase needs to be quantified by referencing in a note

## Chapter Twenty Two

### 22. Special Transactions

**This chapter on Special transaction is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording transactions of unusual nature and,
- Familiarizing you with accounting system for Special Transactions.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Special in nature i.e., unusual and,
- Appreciate the concepts and underlying principles.

#### 22.1. Introduction

- 22.1 Often Municipalities have transactions which are not of usual nature. These are referred to as Special Transactions. These could include:
- i. Fixed assets created on behalf of Municipalities by an executing agency, from the funds directly disbursed to them by the Government, or;
  - ii. Grants given by Municipalities to voluntary organizations, institutions running homes for physically handicapped persons, etc.;
  - iii. Contributions made by Municipalities in creation of assets not owned by it;
  - iv. Joint Venture Investments.
- 22.2 This chapter contains recommended accounting system for each of the above transactions.

#### 22.2. Accounting Principles

- 22.3 The Accounting Principles governing the recording, accounting and treatment of transactions coming under Special Transactions are similar to those prescribed in similar situations in the other chapters of this Accounts Manual. For instance:
- Accounting Principles relating to construction of fixed assets and their repairs and maintenance shall be the same as what is described in **Chapter 11 on Public Works**;
  - Accounting Principles in respect of procurement and consumption of Stores shall be the same as what is described in **Chapter 12 on Stores**;
  - Accounting Principles in respect of grants received shall be the same as what is described in **Chapter 10 on Grants**;

- Accounting Principles in respect of Borrowings (Loans Received) shall be the same as what is described in **Chapter 20 Borrowings**;
- Accounting Principles in respect of Investments and accrual of interest shall be the same as what is described in **Chapter 17 on Investments**;
- Accounting Principles in respect of fixed assets and depreciation provisioning shall be the same as what is described in **Chapter 16 on Fixed Assets**;
- Accounting Principles in respect of loans and advances shall be the same as what is described in **Chapter 18 on Loans and advances**.

### **22.3. Accounting Records and Procedures**

22.4 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Special Transactions. For the purpose of accounting, the Form SPL-1 is specific to Grants provided to voluntary organisations, institutions running homes for physically handicapped, etc. This form is annexed to the chapter and prefixed "SPL".*

#### **Creation of Fixed Assets by an Executing Agency**

22.5 Under certain schemes sanctioned by the Government, the Municipalities may have assets created by an executing agency, on their behalf. These projects may be funded by one or more of the following sources:

- a. Loans;
- b. Grants from Government; or
- c. Own contribution, i.e., contribution by the Municipalities. In accordance with a scheme sanctioned, the Municipalities may raise a loan for the purpose of execution of an approved project. The loan may either be disbursed to the Municipalities, which will then utilize it for execution of the scheme (accounting procedure and accounting entries in respect of which has been described in Chapter 20 on Borrowings, or may be disbursed directly to an executing agency. Likewise, Grants may be either disbursed to the Municipalities (accounting procedure and accounting entries in respect of which has been described in Chapter 10 on Grants) or may be disbursed directly to an executing agency.

22.6 This section describes the accounting procedures and entries in situations in which loans and grants are disbursed directly to an executing agency on behalf of a Municipality. There could be situations in which a large project is executed by an executing agency for the common benefit of more than one Municipality. The

accounting entries in respect of a particular Municipality's share in such situation are also explained, in this chapter.

- 22.7 This is explained with the help of an illustration. Suppose a Water Works Scheme for Rs. 1.5 crores is sanctioned of which Rs. 1 crore would be receivable as loan and Rs. 40 lakhs as grant from Government and the balance would be contributed by the Municipality. The said scheme would be executed by an independent organisation i.e. the executing agency, on behalf of the Municipality. The amount of loan and grant would be directly disbursed to the executing agency and the Municipality would also remit its own contribution to the executing agency. The scheme of entries outlined below shall be passed for all projects executed by an executing agency in respect of which funds are directly disbursed to the executing agency.
- 22.8 Recording of direct disbursement of Loan. On receipt of intimation of disbursement of loan to an executing agency, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460500000	Advance to others*	Debit	
330000000	To Loans**		Credit

**Source Document:** Payment Order – Form GEN - 15

**Records updated:** Journal Book, Ledger

\* Specify name of the Project under execution and the Executing Agency executing it.

\*\* Specify the institution from which the funds have been borrowed or any other distinguishing feature of the loan raised for easy identification.

Note: The postings in the Ledger Accounts of "Advance against Project Account and "Loan "Account shall be carried out as indicated in Chapter 5 –General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the Cash or the Bank account is involved, there will be no entry in the Journal Book.

- 22.9 Recording of direct disbursement of Grant. For grants disbursed directly to the executing agency, on receipt of intimation from the government or executing agency, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460500000	Advance to others	Debit	
320000000	To Grants, Contribution for Specific Purposes		Credit

**Source Document:** Payment Order – Form GEN - 15

**Records updated:** Journal Book, Ledger

\* Specify name of the Project under execution and the Executing Agency executing it.

- 22.10 Recording of remittance of Municipalities' own contribution. In accordance with the terms of a sanctioned scheme, funds may be remitted by the Municipalities as their

contribution to executing agency. On transfer of funds, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460500000	Advance to others	Debit	
450210000	To Bank Account**		Credit

**Source Document:** Payment Order – Form GEN - 15  
**Records updated:** Bank Book, Ledger

\* Specify name of the Project under execution and the Executing Agency executing it.

\*\* Specify name of the Bank and Account number

22.11 Recording of accrual and payment of interest. Interest on funds borrowed shall be accrued and paid as per the terms of the agreement. In such cases, the interest amount is paid to the executing agency, which in turn would pay to the lender. For accounting of interest accrued and its subsequent payment, the Accounts Department shall pass the following entries:

a. On accrual of interest:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
460500000	Advance to others*	Debit	
350120000	To Interest Accrued & Due		Credit

**Source Document:** Calculation Sheet  
**Records updated:** Journal Book, Ledger

\* Specify name of the Project under execution and the Executing Agency executing it.

b. On payment of interest:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350120000	Interest Accrued & Due	Debit	
450210000	To Main Bank Account*		Credit

**Source Document:** Payment order – Form GEN – 15  
**Records updated:** Journal Book, Ledger

\* Specify name of the Bank and Account number

22.12 Recording of repayment of loan. In such cases, loan instalments may be paid to the executing agency for further payment to the lender. On payment of loan instalment, the Accounts Department shall pass the following entries:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
3300000000	Loans*	Debit	
450210000	To Bank Account**		Credit

**Source Document:** Payment order – Form GEN - 15  
**Records updated:** Bank Book, Ledger

\* Specify the institution from which the funds have been borrowed or any other distinguishing feature of the loan raised for easy identification.

\*\*Specify name of the Bank and Account number

- 22.13 Recording of capitalization of asset under construction. On completion of construction and on receipt of Work Completion Certificate from the executing agency, for capitalization of the work executed, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000	Fixed assets	Debit	
460500000	To Advance to others*		Credit

**Source Document:** Work Completion Certificate  
**Records updated:** Journal Book, Ledger, Register of Immovable Property – Form GEN – 31

\* Specify name of the Project under execution and the Executing Agency executing it.

- 22.14 Recording of transfer of Grant to Capital Contribution: On completion of construction and on capitalization of the fixed asset, the amount received as Grant shall be transferred to Capital Contribution. For this the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
320000000	Grants, Contribution for Specific Purposes	Debit	
312100000	To Capital Contribution		Credit

**Source Document:** Work Completion certificate  
**Records updated:** Journal Book, Ledger, Register of Immovable Property – Form GEN – 31

### **Revolving Fund**

- 22.15 Municipalities maybe required opening a separate designated Bank account for depositing funds received from Government, both loans and grants, aimed towards development of Municipalities through creation of fixed assets. Further, the Municipalities may be required to contribute certain percentage of the project cost towards the scheme sanctioned, which shall be deposited in the designated Bank account.
- 22.16 The amount deposited in the designated Bank account shall be utilized only for the purposes specified in the scheme sanctioned. Interest on loan and repayment of loan instalment shall be made from the Designated Revolving Fund Bank Account. The deficit in the designated Bank account, if any, shall be met from the Municipality's Main Bank Account.
- 22.17 This is explained with the help of an illustration. Suppose a Scheme has been formulated under a special programme approved by the Government for construction of a public facility. The cost of the project is Rs. 1 crore of which Rs. 25 lakhs would be received as loan and Rs. 15 lakhs as grant from Government. The Municipalities shall contribute the balance. The amount received as loan and grant together with Municipalities own contribution shall be deposited in

a separate designated Bank account. Scheme of entries similar to those outlined below shall be passed for any project executed under any Revolving Fund.

- 22.18 Recording of receipt of Loan. The accounting procedures in relation to loan received from the Government, payment of interest accrued on loan and repayment of loan has been described in Chapter 20 on Borrowings. On receipt of loan, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated revolving Fund Bank Account *	Debit	
3300000000	To Loans**		Credit
<b>Source Document:</b> Loan sanction Letter, Summary of Daily Collection – Form GEN - 13			
<b>Records updated:</b> Bank Book, Ledger, Special Fund Register – Form SF - 1, Register of Loans – Form BR - 1			

\*Specify name of the Bank and Account number

\*\*Specify the institution from which the funds have been borrowed or any other distinguishing feature of the loan raised for easy identification. Also specify the name of the project.

- 22.19 Recording of receipt of Grant. On receipt of grant from the Government, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated Revolving Fund Bank Account*	Debit	
311000000	To Earmarked Fund**		Credit
<b>Source Document:</b> Summary of Daily Collection – Form GEN - 13			
<b>Records updated:</b> Bank Book, Ledger, Special Fund Register			

\*Specify name of the Bank and Account number

\*\* Specify the name of the Fund

- 22.20 Recording of remittance of Municipality's own contribution. Contribution of the Municipalities shall be transferred from the Main Bank Account to the Designated Revolving Fund Bank Account. On transfer of funds, the Accounts Department shall pass the following entries:

- a. For transfer of funds from Municipal Fund to Revolving Fund:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
310000000	Municipal Fund	Debit	
311000000	To Earmarked Fund**		Credit
<b>Source Document:</b> Council resolution approving the transfer			
<b>Records updated:</b> Journal Book, Ledger, Special Fund Register			

- b. For recording transfer of money:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450410000	Designated Revolving Fund Bank Account*	Debit	
450210000	To Bank Account *		Credit
<b>Source Document:</b> Deposit Chalan acknowledged by the Bank			
<b>Records updated:</b> Bank Book, Ledger, Special Fund Register			

*\*Specify name of the Bank and Account number*

- 22.21 Municipalities may execute/operate the scheme by employing its own resources or outsourcing through tender. The accounting procedures and accounting entries in relation to following have been described in Chapter 19 on Special Funds read with Chapter 11 on Public Works:
- a. Receipt of Earnest Money Deposit (EMD) from the bidders and its refund to unsuccessful bidders;
  - b. Conversion of EMD of successful bidder into Security Deposit and receipt of Security Deposit in advance;
  - c. Provision of Advance to the contractor;
  - d. Bills raised by the contractor for work executed and recording of capital work- in-progress;
  - e. Payment of bills raised by the contractor after deducting Security Deposit; and
  - f. Refund of Security Deposit received/deducted from the running account bills.
- 22.22 Any money received, including Security Deposits received from the tenants, from the properties constructed under the scheme shall be deposited in the Designated Revolving Fund Bank Account. If any revenue earned is credited to the Main Bank Account, the Accounts Department shall, at the end of every month, identify the transactions pertaining to the Revolving Fund and transfer the equivalent amount from the Main Bank Account to the Designated Revolving Fund Bank Account. Correspondingly, an equivalent amount shall be transferred from Municipal Fund to Revolving Fund. The accounting procedure and accounting entry with reference to these has been described in Chapter 19 on Special Funds.
- 22.23 Recording of payment of interest and repayment of loan. Interest up to the date of completion of construction of the qualifying fixed asset shall be capitalized and added to the cost of fixed asset. Both the payment of interest and repayment of loan shall be made from the Designated Revolving Fund Bank Account. In case of deficit in the designated Bank account, payment shall be made from the Main Bank Account. The Accounts Department shall pass the following entries:

a. Payment of Interest

i. For recording interest accrued:

Code	Particulars	Debit	Credit
412000000	Capital Work in Progress	Debit	
350120100	To Interest Accrued & Due – Loans		Credit

**Source Document:** Calculation Sheet  
**Records updated:** Journal Book, Ledger, Special Fund Register

ii. For recording payment of interest:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350120100	Interest Accrued & Due – Loans	Debit	
450410000	To Designated Revolving Fund Bank Account*		Credit

**Source Document:** Payment order – Form GEN - 15  
**Records updated:** Bank Book, Ledger, Special Fund Register

\*Specify name of the Bank and Account number

b. Repayment of Loan

i. Recording repayment of loan made from Designated Revolving Fund Bank Account:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
330000000	Loans	Debit	
450410000	To Designated Revolving Fund Bank Account*		Credit

**Source Document:** Payment order – Form GEN - 15

**Records updated:** Bank Book, Ledger, Special Fund Register, Register of Loans

\*Specify name of the Bank and Account number

ii. Recording of repayment of loan made from Main Bank Account in case of deficit in Designated Revolving Fund Bank Account:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
330000000	Loans	Debit	
450210000	To Bank Account*		Credit

**Source Document:** Payment order – Form GEN - 15

**Records updated:** Bank Book, Ledger, Special Fund Register, Register of Loans

\*Specify name of the Bank and Account number

22.24 Recording of capitalization of Capital Work-in-Progress. On completion of construction and on capitalization of Capital Work-in-Progress account, the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000	Fixed Assets (Name of the Fixed Asset)*	Debit	
412000000	To Capital Work in Progress		Credit

**Source Document:** Completion Certificate  
**Records updated:** Journal Book, Ledger

\* Insert minor head and detailed head of account as applicable

Notes: *Fixed Assets of a particular class shall be accounted under one broad fixed asset account head. For instance, Municipalities may have more than one hospital building, then all the hospital buildings shall be recorded under one broad head of Buildings – Hospitals (Code of Account 4-10-(a)). Any new hospital building constructed, while it shall be recorded in a separate folio in the Register of Buildings, it shall be incorporated under the account head "Buildings – Hospitals".*

22.25 Recording of transfer to Special Fund (Utilized) and Capital Contribution. On completion of construction and on capitalization of Capital Work-in-Progress

account, the Accounts Department shall transfer an amount equivalent to the amount of Municipality's own contribution and loans repaid from the Designated Revolving Fund Bank Account from Revolving Fund to Special Fund (Utilised) and Grant to Capital Contribution for which the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
311000000	Earmarked Fund	Debit	
312100000	To Capital Contribution		Credit
312300000	To Special Fund (Utilised)		Credit

**Source Document:** Completion Certificate  
**Records updated:** Journal Book, Ledger, Register of Loans

*Note: Municipalities own contribution shall be transferred to Special Fund (Utilised) and Grant received to Capital Contribution*

### **Investment of revolving funds**

- 22.26 Investments made from Revolving Fund shall be entered in Special Funds Register maintained in SF-1 (provided in Chapter 19 on Special Funds) and in a Special Fund Investment Register to be maintained in Form IN-1 (provided in Chapter 17 on Investments). The accounting procedures to be followed and the accounting entries to be passed in respect of investments of such funds are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been discussed in Chapter 17 on Investments.
- 22.27 Where the Municipalities are required to furnish any Statement of Utilisation to the concerned authorities, the requisite details shall be collated from the books of accounts maintained by the Accounts Department.

### **22.4. Grants Given**

- 22.28 The Accounts Department shall maintain a Register in Form SPL-1 for Grants given. The details of the grants sanctioned shall be recorded in the register. This Register shall be updated for each payment of the grant.
- 22.29 Municipality may provide the following recurring and non-recurring grants:
- a. Revenue grant in the form of reimbursement of monthly expenditures of the voluntary organizations, institutions running homes for physically handicapped persons, etc.;
  - b. Revenue grant for any other revenue expenditure of the voluntary organizations, institutions running homes for physically handicapped persons, etc.;
  - c. Capital grant for purchase/construction/modifications of any assets of the voluntary organizations, institutions running homes for physically

handicapped persons, etc.

- 22.30 The accounting entries in the books of the Municipalities relating to grants given, both Revenue Grant and Capital Grant is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
260100000	Grant *	Debit	
450210000	To Bank account**		Credit

**Source Document:** Payment order – Form GEN – 15  
**Records updated:** Bank Book, Ledger, Register of Grants Given

\* Specify the name of the voluntary organizations  
\*\* Specify name of the Bank and Account Number

## 22.5. Contributions Made Municipalities in Creation of Assets Not Owned By the Municipalities

- 22.31 Municipalities may contribute as its share in some projects, which are created by external agencies. For e.g. contribution in any infrastructure projects like multi-modal transport. In such cases Municipality does not have any ownership rights on the assets.
- 22.32 Recording of remittance of Municipality's own contribution. In accordance with the terms of understanding, funds may be remitted by the Municipalities as their contribution to the executing agency.
- 22.33 With regard to the payment made the Accounts Department shall pass the following entry:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
260200000	Contributions	Debit	
450210000	To Bank account**		Credit

**Source Document:** Payment order – Form GEN – 15  
**Records updated:** Bank Book, Ledger

\* Specify the name of Account Number of the Bank

## 22.6. Joint Venture

- 22.34 Municipalities may also be involved in Joint venture projects. The investment in a joint venture shall be treated as an investment of the Municipality. If investments are in kind like contributing land for development, the accounting treatment to be adopted will depend on agreement between parties. Public private partnerships are one form of joint ventures.
- 22.35 The Accounting procedures and principles for joint venture investments shall be same as explained in Chapter 17 on Investments.

## **22.7. Period End Procedures**

- 22.36 The period end procedure for work executed but in respect of which bills have not been paid shall be the same as described in Chapter 11 on Public Works.
- 22.37 The period end procedure for materials received but in respect of which bills have not been paid and valuation of closing stock shall be the same as described in Chapter 12 on Stores.
- 22.38 At the end of the accounting period, for work executed relating to Grants, the Accounts Department shall pass the entries referred to in Chapter 10 on Grants.
- 22.39 At the end of the accounting period, the Accounts Department shall, for the interest accrued on loans raised, pass the accounting entries referred to in Chapter 20 on Borrowings.
- 22.40 At the end of the accounting period, for the value of work executed pertaining to special fund/revolving fund, the Accounts Department shall pass the accounting entries referred to in Chapter 19 on Special Funds.

## **22.8. Internal Controls**

- 22.41 The following internal controls shall be observed by the Municipalities:
  - a. At the end of the financial year, the Accounts Officer shall send a balance confirmation statement to the executing agency stating therein the amount paid by the Municipalities towards repayment of loan and payment of interest. Further, the Statement shall state the balance amount of loan repayable as per the Municipality's records. On the basis of reply received, the Accounts Department shall reconcile the difference, if any, as reported by the executing agency;
  - b. The Accounts Officer shall ensure that the balance in the Designated Revolving Fund Bank Account is utilized for the purpose specified in the scheme. He shall also ensure that any revenue derived from the properties constructed under the scheme is deposited in the Designated Revolving Fund Bank Account;
  - c. At the end of every month, the Accounts Officer or other officer designated in this behalf shall reconcile the ledger balance of the Revolving Fund Account with the records maintained in Special Fund Register and the Revolving Fund Bank Account balance;
  - d. The Accounts Officer shall, at all times, ensure that the balances in the Designated Revolving Fund Bank Account is adequate to discharge the Security Deposit liability when due for payment;
  - e. In case of deficit in the Designated Revolving Fund Bank Account, Municipalities shall ensure that the same is made good from the Main

Bank Account at the earliest;

- f. The Accounts Officer shall ensure deposit of any revenue received from the properties constructed under the terms of Revolving Fund in the Designated Revolving Fund Bank Account. In case any such sum is erroneously deposited in any other Bank account, the same shall, immediately on knowledge of such error, be transferred to the designated Bank account from that Bank account;
- g. In addition to the reports specified in this manual, the Chief Municipal Officer shall specify such appropriate calendar of returns /reports for monitoring.

22.42 All the reconciliation statements shall be certified by the Chief Municipal Officer and Accounts Officer.

## **22.9. Presentation In Financial Statements**

- 22.43 The various heads of accounts used for the accounting of Special Transactions shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the Municipalities. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.
- 22.44 The schedule of Income and Expenditure Statement in respect of Special Transactions is provided below.

### **Schedule I-13: Schedule of Interest & Finance Charges**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
240100000	Interest on Loans from Central Government		
240200000	Interest on Loans from State Government		
240300000	Interest on Loans from Government Interest on Loans from Government Bodies & associations		
240400000	Interest on Loans from International Agencies		
240500000	Interest on Loans from Banks & Other Financial Institutions		
240600000	Other Interest		
240700000	Bank Charges		
240800000	Other Finance Expenditures		
	Total Interest & Finance expenditures		

\* Details of any other interest and financial charges incurred, which has not been disclosed specifically, shall be collated and disclosed under Other Charges, provided the amount does not exceed the disclosure limits prescribed in the Accounts Manual.

**Schedule I – 15 Schedules of Revenue Grants, Contributions and Subsidies  
= Expenditures**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
260100000	Grants (give details)		
260200000	Contributions (give details)		
260300000	Subsidies (give details)		
	<b>Total.</b>		

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22.45 The Balance Sheet abstract in respect of Special Transactions is provided below.

**Schedule B-2: Revolving Fund**

Particulars	Revolving Fund 1	Revolving Fund 2	Revolving Fund 3
<b>Code No.</b>			
(a) Opening Balance			
(b) Additions to the Revolving Funds			
(i) Transfer from Municipal Funds			
(ii) Interest/Dividend earned on Revolving Fund Investments			
(iii) Profit on disposal of Revolving Fund Investments			
(iv) Appreciation in Value of Revolving Fund Investments			
(v) Other addition (Specify nature)			
<b>Total (b)</b>			
<b>Total (a+b)</b>			
<b>(c) Payments out of funds (i) Capital expenditure on Fixed Assets*</b>			
Others			
<b>Total</b>			
<b>(ii) Revenue Expenditure on Salary, Wages and allowances etc. Rent Other administrative charges</b>			
<b>Total</b>			
<b>(iii) Other:</b>			
Loss on disposal of Revolving Fund Investments Diminution in Value of Revolving Fund Investments Transferred to Municipal Fund			
<b>Total</b>			
<b>Total</b>			
<b>(c)</b>			
<b>Net balance at the year end –</b>			
<b>(a)+(b)-(c)</b>			

**Schedule B-4: Grants & Contributions for Specific Purposes**

Particulars	Grants from Central Government	Grants from State Government	Grants from Other Government Agencies	Grants from Financial Institutions	Grants from Welfare Bodies	Grants from International Organisation	<u>Others</u>
<b>Code No.</b>							
(a) Opening Balance							
(b) Additions to the Grants							
(i) Grant received during the year							
(ii) Interest/Dividend earned on Grant Investments							
(iii) Profit on disposal of Grant Investments							
(iv) Appreciation in Value of Grant Investments							
(v) Other addition (Specify nature)							
<b>Total (b)</b>							
<b>Total (a+b)</b>							
<b>(c) Payments out of funds (i) Capital expenditure on Fixed Assets*</b>							
Others							
<b>Total</b>							
<b>(ii) Revenue Expenditure on Salary, Wages and allowances etc. Rent</b>							
Other administrative charges							
<b>Total</b>							
<b>(iii) Other:</b>							
Loss on disposal of Grant Investments Diminution in Value of Grant Investments Grants Refunded							
<b>Total</b>							
<b>Total (c)</b>							
<b>Net balance at the year end – (a)+(b)-(c)</b>							

Note: Grants received in respect of fixed assets created on behalf of the Municipalities by an executing agency, from the funds directly disbursed to them by the Government shall be presented separately in above schedule.

**Schedule B-3: Reserves**

Code No.	Particulars	Opening Balance at the beginning of the year (Rs.)	Additions (Rs.)	Total (Rs.)	Deductions (Rs.)	Balance outstanding at the end of the current year (Rs.)
1	2	3	4	5	6	7
312100000	Capital Contribution					
312300000	Special Fund (utilized)					
	<b>Total</b>					

**Schedule B-5: Secured & Unsecured Loans [Code No 330/331]**

Amount in Rs.			
Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
330100000	Loans from Central Government		
330200000	Loans from State Government		
330300000	Loans from Govt. bodies & Associations		
330400000	Loans from international agencies		
330500000	Loans from Banks & other financial institutions		
330600000	Other Term		
330700000	Loans Bonds & debentures		
330800000	Other Loans		
	<b>Total Secured/Un Secured Loans</b>		

Note:

1. The nature of the Security shall be specified in each of these categories
2. Particulars of any guarantees given shall be disclosed
3. Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption
4. Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan under each of these categories separately;
5. For loans disbursed directly to an Executing Agency, please specify the name of the Project for which such loan is raised.

**Schedules B-17: Schedule of Cash & Bank Balances**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
451000000	Cash Account		
452100000	Bank Account		
454100000	Designated Bank Account	XX	
	<b>Total</b>		

**Schedules B-18: Schedule of Other Loans, Advances & Deposits**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount(Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
460300000	Loans to Others		
460500000	Advance to Others		
	<b>Total</b>		

**\_Name of the Municipality**  
**REGISTER OF GRANTS GIVEN**

Accounting Unit:  
Fund Code:

Sr. No.	Date	Name and nature of the Grant given	Name of the Undertaking receiving the grant	Period of the Grant	Sanctione d Amount (Rs.)	Sanctioned by	Date of release of the grant	Key Conditions attached to the Grant	Remarks
1	2	3	4	5	6	7	8	9	10

**Note:**

For each entry made; record the Name, Designation and Signature of the person making the entry in the register and the person checking the entry.

## Chapter Twenty Three

### 23. Inter Unit Transactions

**This chapter on Inter Unit transaction is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording Inter Unit transactions i.e. transactions between various Accounting Units and,
- Familiarising you with accounting system for Inter Unit Transactions.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transactions relating to Inter Unit and,
- Appreciate the concepts and underlying principles.

#### 23.1. Introduction

23.1 This chapter contains the recommended accounting systems for transactions between various accounting units within the Municipalities.

23.2 Some Municipalities may have decentralized accounting set up. This may result in more than one accounting unit (AU) within the Municipalities and each of these accounting units maintains separate books of account and prepares their Trial balance. The accounting unit, as defined by the Municipalities (e.g. Zone, Circle, etc.), shall maintain all the primary records and shall prepare Trial Balance in respect of the transactions relating to the AU.

23.3 These accounting units may also enter into accounting transactions with each other. A transaction occurring between any two accounting units shall be called 'Inter Unit Transaction' (IUT). IUTs are defined as transactions/ transfers between any two accounting units (AUs) of the Municipalities. Given below is an illustrative list of IUTs that may occur between accounting units in a Municipalities:

- Transfer of funds between the Aus
- Transfer of payments/ receipts from one AU to another for payments / collections made on behalf of another AU
- Transfer of assets/ liabilities from one AU to another AU.

23.4 The AUs involved in any transactions are classified as Originating unit and Responding by virtue of origin of transactions.

- 'Originating AU' - unit, in which the transaction occurs and which raises the document for IUTs, called 'Advice of Transfer'.

- ‘Responding AU’ - means the accounting unit, on which the Originating Unit\raises the ‘Advice of Transfer’.
- 23.5 Advice of Transfer is called Advice Transfer Debit (ATD) when the originating unit debits the other Accounting unit. Advice of transfer is called Advice Transfer Credit (ATC) when the originating unit credits the other Accounting Unit.
- 23.6 Final Accounts may be prepared at every AU and then consolidated at H.O. or prepared directly at HO based on Trial Balance sent from every AU. This chapter covers recording of the primary transactions between the Accounting Units. Procedure relating to Final Accounts preparation and consolidation is described in Chapter 27 on Financial Statements.

### **23.2. Accounting Principles**

- 23.7 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Inter Unit Transactions (IUTs):
- a. All IUTs shall be recorded on cost basis and no markup shall be included in IUTs.
  - b. At the year-end, the inter-unit accounts are knocked off / adjusted in the consolidated accounts of the Municipalities.

### **23.3. Accounting Records & Procedures**

- 23.8 This section describes the records, registers, documents, forms, accounting entries, etc in respect of accounting for transactions related to IUTs between AUs of the Municipalities. For the purpose of accounting, there are certain forms, registers, etc., e.g. Advice of Transfer (IUT-01), specific to IUTs which have annexed to this chapter and are prefixed “IUT”.

### **23.4. Inter Unit Transactions**

- 23.9 All the AUs shall first record the transactions related to Inter Units (IUTs) in its books of accounts. This shall then be intimated to the concerned unit through an Advice. Transfer Advice Debit/ Credit in Form IUT-01 shall be used for raising all debits or credits to another AU. The ‘Responding AU’ shall accept the advice and make entry in its books of accounts based on the advice and intimate the same to the ‘Originating AU’.
- 23.10 Register of Inter unit Advice shall be maintained to record the raising, acceptance and modifications of all advices at the originating and responding AU. This Register shall be maintained in the format specified in Form IUT-02.

### **23.5. Accounting For Transfer of Funds between AUs**

- 23.11 Funds may be transferred from one AU to another AU. The AU, which transfers the fund originates the transaction and hence is called as ‘Originating AU’. The AU, which receives the funds, is called ‘Responding AU’. The accounting entries to be passed by the AUs are given below:

a. Recording of transfer of funds in the books of 'Originating AU':

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
470200000	Inter Unit Account – AU* AU*	Debit	
450210000	To Bank Account**		Credit

**Source Document:** Payment Order

**Records updated:** Cash Book, Bank Book, Ledger ,Register of Transfer Advice

\*Specify name of the accounting unit

\*\* Specify name of the Bank and account number

b. Recording of receipt of funds in the books of 'Responding AU':

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
450210000	Bank Account* AU*	Debit	
470200000	To Inter Unit Account–AU **		Credit

**Source Document: Receipt Order – Form GEN -**

**Records updated:** Cash Book, Bank Book, Ledger ,Register of Transfer Advice

\*Specify name of the Bank and account number

\*\* Specify name of the AU

### 23.6. Accounting for Transfer of Receipts and Payments of AUs

23.12 As per the provisions and rules governing the Municipalities, one AU can accept collections relating to another AU and make payments on behalf of another AU. In order to account for these transactions, the 'Originating AU' shall raise an Advice of Transfer (IUT-01) on the 'Responding AU'.

a. Recording of Receipt of collections of another AU: This type of collection generally happens only in case of Accrued Income e.g. Property Taxes, License Fees etc. At the time of recording the collection, the collection is first entered in the consolidated Debtors account and later transferred to the respective account based on the statement of head-wise collection as stated in Chapter 6 on Property and Other taxes. The accounting entries to be passed by the AUs are given below:

i) In the books of the 'Originating AU' : Based on the details of break-up of collection, the amount collected by the originating AU in respect of another AU is recorded as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
431800000	Receivable Control Accounts * Accounts -- * Advance to others	Debit	
470200000	To Inter Unit Account –AU**		Credit

**Source Document: Advice of Transfer**

**Records updated:** Journal Register, Ledger, Register of Transfer Advice

\*Specify the head of receivable e.g. Property Tax, License Fees etc

\*\* Specify name of the AU

ii) In the books of 'Responding AU'

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
470200000	Inter Unit Account – AU * ----- * Accounts -- * Advance to others	Debit	
431800000	To Receivables for----- ** **		Credit
<b>Source Document: Advice of Transfer</b>			
<b>Records updated:</b> Journal Register, Ledger, Register of Transfer Advice			

\* Specify name of the AU.

\*\* Specify name of the receivable e.g. Property Tax Year ----

- b. Recording of payments made for another AU: This type of payments normally happens at HO on behalf of another AU. Such payments are made only after receipt of duly authorised pass orders.

- i. In the books of the 'Originating AU': At the time of making the payment, the accounting entry to be passed is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
470200000	Inter Unit Account – AU* AU*	Debit	
450210000	To Bank Account**		Credit
<b>Source Document: Payment Order – Form GEN - 15</b>			
<b>Records updated:</b> Cash Book, Bank Book, Ledger ,Register of Transfer Advice			

\*Specify name of the accounting unit

\*\* Specify name of the Bank and account number

- ii). In the books of the 'Responding AU': On receipt of the Transfer Advice the relevant liability account will be debited if the expenditure is already accrued in the books of AU. Else it will be debited to the relevant expense account. The accounting entry to be passed is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
350100000	Other Liabilities - Creditors - * Or ----- Expense ** Creditors - * Or ---- Expense ** ----- * Accounts -- * Advance to others	Debit	
470200000	To Inter Unit Account – AU *** To Receivables for----- ** **		Credit
<b>Source Document :Advice of Transfer</b>			
<b>Records updated:</b> Journal Register, Ledger, Register of Transfer Advice			

\* Type of payable if the liability is accrued

\*\* Name of expense head if the expense is not accrued

\*\*\* Specify name of the AU

### 23.7. Accounting For Transfer of Assets/Liabilities between AUs

23.13 Similar to collections and payments in Para 23.12 above, the Municipalities may also be allowed to transfer assets and liabilities from one AU to another AU for various purposes. In order to account for these transactions, the 'Originating AU' shall raise an Advice of Transfer (IUT-01) on the 'Responding AU'.

- a. Recording of Transfer of Assets: The 'Originating AU' shall raise the Advice for Transfer – Debit (ATD) when there is a transfer of fixed assets/ stocks/other assets. The accounting entry for the ATD raised is as follows:

- i. In the books of the 'Originating AU' is as follows:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
470200000	Inter Unit Account -AU* * Earmarked Fund	Debit	
470200000	Inter Unit Account -AU*	Debit	
410000000	To Fixed assets ----** --**		Credit
430000000	To Stock in Hand ---** To Special Fund (Utilised)		Credit

**Source Document: Advice of Transfer**  
**Records updated:** Journal, Ledger, Register of Transfer Advice, Register of fixed assets and Register of stocks

\* Specify name of the AU as a detailed head code

\*\* Specify name of the assets

- ii. In the books of the 'Responding AU' is as follows :

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000	To Fixed assets ----** Earmarked Fund*	Debit	
430000000	To Stock in Hand ---**	Debit	
470200000	Inter Unit Account -AU* --**		Credit
470200000	Inter Unit Account -AU* To Special Fund (Utilised)		Credit

**Source Document: Advice of Transfer**  
**Records updated:** Journal, Ledger, Register of Transfer Advice, Register of fixed assets and Register of stocks

\* Specify name of the assets

\*\* Specify name of the AU as detailed head code

- b. Recording of Transfer of Liability: The 'Originating AU' shall raise the Advice for Transfer – Credit (ATC) when there is a transfer of liabilities. The accounting entry for the ATC raised is as follows:

- i. In the books of the 'Originating AU' is as follows :

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
3-(a)	Liabilities Account ** Creditors - * Or ---- Expense ** ----- * Accounts -- * Advance to others	Debit	
470200000 0	To Inter Unit Account – AU *** To Receivables for----- ** **		Credit

**Source Document :Advice of Transfer**

**Records updated:** Journal Register, Ledger, Register of Transfer Advice

\* Specify name of the assets

\*\* Specify name of the AU as detailed head code

(a) Insert Major, Minor & Detailed head Codes of Account as applicable

ii. In the books of the 'Responding AU' is as follows :

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
470200000	Inter Unit Account – AU *** Creditors - * Or ---- Expense ** ----- * Accounts -- * Advance to others	Debit	
3-(a)	To Liabilities Account ** To Receivables for----- ** **		Credit

**Source Document :Advice of Transfer**

**Records updated:** Journal Register, Ledger, Register of Transfer Advice

\* Specify name of the AU as detailed head code

\*\* Specify name of the liability

(a) Insert Major, Minor & Detailed head Codes of Account as applicable

### 23.8. Accounting For Non – Acceptance of Atd/ Atc Raised

23.14 If the 'Responding AU' finds the ATD/ATC is not acceptable, it shall return the ATD/ATC to the 'Originating AU' giving reasons and supporting documents for non-acceptance of the ATD/ATC. The examples of reasons for non-acceptance may be that the ATD/ ATC has been raised on the wrong AU or for an incorrect value. The 'Originating AU' may, after analyzing the reasons given for non-acceptance, either cancel the ATD/ATC or modify the same.

23.15 Recording of Cancellation of ATD/ ATC: If the reasons claimed in the ATD/ ATC are justifiable, then the AU's accounts department shall cancel the ATD/ATC. On cancellation, Accounts department of the 'original AU' shall reverse the entry passed by it on raising the ATDs/ ATCs in its books.

23.16 The 'Originating AU' shall update the Register of IUT Advice for the reversal entry made above with the reasons for cancellation.

### **23.9. Part Acceptance of the ATD / ATCs**

23.17 There are chances that the 'Responding AU' might accept part amounts of ATDs/ ATCs instead of non-acceptance of the whole document. In such circumstances, the 'Responding AU' may account for debits and credits to the extent it has accepted and intimates the 'Originating AU' accordingly.

23.18 The 'Originating AU', in such circumstances, shall follow the following accounting procedure if the reasons for rejection claimed by the 'Responding AU' found justified in order to rectify the accounting records of its books:

- a. Step 1: Cancel the original ATD/ ATC: For cancellation of the ATD or ATC, which is being modified, the accounts department of the 'Originating AU' shall follow the procedure described in Para 23.15.
- b. Step 2: Rising of revised ATD/ ATC: For raising a revised ATD/ ATC, the 'Originating AUs' accounts department shall follow the procedure described in Paras 23.11/23.12/23.13.

23.19 The 'Originating AU's' accounts department shall update the Register of IUT Advice for the same along with the reasons for modification.

### **23.10. Internal Controls**

23.20 The following internal controls shall be observed by the MUNICIPALITIES in respect of IUT within the Municipalities:

- a. All the AUs shall generate monthly statement of accounts of other AUs accounts for circulation. Competent authority before forwarding to other Aus shall verify these statements. Each AU shall then reconcile their records based on the statement of accounts received from other AU for the differences if any.
- b. Originals of all the cancelled ATDs/ATCs shall be filed in the 'office file' with approval and reasons with justification for cancellation.
- c. On a half yearly basis, the reconciliation statements of individual AUs shall be submitted at the Head Office of the Municipalities and the Head of the Accounts Department shall ensure that the combined balance under all IUT account heads are tallied with the balance appearing in the ATDC.
- d. In case of any disputed IUTs identified during the reconciliation process, the Municipalities Accounts department shall take appropriate action in resolving the disputed IUTs.
- e. At the period end, based on the review of reconciliation of AU account balances referred above, the Head of the Municipalities Accounts

Department shall ensure that the balance of all IUT Account heads is nullified in the consolidated accounting statement of the Municipalities.

### **23.11. Presentation in Financial Statements**

23.21 The various heads of accounts used for the accounting of IUT shall not be reflected in the Consolidated Financial Statements of the Municipalities as they should have a nil balance after adjustments. However if Financial Statement is prepared at the AU level, then IUT balances will appear in the financial statements. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

DRAFT

**Name of the MUNICIPALITIES****Name of the Accounting Unit (AU)**

**Advice of Inter Unit Transfer - Debit/ Credit (ATD/ ATC)**  
**(Tick the appropriate)**

Date..... PART -I ATD/ ATC No.....

**To**

Please note that your account has been debited/ credited in our books with Rs. \_\_\_\_ (rupees in words) on account of following transactions. Copies of supporting documents are enclosed. Kindly acknowledge the balance with you also which is appearing in our books of account. Kindly send the duplicate copy of this ATD/ ATC as your acceptance at the earliest:

Sl. No.	Particulars	Account head	Account code	Debit (Rs.)	Credit (Rs.)	<b>Closing balance after this <u>ATD/ATC (Rs.)</u></b>		Remarks
						(Dr.)	(Cr.)	

**List of documents attached:**

- 1
- 2
- 3

**Prepared by****Checked by****Approved by**

**UT-2**

**Name of the MUNICIPALITIES**

**Register of Inter Unit Transfer Advice (RIUTDC)**

(To be used by originating as well as responding AU)  
Register Folio No.:

AU name.....

Year .....

ATD/ ATC No. and Date	Voucher No. and Date	Particulars	Debit Amount (Rs.)	Credit Amount (Rs.)	Closing Balance Amount (Rs.)		Acceptance date	Remarks *
					(Dr.)	(Cr.)		
		Op. Bal.						

\* Reasons for cancellation / modification needs to be filled in

## Chapter Twenty Four

### 24. Transferred Institutions

**This chapter on Transferred Institutions is aimed at...**

- Making you aware of the basic accounting principles & procedure for recording Transferred Institutions related transactions and,
- Familiarizing you with accounting system for Transactions relating to Transferred Institutions.

**By the end of this chapter, you should...**

- Be aware of accounting system for recording, classifying transaction relating to Transferred Institutions and,
- Appreciate the concepts and underlying principles.

#### 24.1. Introduction

- 24.1 This chapter contains the recommended accounting system for Transferred Institutions related transactions. This Chapter discusses the accounting principles and procedures of incomes and expenditures of the Transferred Institutions routed through the Municipality.
- 24.2 To effectively implement the new Bihar Municipality Act and in view of the decentralization of the power to the local self Government , the Government may transferred certain institutions, schemes and functions, whichever were hitherto under various other departments of the Government of Bihar . The categories of institutions of which schemes and functions canbe transferred to the Municipalities are given below:
- Agriculture
  - Fisheries
  - Animal Husbandry
  - Industries
  - Social welfare
  - Health
  - Surface Transport
  - Education
  - Social Forestry
  - Public Distribution
  - Various Social Security Pension Schemes
  - Scheduled Caste/Scheduled Tribe Development

## **24.2. Accounting Principles**

24.3 The Accounting Principles governing the recording, accounting and treatment of transactions, routed through the Municipality, relating to Transferred Institutions shall be those given in Chapter 3 of this manual. The Principles of the relevant chapters shall apply as given below:

- For all incomes, accounting principles relating to Rental Fees and Other Income (Chapter -8)
- For all Public Work related transactions, accounting principles in Public Works(Chapter -11)
- For all Stores related transaction, accounting principles in Stores (Chapter - 12)
- For all Health and sanitation related transaction, accounting principles in Health and Sanitation (Chapter -14)
- For all revenue expenditures, accounting principles in Other revenue expenditures (Chapter -15)
- For all Grants related transactions, accounting principles in Grants (Chapter - 10)
- For all Fixed Assets related transactions, accounting principles in Fixed Assets(Chapter -16).

## **24.3. Accounting Records and Procedures**

24.4 *For accounting of transactions relating to the Transferred Institutions, the procedures of the relevant chapters shall apply as given below:*

- For all incomes, accounting procedures and entries relating to Rental Fees and Other Income (Chapter -8)
- For all Grants related transactions, accounting procedures and entries in Grants(Chapter – 10)
- For all Public Work related transactions, accounting procedures and entries in Public Works (Chapter -11)
- For all Stores related transactions, accounting procedures and entries in Stores(Chapter – 12)
- For all Health and sanitation related transaction, accounting procedures and entries in Health and Sanitation (Chapter – 14)
- For all revenue expenditures, accounting procedures and entries in Other Revenue Expenditures (Chapter – 15)
- For all Fixed Assets related transactions, accounting procedures and entries in Fixed Assets (Chapter – 16).

## **24.4. Internal Controls**

24.5 The following internal controls shall be observed by the Municipality in respect of Transferred Institution related transactions:

- a. The Implementing Officers shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure i.e. Budget monitoring shall be on accrual basis rather than payment basis.
  - b. The Implementing Officers shall ensure all incomes of the Transferred Institutions are deposited with the Municipalities.
  - c. The Implementing Officers shall ensure that the Statement of Expenditure along with all bills and vouchers are sent to the Accounts Department soon as the payments are made.
  - d. The Accounts Officer shall ensure that all transactions of the Transferred Institutions which are routed through the Municipality are recorded in the Books of Accounts.
  - e. The Municipality shall have a system of conducting physical verification of fixed assets of the Transferred Institutions throughout the year so that each fixed asset is verified at least once during the year. Any discrepancies with the Fixed Assets Register should be reconciled;
  - f. At the end of the financial year, the Stores-in-charge in presence of the Auditors or in his absence in the presence of the Accounts Officer, shall physically verify the stock lying in stores of the Transferred Institutions and compare it with the stock as per the Book records and in case of any difference, appropriate remedial steps as prescribed by the Municipality shall be taken;
  - g. In addition to the reports specified in this manual, the Chief Municipal Officer/Implementing Officer shall specify such appropriate calendar of returns /reports for monitoring.
- 24.6 All Reconciliation Statements shall be certified by the Chief Municipal Officer and Accounts Officer.

#### **24.5. Presentation in the Financial Statements**

- 24.7 The presentation in Financial Statements shall be as those given in other chapters in the manual.
- 24.8 All expenditures of the Transferred Institutions which are not routed through the Municipality e.g. salaries of the employees, etc. shall be disclosed as notes to accounts.

## Chapter Twenty Five

### 25. Period-End Procedures

#### This Chapter aims at

- Giving you the guidelines on preparation of periodical Accounts of the Municipality which includes reconciliations of the various Ledger Accounts.
- Providing you accounting procedures to be taken care for the recording of the various Accounting transactions.

#### At the end you will able to

- Know the procedures to be followed by a Municipality for preparation of the periodical Accounts.

#### 25.1. Introduction

- 25.1 This chapter describes the procedures to be followed by a Municipality to facilitate preparation of periodical accounts.
- 25.2 It is recommended that certain reconciliations and other accounting procedures be carried out on a daily and monthly basis so that the recording of transactions is up to date. These would be in addition to half yearly and annual procedures.
- 25.3 The specific period-end procedures in relation to various categories of transactions have been described in the relevant chapters. The procedures to be followed on a daily, monthly, half yearly and annual basis are covered under the following heads:
- i. **Daily Procedures**
    - a. Closing of Cash Book & Bank Book;
    - b. Physical verification of Cash balance;
    - c. Checking ledger accounts with the books of original entries, i.e., Cash Book & Bank Book and Journal Book;
    - d. Verification of number of receipts issued as reported by the collection office with the Collection Register;
    - e. Updation of Subsidiary Ledgers.

- ii. **Monthly Procedures**

- a. Recording of expenditures incurred against permanent advance;
- b. Payment to Pension Fund and Provident Fund in respect of employees of the Municipality;
- c. Payment to Pension Fund and Provident Fund in respect of the Chief Municipal Officer of the Municipality;
- d. Payment of pension contribution and leave salary contribution in respect of employees on deputation;

- e. Compilation of details of stock used during the month, for recording the consumption of stores;
- f. Closing of ledger accounts;
- g. Payment of Government dues (cesses, royalty and loan with reference to the registers concerned);
- h. Reconciliation of Accounting records with Records of Revenue Section, Health Section, Engineering Section, Planning Cell, Electricity Section, Water Section, etc.

**iii. Half yearly Procedures**

- a. Reconciliation of deposits, advances, receivables and incomes with Subsidiary Records and Registers;
- b. Provision for period end expenditures;
- c. Transfer of specific purpose grants received - revenue grants to grant income and capital grants to capital contribution, based on its use during the period;
- d. Recognition of income in respect of Revenue Expenditure and incurred in respect of grant receivable as reimbursement;
- e. Accrual of interest on borrowings; (or monthly or quarterly as appropriate)
- f. Recording of provision for bills remaining unpaid in respect of Special Fund expenditure;
- g. Accrual of interest on advances and investments; (or as and when appropriate)
- h. Reconciliation of Capital Work in Progress account with Records and Registers;
- i. Passing of adjustment entries.

**iv. Annual Procedures**

- a. Physical verification and reconciliation of Stores;
- b. Physical verification of Fixed Assets;
- c. Recording utilization of Special Funds by transfer to Special Funds (Utilized) account;
- d. Confirmation of all categories of advances;
- e. Provision for unrealized revenue;
- f. Provision for unrealized asset;
- g. Accounting of prepaid expenditures;
- h. Confirmation from Government and Government agencies of outstanding dues;
- i. Create provision for depreciation on various types of assets in accordance with the policies in this regard;
- j. Create provision for amounts receivable, in accordance with the provisioning norms in this regard;
- k. Annual closing of ledger accounts by transfer to Income and Expenditure Account, where required;
- l. Closure of inoperative bank accounts.

25.4 Each of the above procedures has been described in detail as follows:

### Daily Procedures

- 25.5 Balancing of Cash and Bank Book. The Cash and Bank Book shall be totaled and balanced daily. The posting of the day's transactions shall be made in the respective Ledger Accounts by the end of the day. The closing Cash and bank balance of the day shall be carried forward to the next day as opening balance for that day.
- 25.6 Physical verification of Cash balance. Cash available with the Accounts Department shall be physically verified by the Cashier. The values and denominations of the Cash physically verified shall be noted in the Cash and Bank Book itself. This shall be certified by the Cashier and the Accounts Officer. The Cash balance, as physically verified, should match with the closing Cash balance as per the Cash Book.
- 25.7 Checking of ledger accounts with the books of original entries, i.e., Cash and Bank Book and Journal Book. The daily postings of the entries in the Ledger Accounts from the Cash book, Bank Book and the Journal Book shall be checked and certified by the Accounts Officer or other designated officer. The employee making the concerned posting shall also certify the posting of each transaction recorded in the books of original entries. Necessary rectification entries shall be passed immediately in respect of differences or errors in posting.
- 25.8 Verification of number of receipts issued as reported by the collection office with the Collection Register. On receipt of Chalan for Remittance of Money from the Collection Office, the Head of the Department supervising the functioning of the Collection Office shall verify the duplicate copies of the receipts issued with the entries made in the Collection Register and in the Chalan for Remittance of Money. The number of receipts cancelled shall be reported in the Chalan for Remittance of Money.
- 25.9 Updation of Subsidiary Ledger. The Accounts Department shall update the following Subsidiary Registers at the end of each day:
- a. Functions wise Income Subsidiary Ledger in respect of all major heads of Income during the day;
  - b. Functions wise Expenditure Subsidiary Ledger in respect of all major heads of Expenditures during the day.

### Monthly Procedures

- 25.10 Recording of expenditure incurred against permanent advance. At the end of each month, the Head of the Department, to whom permanent advance has been disbursed, shall prepare and submit a payment order for expenditures incurred against the permanent advance. The Register of Permanent Advance maintained at

the Departments shall be updated on a daily basis for the expenditures incurred and updated for payment order prepared and sent to the Accounts Department.

- 25.11 Payment to Provident Fund and Pension Fund in respect of employees of the Municipality. The Accounts Officer shall ensure that the Provident Fund deducted from the salaries of the employees and its own contribution payable for the Provident Fund and Pension benefit have been paid on time to the Government.
- 25.12 Payment to Central Provident Fund and Central Pension Fund in respect of the Chief Municipal Officer of the Municipality. The Accounts Officer shall ensure that the Provident Fund deducted from the salary of the Chief Municipal Officer and its own contribution payable for the Provident Fund and Pension benefit have been paid on time to the Government.
- 25.13 Payment of pension contribution and leave salary contribution in respect of employees on deputation. The Accounts Officer shall ensure that the Provident Fund deducted from the salary of the employees on deputation to the Municipality and its own contribution payable for the Provident Fund and Pension benefit payable for their benefit have been paid on time to the Government. The leave salary contribution in respect of the employees on deputation shall also be done by the Municipality.
- 25.14 Compilation of details of stock used during the month to record consumption. At the end of each month, the Stores-in-charge shall prepare a Statement of Closing Stock in Form ST – 3 for the stocks held in the Stores and Statement of Material Issues in Form ST – 4 for issues made for various purposes from the entries made in the Stores Ledger. The procedure for preparation of such statement and valuation of the closing stock has been outlined in Chapter 12 - Stores.
- 25.15 Closing of ledger accounts. The ledger accounts shall be totalled and balanced at the end of each month. In addition, the Municipality may close the ledger accounts as such shorter time intervals as it may decide. The closing balances for each of ledger accounts shall be determined and posted in the Trial Balance prepared for that period. The procedures for preparation of Trial Balance have been outlined in Chapter 27- Financial Statements.
- 25.16 Payment of Government Dues. The Accounts Officer shall ensure that all Government Dues have been duly paid at the end of the month.
- 25.17 Reconciliation of Accounting records with Records of Revenue Section, Health Section, Engineering Section, Planning Cell, Electricity Section, Water Section, etc.. The Accounts Officer shall ensure that it reconciles its accounting records with the records of other sections and reason for any differences shall be ascertained and necessary rectifications made as required.

## Half yearly Procedures

- 25.18 Reconciliation of deposits, advances, receivables and income. The deposits received from contractor/supplier or any other deposit; advances provided to contractor/supplier or to the departments or employees of the Municipality; receivables in respect of various sources of income and money received from various sources of income shall be reconciled at the end of each half year. The procedure for reconciliation has been described in Chapter 26 - Reconciliation Procedures.
- 25.19 Provision for period-end expenditures. At the end of an accounting period (half year), all the departments of the Municipality shall prepare a Statement of Outstanding Liability for Expenditures in Form GEN- 29. The procedures for making period-end provision entries have been outlined in the relevant chapters and are briefly described below:
- a. Provision for expenditures incurred on original work/ operations or maintenance work being executed by the Engineering Department for which either no payment has been made, or part payment has been made against the bills received, shall be made in accordance with the procedures outlined in Chapter 11 - Public Works;
  - b. Provision for materials purchased for which either no payment has been made, or part payment has been made against the bills received, by the Stores, shall be made in accordance with the procedures outlined in Chapter 12 - Stores. Provision shall also be made for materials received for which bills are not received at the values indicated in the Purchase Order;
  - c. Provision for revenue expenditures other than those described above for which either no payment has been made, or part payment has been made against the bills received, shall be made in accordance with the procedures outlined in Chapter 15 - Other Revenue Expenditures;
  - d. Provision for interest accrued but not due on the money borrowed through loans or debentures shall be made in accordance with the procedures outlined in Chapter 20– Borrowings (Loans Received);
  - e. Provision for fixed assets purchased, for which either no payment has been made, or part payment has been made against the bills received, shall be made in accordance with the procedures outlined in Chapter 16 - Fixed Assets;
  - f. Provision for Depreciation on Fixed assets shall be calculated in accordance with the procedures outlined in the Chapter 16 – Fixed Assets.
- 25.20 Transfer of specific purpose grants received - revenue grants to grant income and capital grants to capital contribution, based on its use during the period. The balance in the Revenue Grant Account received in advance, to the extent utilized during the period shall be transferred to the respective Grant Income Account and the amount

used for capital expenditure shall be transferred to Capital Contribution Account. Where such transfer has not been made, the Accounts Department shall pass the relevant entries in accordance with the procedures outlined in Chapter 10 - Grants.

- 25.21 Recognition of income in respect of Revenue expenditure and Capital contribution incurred in respect of grant receivable as reimbursement. The revenue expenditure incurred during the period towards specific projects/schemes under a grant receivable, as a reimbursement shall be recognized as income at the end of each half year and capital expenditure shall be shown as Capital Contribution. Where such income has not been recognized, the Accounts Department shall pass the relevant entries in accordance with the procedures outlined in Chapter 10 - Grants.
- 25.22 Accrual of interest on borrowings. Interest charges on loans received, which is not due shall be accrued, in accordance with the procedures outlined in Chapter 20 – Borrowings.
- 25.23 Recording of provision for bills remaining unpaid in respect of Special Fund expenditure. Provision shall be made for the revenue expenditure incurred under Special Fund during the period in accordance with the procedures outlined in Chapter 19 – Special Funds.
- 25.24 Accrual of interest on investments and loans advanced to employees. Interest accrued but not due on investments made shall be accrued in accordance with the procedures outlined in Chapter 17 - Investments. The amount of interest accrued in respect of loans provided to employees shall be determined and accrued in accordance with the procedures outlined in Chapter 13 – Establishment Expenditure.
- 25.25 Reconciliation of Capital Work in Progress. Expenditure incurred on cumulative total of several Capital Work-in-Progress Ledger Accounts should be reconciled at the end of each half year with the Summary Statement of Status on Capital Work-in-Progress received from the department. The Accounts Department shall ensure that total expenditure incurred as stated in the Statement tallies with the cumulative total of several Capital Work-in-Progress Ledger Accounts.
- 25.26 Passing of adjustment entries. At the period-end, the Accounts Department shall verify whether proper distinction has been maintained between revenue and capital transactions and between the transactions having effect in two accounting periods. In case, any income or expenditure for the previous periods or the subsequent periods has been accounted for as income or expenditure of the current period, the rectification entries as outlined in Chapter 5 - General Accounting Procedures shall be made by the Accounts Department.

#### **Annual Procedures**

- 25.27 All the period-end procedures, including the passing of adjustment entries performed at the end of each half year, as explained above, shall also be performed

at the end of each accounting year. In addition to that, further period-end procedures required to be performed at the year-end have been described below.

- 25.28 Physical verification of stores. The physical verification of stores and consumables shall be carried out at least once in a year on the last day of the accounting year and at such time intervals as the Municipality may decide. The verification shall be carried out by the Stores-in-charge in presence of the Auditors or in his absence in the presence of the Accounts Officer, who shall certify the stock sheet. The physically verified stores shall be reconciled with the balances as per the stores records. The value of physically verified closing stock would be incorporated in the Financial Statements. The procedure for valuation of closing stock has been outlined in Chapter 12 - Stores.
- 25.29 Physical verification of fixed assets. A Committee consisting of Chief Municipal Officer, Accounts Officer, Head of the Engineering Department, Head of Planning Cell and such other representatives as the Council resolves, shall be formed. The Committee shall ensure the existence of a system of conducting physical verification of fixed assets throughout the year so that each fixed asset is verified at least once during the year. Any discrepancies with the Fixed Assets Register should be reconciled and brought to the attention of the Council. For this, the Committee shall prepare a plan of action for physical verification of its fixed assets. The Accounts Department together with the Engineering Department shall carry out physical verification as per the procedures provided in the verification plan. The details recorded in the verification sheets shall be checked with the relevant Fixed Assets Registers and suitable remedial steps shall be taken in case of discrepancies identified.
- 25.30 Recording utilization of Special Funds by transfer to Special Funds (Utilized) account. The balance in the Special Fund shall be transferred to the Special Fund (Utilized) on construction or purchase or acquisition of fixed asset at the time of capitalization of the relevant expenditures into fixed asset. The procedure for transfer has been provided in Chapter 19 - Special Funds. A control shall be kept on the projects executed under any Special Fund for effecting transfer of balance.
- 25.31 Confirmation of all categories of advances. At the end of the year, the Accounts Department shall obtain a confirmation from all the persons to whom the advances have been provided including the Head of the Department for Permanent Advance and employees of the Municipality for miscellaneous advance provided.
- 25.32 Provision for unrealized revenue. A provision shall be made for the demands raised during the accounting period but remaining outstanding as per the provisioning principles suggested for various types of income. The procedure for provisioning, the amount to be provided and the accounting entries have been outlined in the respective chapters on incomes.
- 25.33 Provision for doubtful assets. A provision shall be made for the all doubtful assets such as loans and advances, Fixed Assets, etc.

25.34 Accounting of prepaid expenditures. At the year-end, all the expenditures shall be scrutinized to identify those expenditures whose benefit is likely to accrue in the next year and a prepaid entry shall be passed in accordance with the procedures outlined in Chapter 15 - Other Revenue Expenditures.

25.35 Confirmation from Government/Quasi-government and Government owned agencies of outstanding dues. At the end of each accounting year, the Accounts Department shall prepare and forward a balance confirmation statement to Government and Quasi-government and various government owned agencies in the format as prescribed in Chapter 26 - Reconciliation Procedures. Based on replies received, the Accounts Department shall undertake appropriate remedial action, including passing of necessary rectification entries, for reconciling the balances.

25.36 Providing depreciation on various types of assets. The Accounts Department shall create the necessary depreciation provision entries for the fixed assets of the Municipality at the prescribed rates, as per the accounting policies in this regard.

25.37 Provision for amounts receivable. The Accounts Department shall create a provision for all amounts receivable by the Municipality in accordance with the provisioning norms in this regard.

25.38 Annual closing of ledger accounts by transfer to Income and Expenditure Account. In addition to closing of ledger accounts at the end of each half year, the ledger accounts shall be balanced and totalled at the end of each accounting year, i.e., on 31<sup>st</sup> March, for preparation of Financial Statements. The closing balances for each of the ledger accounts shall be posted in the Trial Balance from which Financial Statements shall be prepared in accordance with the procedures outlined in Chapter 27- Financial Statements.

25.39 After the Annual Financial Statements have been prepared, the Accounts Department shall pass the following entries for transfer of income and expenditure ledger balances to the Income & Expenditure Account.

- i. For transfer of income ledger balances to income side of Income and Expenditure Statement:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
11001000	Holding Tax	Debit	
11002000	Water Tax	Debit	
11003000	Latrine Tax	Debit	
11052000	Cess	Debit	
11010000	Profession Tax	Debit	
12000000	Assigned Revenues & Compensation	Debit	
14010000	Fees & User Charges	Debit	
	-----		
	-----		
	To Income Account & Expenditure A/c		Credit

**Source Document:**

**Records updated:** Journal Book, Ledger

Note: Balances of the income ledger accounts shall be posted on the right hand side of the Income and Expenditure Statement under the column heading "Income".

ii. For transfer of expenditure ledger balances to expenditure side of Income and Expenditure Statement:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
	Income Account & Expenditure A/c	Debit	
21000000	To Establishment Expenses		Credit
22010000	To Rent, Rates & Taxes		Credit
23052000	To Repairs & Maintenance – Building		Credit
23050000	To Repairs & Maintenance – Infrastructure Assets		Credit
	To Consumption of Stores		Credit
	-		
	-		

**Source Document:**

**Records updated:** Journal Book, Ledger

Note: Balances of the expenditure ledger accounts shall be posted on the left-hand side of the Income and Expenditure Statement under the column heading "Expenditure".

25.40 The closing ledger balance in the assets and liabilities ledger accounts shall be carried forward as opening balance of the next accounting year.

25.41 Closing of inoperative accounts. The Accounts Officer shall analyse the bank accounts and if felt appropriate, intimate the Chief Municipal Officer who may decide to close the inoperative bank accounts under intimation to the Council.

## Chapter Twenty Six

### 26. RECONCILIATION PROCEDURES

#### This Chapters aims at

- Guiding you on the reconciliation procedures to be carried out periodically in respect of the various accounts of the Municipality to ensure that there are no discrepancies between the different set of records and entry for the any transactions has to enter at two places.

#### At the end of this Chapter

- You will be able to understand the importance of reconciliation and also know the procedure to reconcile the various accounts.

#### INTRODUCTION

26.1 This chapter describes the reconciliation procedures to be carried out periodically in respect of accounts by the Municipality.

26.2 The objective of the reconciliation procedures is to ensure that if accounting information is recorded at more than one place, there are no discrepancies between the different sets of records. For example, property tax transactions are recorded both at the Revenue Department and at the Accounts Department. The recommended reconciliation procedures will ensure that the receivables figure is the same at both the locations and in both the sets of records. In case of differences, necessary adjustments may need to be carried out either by the Accounts Department or the Revenue Department.

26.3 The reconciliation procedures are to be carried out by the Accounts Department, Auditors and the concerned departments.

26.4 The procedures will include the following:

- a. Bank Reconciliation,
- b. Reconciliation of deposits,
- c. Reconciliation of receivables and collections in respect of:
  - i. Water Charges;
  - ii. Property and other taxes;
  - iii. Profession Tax – Employee/Firm, Organisation/Others;
  - iv. Rent from Municipal properties;
  - v. Other heads of revenues.
- e. Reconciliation of advances to:

- i. Contractors/suppliers;
- ii. Departments of the Municipality; and
- iii. Employees of the Municipality.
- f. Reconciliation of loans received (borrowings),
- g. Reconciliation of payables including contractors' payables,
- h. Reconciliation of balances with Government, quasi-Government agencies, Government Corporations,
- i. Reconciliation of loans given to others
- j. Reconciliation of the accounts for the Income and Expenditure heads falling under the following categories with the Function wise Income / Expenditure Subsidiary Ledgers maintained at the Accounts Department in respect of those categories:

  - i. Fees & User Charges,
  - ii. Sale & Hire Charges,
  - iii. Establishment Expenditures,
  - iv. Administrative Expenditures, and
  - v. Repairs & Maintenance Expenditures.

### **BANK RECONCILIATION**

26.5 Bank Reconciliation is a procedure which aims at reconciling the Bank/Treasury Account(s) balance as shown in the Bank Book (Form GEN - 1B) of the Municipality with the Bank/Treasury Account(s) balance as per the pass book/statement received from the Bank/Treasury. The Bank Reconciliation shall be carried out on a monthly basis for each of the Bank/Treasury Account(s) maintained by the Municipality. In addition, the Municipality may do the reconciliation at such shorter time intervals as it may decide.

26.6 The Bank/Treasury Accounts balances as per the Bank Book and the Pass Book/Statement may not tally for the reasons listed in Table 26.1.

**Table 26.1**  
**Factors necessitating Bank Reconciliation**

Reconciliation factors	Effect on Cash & Bank Book Bank/Treasury	Effect on Bank/Treasury Account(s) balance as
Cheques issued but not presented for payment	Bank balance reduces by that amount	No effect
Cheques deposited but not cleared	Bank balance increases by that	No effect
Cheques received but not deposited	Bank balance increases to the extent of Cheque received but not deposited	No effect
Bills drawn on the Treasury, not recorded in the Treasury statement	Bank balance reduces to the extent of bills drawn but not recorded	No effect

Allocation from Public Account not reflected in the Bank Book	No effect	Bank balance increases to the extent of allocation not recorded in the bank
Debit of charges by bank for any services rendered	No effect	Bank/treasury balance reduces to the extent of
Direct deposit of amount in the bank account	No effect	Bank/treasury balance increases to the extent of deposit
Interest allowed and credited by the Bank	No effect	Bank/treasury balance increases to the extent of interest

Reconciliation factors	Effect on Cash & Bank Book Bank/Treasury	Effect on Bank/Treasury Account(s) balance as
Payment by the bank in respect of standing instructions given to the bank	No effect	Bank balance reduces to the extent of the payment made
Fixed Deposit or any other sum directly credited by bank to the account	No effect	Bank balance increases to the extent of money credited
Any other reason which may result in difference between bank balance as per Bank Book and Pass Book		

26.7 The procedure to be followed for reconciling the Bank/Treasury Account(s) balance as per the Bank Book with the balance as per the Pass Book/Bank Statement is as under:

- a. The Bank Reconciliation shall be carried out on a monthly basis. In addition, the Municipality may do the reconciliation at such shorter time intervals as it may decide. In case the Bank Reconciliation is carried out monthly, it shall be completed within the first week of the next month.

#### Receipt entries in the Cash & Bank Book

- b. The credit entries in the Bank/Treasury Account(s) Pass Book/Statement shall be compared with the entries in the Cheques Received Register (Form GEN-9) and the entries appearing in both shall be ticked ( ). The date when the Cheques have been realised shall also be recorded in the Cheque Received Register.
- c. The daily total of Cheques realised in the bank shall be derived from the Cheque Receipt Register and the total shall be tallied with the entry in the Bank Book.
- d. The unticked items represent the Cheques received and deposited in the

Bank/ Treasury Account(s) but not cleared for payment by the bank. Likewise, they may also represent those cases wherein Cheques have been received but may not have been deposited with the bank.

- e. The unticked items shall appear in the Bank Reconciliation Statement (BRS) of that period. The entries appearing in the BRS shall be examined for credit in the subsequent period's Bank/ Treasury Account(s) Pass Book/Statement and those items, which do not reconcile shall be carried forward to the next period's BRS.

#### **Payment entries in the Cash & Bank Book**

- f. The debit entries in the Bank/ Treasury Account(s) Pass Book/Statement shall be compared with the entries in the Cheque Issue Register (Form Gen-16) and the Bank Book and the entries appearing in both shall be ticked ( ).
- g. The unticked item represents the Cheques issued by the Municipality but not presented to the bank for payment. Likewise, it may also represent those cases wherein Cheques have been drawn and entered in the cheque Issue Register but have not been issued to the payee.
- h. The unticked items in the Bank Book shall appear in the Bank Reconciliation Statement of that period. The entries appearing in the statement shall be traced for payment in subsequent period's Pass Book/Statement and those which are not reconciled shall be carried forward to the next period's Bank Reconciliation Statement.
- i. All the Cheques issued but not presented for payment, within three months in the case of Cheques drawn on the Treasury and six months in all other cases from their date of issue (or such shorter period as decided by the Government), will become stale and shall be re-debited to the relevant bank account with a corresponding credit entry in the Stale Cheques Account.

#### **Other Entries in the Bank Pass Book/Bank Statement**

- j. There may be instances of bank charging service charges/commission or making payment against the standing instructions issued by the Municipality. Likewise, there may be instances of direct deposit with the bank by the debtor (e.g. property tax) or credit of interest by the bank. These entries in the first instance are recorded only in the Pass Book/Statement and later incorporated in the Bank Book. Care should be taken for identifying such items at the time of reconciliation and subsequently recording them in the Bank Book. Identification of bank charges entries in the Pass book/Statement is more important as these are identified only from the process of Bank reconciliation. Further, any unduly high bank charges shall also be identified and corresponded with the Bank for clarifications. It is to be ensured that all the Bank Charges entry identified in the process of reconciliation, shall be supported with the Bank's debit advice.

### **Bank Reconciliation Statement**

- k. The unticked items both in the Pass Book/Statement and the Bank Book shall be extracted for reconciliation in the following format classified according to their nature:

**Table 26.2**  
**Bank Reconciliation Statement for as on...**

#### **Bank/Treasury Account(s)**

<b>Particular</b>	<b>Amount</b>	<b>Amount</b>
<b>Bank Balance as per Bank Book</b>		
Add: Cheques issued but not presented into bank (a Cheque-wise list)		
Add: Cheques drawn but not actually issued to parties (a list to be		
Add: Cheque issued and payment stopped by Municipality (a list to		
Add: Credits of investment proceeds in Bank (e.g. Fixed Deposits) accounted by the bank but not accounted for in Cash cum Bank Book		
Add: Amount (Cash or Cheque) deposited by the depositor(s) into bank but not accounted for in		
Add: Credit given by Bank either for interest or for any other account but not accounted for		
Add: Allocation from Public Account not reflected in the Bank		
Add: Amount of bills drawn but not yet recorded in the		
<b>Sub-</b>		
Less: Cheques Deposited but not cleared		
Less: Payments directly made by the bank but not accounted for in		
Less: Cheques deposited but dishonoured		
Less: Service Charges / Bank Charges or any other charge levied by the Bank but not accounted for		
<b>Bank Balance as per Pass Book/Bank</b>		

26.8 Details of the difference shall be given under each of the broad heads depicted above with a serial listings of all the Cheques deposited with the bank or issued for payment, to the extent possible. Any other factor impacting the bank balance as per the Bank Book and Pass Book/Statement should be appropriately stated.

26.9 In instances where wrong entries are noticed in the bank statements, a formal letter shall be written to the bank by the Chief Municipal Officer and he shall ensure

that all such entries are resolved.

### **RECONCILIATION OF DEPOSITS**

26.10 Reconciliation of Deposits aims at reconciling the balance of Earnest Money Deposit, Security Deposit, Retention money and any other deposits received by the Municipality. The reconciliation shall be carried out between the records maintained at other departments and those maintained at the Accounts Department.

26.11 The Deposit Reconciliation shall be carried out half yearly. In addition, the Municipality may do the reconciliation at such shorter time intervals as it may decide.

26.12 The Department which had received the deposits shall prepare a Reconciliation Statement of Deposits Outstanding from the Deposit Register (Form GEN-19) in the format provided in Table 26.3 below for all the deposits received by it and forward it to the Accounts Department. This statement shall be prepared for each type of deposit. In case there is a discrepancy between the records of the two, this statement may have to be prepared for each contractor/supplier.

**Table 26.3**  
**Reconciliation Statement of Deposits Outstanding with the**  
**Municipality**

**Received by Department as on**

Particulars	Amount (Rs.)
Deposits outstanding at the beginning of the accounting period	
<u>Add:</u> Deposits received during the current accounting period (specify all the Statement of Collections through which deposit has	
<u>Less:</u> Deposits returned during the current accounting period (specify all)	
<u>Less :</u> Deposits Adjusted (Give details)	
<u>Less :</u> Deposits Lapsed	
<b>Deposits outstanding at the end of the accounting period</b>	

26.13 The balances computed above would be reconciled with the balances for Deposits shown in the Ledger of the Accounts Department and the Deposit Register (Form GEN-19) maintained by the concerned departments. The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the department, which has recorded the entry incorrectly.

#### **RECONCILIATION OF RECEIVABLES AND COLLECTIONS**

26.14 The receivables and collections shall be reconciled on a half yearly basis. In addition, the Municipality may do the reconciliation at such shorter time intervals as it may decide. The procedure for reconciling the outstanding balance of receivables and collections shall be the same for all kinds of receivables, viz.:

- a. Water Supply receivables;
- b. Property Tax receivables;
- c. Profession Tax – Institutions/Professionals/Traders receivables;
- d. Rent from Municipal Properties receivables;
- e. Receivables on account of other heads of revenues.

26.15 For instance, for reconciling Property Tax receivables and collections, the following shall be done:

- a. The Revenue Department based on their records, especially the Demand Register (Form GEN-21) and the Collection Register (Form GEN-11) shall ascertain the information required in Table 26.4 below and forward the details to Accounts Department.

**Table 26.4**  
**Reconciliation Statement of Receivables and Collection**

**Details for Department as on**

Sr. No.	Particulars	Amount (Rs.)	Amount (Rs.)
<b>A</b>	<b>OPENING BALANCE OF DEMAND OUTSTANDING</b>		
I	Demand outstanding in respect of the previous half years/accounting periods of the current accounting year		
II	Demand outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable)		
<b>B</b>	<b>Add: Demand raised during the current Half</b>		
<b>C</b>	<b>TOTAL DEMAND OUTSTANDING</b>		
<b>D</b>	<b>COLLECTIONS DURING THE CURRENT HALF YEAR /PERIOD</b>		
i.	Collection of demand pertaining to current half year/accounting period		
ii.	Collection of demand pertaining to previous half years/accounting periods of the current accounting year during the current half		
iii.	Collection of demand pertaining to demand for the previous accounting years collected during the current half year/accounting period (This detail should be given year-wise, wherever		
iv.	Collection in advance pertaining to future accounting periods		
<b>E</b>	<b>Total collections during the current half year/accounting period (i + ii + iii)</b>		
<b>F</b>	<b>CLOSING BALANCE OF DEMAND OUTSTANDING</b>		
i.	Demand outstanding in respect of the current half year/accounting periods [B – D(i)]		
ii.	Demand outstanding in respect of the previous half years/accounting periods of the current accounting year [A(i) – D(ii)]		
iii.	Demand outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable) [A(ii) – D(iii)]		

26.16 The Reconciliation Statement received by the Accounts Department shall be reconciled with the respective ledger accounts maintained by the Accounts Department.

The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the department, which has recorded the entry incorrectly.

## **RECONCILIATION OF ADVANCES GIVEN**

26.17 This section describes the reconciliation procedure to be followed on a half yearly basis for reconciling the advances given to, namely:

- a. Contractors/Suppliers;
  - b. Departments of the Municipality; and
  - c. Employees of the Municipality.

In addition, the Municipality may do the reconciliation at such shorter time intervals as it may decide.

## **Reconciliation of advance given to Contractors/Suppliers**

26.18 The concerned Department shall maintain a record of the advances given to each of the contractors/suppliers. The Accounts Department shall also maintain a record of the advances provided in a Register of Advances (Form GEN-17).

26.19 The Department which had initially sanctioned advance to the contractor/supplier shall prepare a Reconciliation Statement of Advance Outstanding in the format provided in Table 26.5 below for all the contractors/suppliers and forward it to the Accounts Department. In case there is a discrepancy between the records of the two departments, this statement may have to be prepared for each contractor/supplier.

Particulars	Amount (Rs.)
Advance outstanding at the beginning of the accounting period	
<u>Add:</u> Further advance given during the current accounting period (specify all the Payment Orders through which advance have been	
<b>Total Advance Provided</b>	
<u>Less:</u> Advance recovered during the current accounting period (specify all the Statement of Collection through which advance had been recovered)	
<u>Less:</u> Advance Adjusted (Give details)	
<b>Advance outstanding at the end of the accounting period</b>	

26.20 The Reconciliation Statement of Advance Outstanding received by the Accounts Department shall be reconciled with the respective ledger accounts and the Register of Advances maintained by the Accounts Department. The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the department, which has recorded the entry incorrectly.

### **Reconciliation of advances given to Departments**

26.21 The departments receiving the advances from the Accounts Department shall maintain a record of the advances received by them in Register of Permanent Advance (Form BMAM-18). The Accounts Department shall also maintain a record of the advances provided to the departments in a Register of Advance (Form GEN-17).

26.22 The head of the concerned department shall send to the Accounts Department a confirmation of the advances provided to his department stating the purpose for which it was provided in the format provided in Table 26.6 below. The confirmation received shall be tallied with the Register of Advances by the Accounts Department.

**Table 26.6**  
**Reconciliation Statement of Permanent Advance provided to**  
**Department as on**

Particulars	Amount (Rs.)
Advance outstanding at the beginning of the accounting period	
<u>Add:</u> Further advance given /replenished during the current accounting period (specify all the Payment Orders through which advance have been provided/replenished)	
<b>Total Advance Provided</b>	
<u>Less:</u> Expenditure incurred against the advance provided	
<b>Advance outstanding at the end of the accounting period</b>	

26.23 The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the department, which has recorded the entry incorrectly.

### **Reconciliation of advance given to Employees**

26.24 The employees of the Municipality may be provided with two kinds of advances namely - personal advance or miscellaneous advance.

26.25 The details of the personal advances granted to the employees shall be recorded in a Register of Advances in Form ES-2. The details of recovery of advances shall also be recorded in that Register. At the end of the accounting period, a confirmation statement shall be obtained from each of the employees to whom advance has been provided in the format provided in Table 26.7 below. The confirmation statement so obtained shall be reconciled with the record of the employees maintained at the Establishment Department, where a consolidated Statement of Advance provided to Employees shall be prepared and forwarded to the Accounts Department. The Accounts Department shall reconcile the total amount of advance provided with the control ledger accounts.

**Table 26.7**  
**Reconciliation Statement of Personal Advance provided**  
**to**  
**(Name of the employee) as on**

Particulars	Amount (Rs.)
Advance outstanding at the beginning of the accounting period	
<u>Add:</u> Further advance given during the current accounting period (specify all the Payment Orders through which advance have been provided/replenished)	
<b>Total Advance Provided</b>	
<u>Less:</u> Advance recovered including recovery from the salary during the	
<b>Advance outstanding at the end of the accounting period</b>	

26.26 In case of miscellaneous advance provided to employees for incurring expenditures in the course of performing the duties of office, a confirmation statement shall be obtained from the employee for the amount advanced stating therein, the expenditure already incurred together with its details and the balance remaining in hand, in the format provided in Table 26.8 below. The statement obtained shall be confirmed with the records maintained in the Register of Advances in Form GEN-17.

**Table 26.8**  
**Reconciliation Statement of Miscellaneous Advance provided**  
**to**  
**(name of the employee) as on**

Particulars	Amount (Rs.)
Advance outstanding at the beginning of the accounting period	
<u>Add:</u> Further advance given during the current accounting period (specify all the Payment Orders through which advance have been provided/replenished)	
<b>Total Advance Provided</b>	
<u>Less:</u> Expenditure incurred against advance provided	
<u>Less:</u> Advance adjusted (Give details)	
<b>Advance outstanding at the end of the accounting period</b>	

26.27 In the case of any discrepancy, measures shall be taken for rectification of the discrepancies, by way of either recovery of advance or where there is an error in accounting, by passing the necessary accounting entries.

#### **RECONCILIATION OF LOANS TAKEN**

26.28 The Accounts Department shall maintain a record of all the loans borrowed in Register of Loan (Form BR - 1). At the end of each accounting year, the Accounts Department shall prepare and forward to the lender, a Confirmation Statement for loan borrowed in the format provided in Table 26.9 stating therein, the amount borrowed or disbursed directly to Executing Agency, the amount repaid and interest accrued and paid on the loan.

**Table 26.9**  
**Confirmation Statement of Loan borrowed**  
**from**  
**(name of the lending agency) as on**

Particulars	Amounts in Rs.
<b>Loan outstanding at the beginning of the accounting year</b>	
Add: Installments received during the accounting year	
<b>Sub-total loan outstanding</b>	
Less: Installments paid during the accounting year	
<b>Net Loan outstanding at the end of the accounting year</b>	
<b>Total Interest Payable at the beginning of the accounting year</b>	
Add: Interest accrued during the accounting year	
<b>Total Interest Payable</b>	
Less: Interest paid during the accounting year	
<b>Total Interest Payable at the end of the accounting year</b>	
<b>Total amount due (principal plus interest) at the end of the accounting year (A+B)</b>	

26.29 Based on the reply received, the Municipality shall take steps for reconciliation of the difference, if any.

#### **RECONCILIATION OF PAYABLES (SUPPLIERS AND CONTRACTORS)**

26.30 The concerned departments and the Accounts Department shall maintain a Register of Bill for Payment (Form GEN – 14) in which all bills submitted for payment are recorded. The concerned department shall ascertain the information required as per Table 26.10 below and forward the details to the Accounts department.

**Table 26.10**  
**Reconciliation Statement of**  
**Payables**

Details for Department as on		Amount (Rs.)	Amount (Rs.)
<b>Sr. No.</b>	<b>Particulars</b>		
<b>A</b>	<b>OPENING BALANCE OF UNPAID BILLS</b>		
i.	Bill outstanding in respect of the previous half years/accounting periods of the current accounting year		
ii.	Bill outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable)		
<b>B</b>	<b>Add: Bills received during the current half year/period</b>		
<b>C</b>	<b>GROSS TOTAL LIABILITY OUTSTANDING (A + B)</b>		
<b>D</b>	<b>PAYMENTS DURING THE CURRENT HALF YEAR/PERIOD</b>		

Sr. No.	Particulars	Amount (Rs.)	Amount (Rs.)
i.	Payment of bills pertaining to current half year/accounting period of the current accounting year		
ii.	Payment of bills pertaining to previous half years/accounting periods of the current accounting year during the current half year/accounting period		
iii.	Payment of bills pertaining to previous accounting years during the current half year/accounting period (This detail should be given year-wise, wherever applicable)		
<b>E</b>	<b>Total payments during the current half year/accounting period (i + ii + iii)</b>		
<b>F</b>	<b>CLOSING BALANCE OF UNPAID BILLS</b>		
i.	Bill outstanding in respect of the current half years/accounting periods of the current accounting year [B – D(i)]		
ii.	Bill outstanding in respect of the previous half years/accounting periods of the current accounting year [A(i) – D(ii)]		
iii.	Bill outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable) [A(ii) – D(iii)]		

26.31 The Reconciliation Statement received by the Accounts Department shall be reconciled with the respective ledger accounts maintained by the Accounts Department. The reasons for differences, if any, shall be identified and rectification entries passed wherever required by the department, which has recorded the entry incorrectly.

#### **RECONCILIATION OF BALANCES WITH GOVERNMENT, QUASI-GOVERNMENT AGENCIES, GOVERNMENT CORPORATIONS, ETC.**

26.32 Due to large number of transactions with various Government, quasi-Government and Government owned agencies, it becomes imperative to reconcile the balances between the books of account of the Municipality and the Government/agencies.

26.33 At the end of each accounting year, the Accounts Department shall prepare and forward to the concerned authority/agency within 15 days from the end of the accounting year, a Confirmation Statement stating therein

- the amount receivable from the authority/agency in Table 26.11, or
- the amount payable to the authority/agency in Table 26.12, depending on whether sum is receivable from or payable to the concerned authority/agency.

**Table 26.11**  
**Confirmation Statement of balances receivable from as on**

Sr. No.	Particulars	Amount (Rs.)	Amount (Rs.)
<b>A</b>	<b>AMOUNT OUTSTANDING AS AT THE BEGINNING OF THE ACCOUNTING YEAR</b>		
	Demand outstanding in respect of previous accounting years (This detail should be given year- wise, wherever applicable)		
<b>B</b>	<b>Add: Bills for Demand raised for Services rendered or Goods supplied during the current</b>		
<b>C</b>	<b>GROSS TOTAL DEMAND OUTSTANDING (A + B)</b>		
<b>D</b>	<b>COLLECTIONS RECEIVED DURING THE CURRENT ACCOUNTING YEAR</b>		
i.	Collections pertaining to current accounting year		
ii.	Collections pertaining to previous accounting years during the current accounting year (This detail		
<b>E</b>	<b>Total collections made during the current accounting year (i + ii)</b>		
<b>F</b>	<b>CLOSING BALANCE OF DEMAND OUTSTANDING</b>		
i.	Demand outstanding in respect of the current accounting year [B – D(i)]		
ii.	Demand outstanding in respect of previous accounting years (This detail should be given year- wise, wherever applicable) [A – D(ii)]		

**Table 26.12**  
**Confirmation Statement of balances payable to as on**

Sr.	Particula	Amount	Amount
<b>A</b>	<b>AMOUNT OUTSTANDING AS AT THE BEGINNING OF THE ACCOUNTING YEAR</b>		
	Bills outstanding in respect of previous accounting years (This		
<b>B</b>	<b>Add: Bills received for payment during the current Accounting Year</b>		

<b>C</b>	<b>GROSS TOTAL LIABILITY OUTSTANDING (A + B)</b>		
<b>D</b>	<b>PAYMENTS MADE DURING THE CURRENT ACCOUNTING YEAR</b>		
i.	Payments pertaining to current accounting year		
ii.	Payments pertaining to previous accounting years during the current accounting year (This detail should be given year-wise, wherever)		
<b>E</b>	<b>Total payments made during the current accounting year</b>		
<b>F</b>	<b>CLOSING BALANCE OF OUTSTANDING</b>		
i.	Bills outstanding in respect of the current accounting year		
ii.	Bills outstanding in respect of previous accounting years (This detail should be given year-wise, wherever)		

26.34 In case, where amount is both due from as well as payable to any authority/agency, both the Statements shall be submitted for balance confirmation to the authority/agency concerned.

26.35 Based on the reply received, the Municipality shall take steps for reconciliation of the difference, if any.

#### **RECONCILIATION OF LEDGER BALANCES IN INCOME AND EXPENDITURE ACCOUNTS WITH FUNCTION WISE INCOME/EXPENDITURE SUBSIDIARY LEDGERS**

26.36 As explained in Chapter 5 – General Accounting Procedures, Function-wise Subsidiary Ledgers are to be opened in respect of all major Income and Expenditures. The various incomes and expenditure accounts are to be posted directly from the Cash Book & Bank Book and/or Journal to the Main Ledger in the individual ledger accounts in respect of those Income and Expenditure heads. Simultaneously, entries are to be made in the Function-wise Subsidiary Ledger so that department-wise information is also readily available.

26.37 Periodically, the two sets of records viz., those in the Main Ledger and those in the Subsidiary Ledgers should be reconciled to ensure that the totals in the respective places are matched.

# Chapter Twenty Seven

## 27. FINANCIAL STATEMENTS

### This Chapter on Financial Statements aims at..

- Providing you guidelines regarding preparation of Annual Accounts and Reports of the Municipalities periodically and at the end of the Financial Year along with sample Formats

### At the end you will able to Know

- How to close the books of Accounts at the end of the Financial year and prepare the financial statements and various reports periodically and at the end of the Financial year..

### INTRODUCTION

27.1 This chapter contains the recommendations relating to the Annual Accounts and Report to be prepared by the Municipalities. It also contains the recommendations regarding periodical Financial Statements.

27.2 Section 88 of the Bihar Municipality Act, 2007 stipulate for preparation of a Financial Statement by the Municipality. The format and content of Financial Statements which for part of Annual Report is provided in this Chapter.

27.3 Preparation of Financial Statements comprising of various reports as stated below is the responsibility of the Chief Municipal Officer, who shall cause to prepare the same as per Section 88 & 89 of the Act. However, other reports such as Auditor's report and Chief Municipal Officer's report on the Financial Statements shall be prepared by the Auditor and Chief Municipal Officer respectively.

27.4 The Annual Report of the Municipality shall include the following:

- a. Annual Financial Statements
  - i. Balance Sheet;
  - ii. Income and Expenditure Statement;
  - iii. Statement of Cash Flows (a summary of a Municipality's Cash Flow over a given period of time);
  - iv. Receipts and Payments Statement (detailed as per the account heads);
  - v. Notes to Accounts; and
- b. Budget Variance Analysis
- c. Audit Certificate
- d. Chief Municipal Officer's Report on the Annual Financial Statements and the qualifications and comments made in the Audit Certificate

- e. Status of audit issues raised by the auditor
- f. Key Ratios

27.5 In determining the accounting treatment and manner of disclosure of an item in the Income and Expenditure Statement and/or the Balance Sheet, due consideration shall be given to the materiality of the item.

27.6 On a monthly basis, the Municipality shall prepare Receipts and Payments Statement and shall also prepare Financial Statements like the Balance Sheet, Income and Expenditure Statement, Statement of Cash Flows and Receipts and Payments Statement, at the end of each half year. Balance Sheet shall disclose figures as on a date for the current year and the previous year. Income and Expenditure Statement, Statement of Cash Flows and the Receipts and Payments Statement shall disclose half yearly figures.

27.7 The Annual Financial Statements shall be approved by the Council and the same shall be signed by the Chief Municipal Officer and the Chairperson after which it shall be submitted to the auditor, within two months from the close of the year as per the Section 88 of the Bihar Municipality Act, 2007. The Chief Municipal Officer shall prepare a report on the qualifications and comments made by the Auditors. This report shall be an integral part of the Annual Report. The Annual Financial Statements shall be approved by the Chief Municipal Officer and shall be placed along with the report of the Auditors before the Empowered Standing Committee for Finance. The Standing Committee for Finance shall prepare an Action Taken Report on the Annual Financial Statements submitted taking into consideration the qualification and comments made in the report of the Auditor. The Standing Committee for Finance shall approve the Annual Financial Statements and Report and place them before the Council. The Council shall adopt the Annual Report and shall cause to publish it before such date as specified in the rules. The amounts in the Annual Financial Statements and the schedules forming part of the Financial Statements shall be stated in Units of Rupees. It shall be disclosed in Thousands of Rupees.

### **TRIAL BALANCE**

27.8 The process of preparation of the Financial Statements shall be preceded by preparation of a Trial Balance. The Trial Balance is a list of closing balances in all the accounts in the Ledger and the Cash Book & Bank Books. The purpose of preparing a Trial Balance is to determine the equality of posted debits and credits, and to generate a basic summary of accounts for facilitating preparation of the Financial Statements like Income and Expenditure Statement, Balance Sheet, Statement of Cash Flows and Receipts and Payments Statement. The Financial Statements are essentially drawn from the Trial Balance.

27.9 The Trial Balance shall be prepared as shown in Table 27.1

**Table 27.1**  
**Trial Balance for the period from \_\_\_\_\_ to \_\_\_\_\_**

Code No	Particular	Debit (Rs.)	Credit (Rs.)
		:	:
	<b>Total</b>		

27.10 The following points should be noted while preparing the Trial Balance:

- a. The income accounts shall generally have credit balances and the expenditure accounts shall generally have debit balances.
- b. The asset accounts shall generally have debit balances and the liability accounts and the reserve funds shall generally have credit balances.

27.11 The following are the steps involved in the preparation of a Trial Balance:

- a. All the ledger accounts shall be closed at period end and the debit or credit balance shall be calculated.
  - i. The debit balances shall be posted in the debit column of the Trial Balance and the credit balances in the credit column of the Trial Balance.
  - ii. The posting of Ledger Accounts in the Trial Balance shall be in the same order as shown in the Chart of Accounts.
  - iii. The Cash Book & Bank Books shall be closed and the balances shall be posted in the Trial Balance.
  - iv. Both the Debit Column and the Credit Column of the Trial Balance shall be totaled.

27.12 Since every debit entry has a corresponding credit entry, the sum-total of the debit balances in various account heads shall be equal to the sum-total of the credit balances in the other account heads. While, Generally, a tallied Trial Balance will be a first test of accuracy, it is possible that the Trial Balance may tally even if the following has happened:

- a. Omission of an entry in the original books of entry, viz., Cash Book & Bank Book and Journal Book, in which case neither debit, nor credit will be recorded;
- b. Wrong entry in the original books of entry;
- c. Posting of an entry on the wrong sides in such a manner that they compensate;
- d. Posting of an entry in wrong account head but on the correct side;
- e. Double posting of an entry in a ledger account;
- f. Compensating errors such as salaries paid recorded as Rs.2,000 instead of

actual of Rs.2,500 and Repairs and Maintenance recorded as Rs.1,500 instead of actual of Rs.1,000.

27.13 In case, the Trial Balance does not tally, some of the steps that should be taken for finding those errors and rectifying them are as follows:

- a. Check for totaling errors in the Trial Balance;
- b. Ensure that the cash and bank balance is not omitted from inclusion into the Trial Balance;
- c. Check the ledger account totals and their postings in the Trial Balance;
- d. Check the journal to see that the total debits and credits for each entry tally;
- e. Verify the postings to the ledger accounts from the books of original entries, i.e., the Cash Book & Bank Book and Journal to ensure that no error is made while posting entries in ledgers.

27.14 From the Trial Balance prepared, the Municipality shall prepare Balance Sheet and Income and Expenditure Statement. While preparing the Balance Sheet and the Income and Expenditure Statement, the following shall be done:

- a. The balances in the assets accounts, which Generally have a debit balance and are recorded on the debit side of the Trial Balance, shall be posted on the Asset side of the Balance Sheet;
- b. The balances in the liabilities accounts, which Generally have a credit balance and are recorded on the credit side of the Trial Balance, shall be posted on the Liability side of the Balance Sheet;
- c. The balances in the income accounts, which Generally have a credit balance and are recorded on the credit side of the Trial Balance, shall be posted on the Income side of the Income and Expenditure Statement;
- d. The balances in the expenditure accounts, which Generally have a debit balance and are recorded on the debit side of the Trial Balance, shall be posted on the Expenditure side of the Income and Expenditure Statement;
- e. The excess of income earned by the Municipality over expenditures incurred by the Municipality shall be transferred to and added to the Municipal Fund in the Balance Sheet. Likewise, excess of expenditures incurred over income earned shall be transferred to and reduced from the Municipal Fund in the Balance Sheet.
- f. No items in the Trial Balance are left out without carrying them either to Income and Expenditure Statement or the Balance Sheet.

27.15 Wherever a reference to Schedules has been made in the Financial Statements, the effects mentioned above shall be given in the Schedules first. From the Schedules, the balances would be transferred to the Financial Statements.

#### **CONSOLIDATION OF INDIVIDUAL ACCOUNTING UNIT'S TRIAL BALANCE**

27.16 Each of the locations in which accounts are maintained is called Accounting Unit Each Accounting Unit shall maintain its books of account independently. The Accounting Units shall Generate Trial Balance at the period ends. If the entire

Municipality has only one Accounting Unit, only one Trial Balance shall be prepared.

27.17 The Trial Balances of each Accounting Unit as at the period ends shall be forwarded to the head office of Municipality for consolidation purposes. Consolidation of the Trial Balances of the Accounting Units shall be done on a line-by-line basis. Format for consolidation of Trial Balance is given in Table 27.2 below:

**Table 27.2**  
Trial Balance for the period from    \_ to

Account Code	Account Head	Amount (Rs.)											
		Unit A		Unit B		Unit C		Head office		Adjustments		Consolidated	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.

27.18 All the Inter-Unit transaction account balances shall be nullified on consolidation of the accounts at the period ends by the Head office. For this purpose the Inter Unit Transactions shall be reconciled and the balances should match.

27.19 All Financial Statements shall then be prepared based on consolidated Trial Balance as arrived at for the Municipality as a whole.

### **INCOME AND EXPENDITURE STATEMENT**

27.20 The Municipality shall also prepare an Income and Expenditure Statement for every accounting period. The Income and Expenditure Statement discloses the results of the working of the Municipality during the period covered by the statement. It shows Incomes and Expenditures of the Municipality for an accounting period and the excess of income over expenditure or vice-versa for that period.

27.21 Since the Financial Statements are prepared under accrual basis, the Income and Expenditure Statement shall include all the income earned during the year whether actually received or not and all the expenditure incurred whether actually paid or not.

27.22 The Income and Expenditure Statement is drawn from the Trial Balance. The various heads of Incomes and Expenditures shall be posted from the Trial Balance to the Income and Expenditure Statement.

27.23 Any Income or Expenditure under a particular individual head, which is more than Rs.1,00,000, shall be shown separately in the Schedules annexed to the Income and Expenditure Statement.

27.24 The Income and Expenditure Statement shall be prepared in the format shown in Table 27.3.

27.25 If detailed information required to be given under any of the items or sub items cannot be conveniently shown in the format for the Income and Expenditure Statement or the Balance Sheet itself, as the case may be, such information can be

furnished in a separate schedule or schedules to be annexed to and forming part of the Income and Expenditure Statement and the Balance Sheet.

### **BALANCE SHEET**

27.26 The Municipality shall prepare a Balance Sheet at the end of each accounting period. The Balance Sheet is a statement, which reflects the financial position of the Municipality as on a particular date. It presents the assets, liabilities and reserves of the Municipality as on a specified date.

27.27 The Balance Sheet is also drawn from the Trial Balance. Assets, Liabilities and Reserve heads shall be posted from the Trial Balance to the Balance Sheet as discussed above.

27.28 The Balance Sheet shall be prepared in the format shown in Table 27.4.

27.29 The details of various Balance Sheet items would be given in separate schedules attached to the Balance Sheet. The contents and formats for the various schedules to the Balance Sheet have been shown subsequent to the schedules of Income and Expenditure Statement.

### **FUND ACCOUNTS OF THE MUNICIPALITIES**

27.30 Municipalities shall maintain separate accounts for every Fund, as per directions of the Government, for those activities for which separate books of accounts are required to be maintained. The accounting principles and procedures to be adopted shall be same across all Funds. Trial balance shall be Generated for each of the Funds and the Financial Statements as explained above shall be prepared for each of the Fund separately and then consolidated to present the Municipality level position.

**Table 27.3**  
**Income and Expenditure Statement for the period from \_\_\_\_\_ to \_\_\_\_\_**

Code No.	Item/ Head of Account	Schedule No	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4	5
<b>INCOME</b>				
1100000000	Tax Revenue	I-1		
1200000000	Assigned Revenues & Compensation Rental Income from M	I-2		
1300000000	Fees & User Charges	I-3		
1400000000	Sale & Hire Charges	I-4		
1500000000	Revenue Grants, Contributions &	I-5		
1600000000	Compensation	I-6		
1700000000	Income from Investments	I-7		
1710000000	Interest Earned	I-8		
1800000000	Other Income	I-9		
A	<b>Total – INCOME</b>			
<b>EXPENDITURE</b>				
2100000000	Establishment Expenditures	I-10		
2200000000	Administrative Expenditures	I-11		
2300000000	Operations & Maintenance	I-12		
2400000000	Interest & Finance	I-13		
2500000000	Expenditures Programme	I-14		
2600000000	Expenses	I-15		
2700000000	Revenue Grants & Contributions Provisions & Write off	I-16		
2710000000	Miscellaneous Expenditures	I-17		
B	<b>Total – EXPENDITURE</b>			
A-B	<i>Gross surplus/ (deficit) of income over expenditure before Prior Period Items</i>			
2800000000	Add: Prior period Items (Net)	1-18		
	<i>Gross surplus/ (deficit) of income over expenditure after Prior Period Items</i>			
2900000000	<b>Less: Transfer to Reserve Funds</b>			
	<b><i>Net balance being surplus/ deficit carried over to Municipal Fund</i></b>			

**Table 27.4**  
**Balance Sheet of Municipality as on**

Code No	Description of items	Schedul e No.	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
	<b>LIABILITIES</b>			
310000000	<b>Reserve &amp; Surplus</b>	B-1		
311000000	Municipal (General) Fund	B-2		
311000000	Earmarked Funds	B-3		
	Reserves			
	<b>Total Reserves &amp; Surplus</b>			
320000000	<b>Grants, Contributions for specific purposes</b>	B-4		
	<b>Loans</b>			
330000000	Secured Loans	B-5		
331000000	Unsecured Loans	B-6		
	<b>Total Loans</b>			
	<b>Current Liabilities and Provisions</b>			
340000000	Deposits Received	B-7		
341000000	Deposit works	B-8		
350000000	Other Liabilities (Sundry Creditors)	B-9		
360000000	Provisions	B-10		
	<b>Total Current Liabilities and Provisions</b>			
	<b>TOTAL LIABILITIES</b>			
	<b>ASSETS</b>			
410000000	Fixed Assets	B-11		
411000000	Gross Block			
	Less: Accumulated Depreciation			
412000000	Net Block			
	Capital Work-in-Progress			
	<b>Total Fixed Assets</b>			
	<b>Investments</b>			
420000000	Investment –General Fund	B-12		
421000000	Investments – Other Funds	B-13		
	<b>Total Investments</b>			
430000000	Current Assets, Loans and Advances	B-14		
	Stock in Hand (Inventories)			
431000000	Sundry Debtors (Receivables)	B-15		
432000000	Gross amount outstanding			
	Less: Accumulated provision against bad and doubtful Receivables			
	Net amount outstanding			
440000000	Prepaid Expenses	B-16		
450000000	Cash and Bank Balances	B-17		
460000000	Loans, advances and deposits	B-18		
461000000	Less: Accumulated provision against Loans and Advances			
	Net Amount outstanding			
	<b>Total Current Assets, Loans &amp;</b>			

	<b>Advances</b>			
470000000	<b>Other Assets</b>	B-19		
480000000	<b>Miscellaneous Expenditure (to the extent not written off)</b>	B-20		
	<b>TOTAL ASSETS</b>			

27.31 The various schedules to the Income and Expenditure Statement have been indicated below.

**Schedule I-1: Tax Revenue [Code No 110]**

Minor Code No	Particulars	Current year (Rs.)	Previous year (Rs.)
1	2	3	4
110010000	Holding Tax		
110020000	Water Tax		
110030000	Latrine Tax		
110050000	Lighting Tax		
110070000	Vehicle Tax		
110080000	Tax on Animals		
110100000	Profession Tax		
110110000	Advertisement tax		
110160000	Entertainment Tax		
110170000	Tower Tax		
110510000	Octroi & Toll Cess		
110520000	Other taxes		
	<b>Sub-total</b>		
110900000	Less Tax Remissions and Refund [Schedule 1 – 1 (a)]		
	<b>Sub-total</b>		
	<b>Total tax revenue</b>		

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

Code No. *	Particula	Current Year Amount (Rs.)	Previous Year
1	2	3	4
110900100	Holding Taxes		
110900200	Water Tax		
110900300	Latrine tax		
110900400	Education Cess		
110900500	Health Cess		
110900700	Advertisement		
110909900	Tax Others		
	<b>Total refund and remission of tax revenues</b>		

\* Insert the Detailed Codes of Account as applicable

Note: The totals of this Schedule should equal to the amount as per the total in Schedule I-1

**Schedule I-2 : Assigned Revenues & Compensation [Code No 120]**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
120100000	Taxes and Duties collected by others		
120200000	Compensation in lieu of Taxes / duties		
120300000	Compensations in lieu of Concessions		
<b>Total assigned revenues &amp; compensation</b>			

**Schedule I-3: Rental Income from Municipal Properties [Code No 130]**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
130100000	Rent from Civic Amenities		
130200000	Rent from Buildings Rent		
130300000	from Guest Houses Rent		
130400000	from lease of lands		
130500000	Lease rentals Others		
130800000	Other rents		
	<b>Sub-Total</b>		
130900000	Less: Rent Remission and Refunds		
	Sub-total		
	<b>Total Rental Income from Municipal Properties</b>		

**Schedule I-4 : Fees & User Charges [Code No 140]**

**Schedule I-4 (a): Fees & User Charges – Function wise**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Municipal Body Administration Finance, Accounts, Audit Election Record Room Estate Stores & Purchase Workshop		
	Census .....		
	<b>Total income from fees &amp; user charges – Function wise</b>		

Note:

Functions as applicable in the Municipalities and on which fees and user charges are raised shall be stated here.

The total income from Fees & User Charges as per Schedule I-4 (a) should tally with the total income from Fees & User Charges as per Schedule I-4 (b).

**Schedule I-4 (b): Fees & User Charges – Income head-wise [Code 140]**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
140100000	Empanelment & Registration Charges/Fees		
140110000	Licensing Fees		
140120000	Fees for Grant of Permit		
140130000	Fees for Certificate or Extract Development		
140140000	Charges Regularisation		
140150000	Fees		
140200000	Penalties and Fines		
140400000	Other Fees		
140500000	User		
140600000	Charges		
140700000	Entry Fees		
140800000	Service / Administrative Charges		
	Other Charges		

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	Sub-Total		
140900000	Less: Fees & User Charges Remission and Refunds		
	Sub-total		
	<b>Total income from Fees &amp; User Charges – Income head-wise</b>		

The total income from Fees & User Charges as per Schedule I-4 (b) should tally with the total income from Fees & User Charges as per Schedule I-4 (a).

**Schedule I-5 : Sale & Hire Charges [Code No 150] Schedule I-****5 (a): Sale & Hire Charges – Function wise**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	Municipal Body Administration Finance, Accounts, Audit Election Record Room Estate Stores & Purchase Workshop Census .....		
	<b>Total Income from Sale &amp; Hire charges – Function wise</b>		

The total income from Sale & Hire Charges as per Schedule I-5 (a) should tally with the total income from Sale & Hire Charges as per Schedule I-5 (b).

**Schedule I-5 (b): Sale & Hire Charges – Income head-wise [Code No 150]**

Detailed Head Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
150100000	Sale of Products		
150110000	Sale of Forms & Publications		
150120000	Sale of stores & scrap		
150300000	Sale of Others		
150400000	Hire Charges for Vehicles		
150410000	Hire Charges for Equipment		
	<b>Total Income from Sale &amp; Hire charges – income head-wise</b>		

The total income from Sale & Hire Charges as per Schedule I-5 (b) should tally with the total income from Sale & Hire Charges as per Schedule I-5 (a).

**Schedule I-6: Revenue Grants, Contributions & Subsidies [Code No 160]**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
160100000	Revenue Grant		
160200000	Re-imbursement of expenses		
160300000	Contribution towards schemes		
	<b>Total Revenue Grants, Contributions &amp; Subsidies</b>		

**Schedule I-7: Income from Investments – General Fund [Code No 170]**

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
170100000	Interest		
170200000	Dividend		
170300000	Income from projects taken up on commercial basis		
170400000	Profit in Sale of Investments		
170800000	Others		
	<b>Total Income from Investments</b>		

**Schedule I-8: Interest Earned [Code No 171]**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
171100000	Interest from Bank Accounts		
171200000	Interest on Loans and advances to Employees		
171300000	Interest on loans to others		
171400000	Interest on Debtors & Other Receivables		
171800000	Other Interest		
	<b>Total. – Interest Earned</b>		

**Schedule I-9: Other Income [Code No180]**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
180100000	Deposits Forfeited		
180110000	Lapsed Deposits		
180200000	Insurance Claim Recovery		
180300000	Profit on Disposal of Fixed assets		
180400000	Recovery from Employees		
180500000	Unclaimed Refund Payable / Liabilities Written		
180600000	Back		
180800000	Excess Provisions written back		
	Miscellaneous Income		
	<b>Total Other Income</b>		

Note:

Details of profit earned on Fixed Assets disposed shall be given for each of the class of fixed assets, to the extent possible, together with the details of the gross block of the fixed asset sold, depreciation provided on that and the value realised on disposition below Schedule I-9.

**Schedule I-10: Establishment Expenditures [code no 210]**

**Schedule I-10 (a): Establishment Expenditures – Function wise**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Municipal Body Administration		
	Finance, Accounts, Audit		
	Election		
	Record Room		
	Estate		
1	2	3	4
	Stores & Purchase Workshop		
	Census		
	....		
	.....		
	<b>Total establishment expenditures – Function</b>		

Note:

The total function wise expenditures as per Schedule I-10 (a) should tally with the total Establishment expenditures as per Schedule I-10 (b).

**Schedule I-10 (b): Establishment Expenditures – Expenditure head-wise**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
210100000	Salaries, Wages and Bonus		
210200000	Benefits and Allowances		
210300000	Pension Contribution		
210400000	Other Terminal & Retirement Benefits		
210800000	Other		

	<b>Total establishment expenditures – expenditure head wise</b>		
--	---	--	--

**Note:**

The total function wise expenditures as per Schedule I-10 (b) should tally with the total Establishment expenditures as per Schedule I-10 (a).

**Schedule I-11: Administrative Expenditures [Code No 220]**

**Schedule I-11 (a): Administrative Expenditures – Function wise**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
	Municipal Body Administration Finance, Accounts, Audit Election Record Room Estate Stores & Purchase Workshop Census ....		
	<b>Total Administrative expenditures- Function Wise</b>		

**Note:**

The total function wise expenditures as per Schedule I-11 (a) should tally with the total administrative expenditures as per Schedule I-11 (b).

**Schedule I-11 (b): Administrative Expenditures – Expenditure head-wise**

<b>Code No.</b>	<b>Particul</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
220100000	Rent, Rates and Taxes		
220110000	Office maintenance		
22012000000	Communication Expenditures		
220200000	Books & Periodicals		
220210000	Printing and Stationery		
220300000	Travelling &		
220400000	Conveyance		
220500000	Insurance		
220510000	Audit Fees		
220520000	Legal Expenses		
220600000	Professional and other		
220610000	Fee		
220800000	Membership & subscriptions		
	Others		
	<b>Total administrative expenditures – expenditure head wise</b>		

**Note:**

The total function wise expenditures as per Schedule I-11 (b) should tally with the total administrative expenditures as per Schedule I-11 (a).

**Schedule I-12: Operations and Maintenance [Code No 230]****Schedule I-12 (a): Operations & Maintenance Expenditures – Function wise**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Municipal Body Administration Finance, Accounts, Audit Election Record Room Estate Stores & Purchase Workshop Census ....		
	<b>Total Operations &amp; Maintenance expenditures</b>		

**Note:**

The total function wise expenditures as per Schedule I-12 (a) should tally with the total Operations & maintenance expenditures as per Schedule I-12 (b).

**Schedule I-12 (b): Operations & Maintenance – Expenditure head-wise**

Code No.	Particula	Current Year Amount (Rs.)	Previous Year
1	2	3	4
230100000	Power & Fuel		
230200000	Bulk Purchases		
230300000	Consumption of Stores		
230400000	Hire Charges		
230500000	Repairs & maintenance – Infrastructure Assets		
230510000	Repairs & maintenance – Civic Amenities		
230520000	Repairs & maintenance – Buildings		
230530000	Repairs & maintenance – Vehicles		
230590000	Repairs & maintenance – Others		
230800000	Other operating & maintenance expenses		
	<b>Total operations &amp; maintenance - expenditure head</b>		

**Note:**

The total function wise expenditures as per Schedule I-12 (b) should tally with the total Operations & maintenance expenditures as per Schedule I-12 (a).

**Schedule I-13: Interest & Finance Charges [Code No 240]**

Code No.	Particular s	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
240100000	Interest on Loans from Central Government		
240200000	Interest on Loans from State Government		
240300000	Interest on Loans from Government Interest on Loans from		
240400000	Government Bodies & associations		
240500000	Interest on Loans from International Agencies		

240600000	Interest on Loans from Banks & Other Financial Institutions		
240700000	Other Interest		
240800000	Bank Charges		
	Other Finance Expenses		
	<b>Total Interest &amp; Finance Charges</b>		

**Schedule I-14: Programme Expenditures [Code No 250]**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
250100000	Election Expenditures		
250200000	Own Programmes		
250300000	Share in Programmes of others		
250400000	Programme Expenditure from Grants		
250500000	Expenditure on Transferred Functions		
250600000	Expenditure on Transferred Institutions		
	<b>Total Programme Expenditures</b>		

**Schedule I-15: Revenue Grants, Contributions & Subsidies [Code No 260]**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
260100000	Grants [give details]		
260200000	Contributions [give details]		
260300000	Subsidies [give details]		
	<b>Total Revenue Grants, Contributions &amp; Subsidies</b>		

**Schedule I-16: Provisions & Write off [Code No 270]**

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
270100000	Provisions for Doubtful receivables		
270200000	Provision for other Assets		
270300000	Revenues written off		
270400000	Assets written off		
270500000	Miscellaneous Expenditure written off		
	<b>Total Provisions &amp; Write off</b>		

**Schedule I-17: Miscellaneous Expenditures [Code No 271]**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
271100000	Loss on disposal of Assets		
271200000	Loss on disposal of Investments		
271300000	Decline in the value of Fixed Assets on Revaluation		
271400000	Accidental Loss		
271500000	Diminution in Value of Investments		
<b>Total Miscellaneous expenditures</b>			

**Schedule I-18: Prior Period Items (Net) [Code No 280]**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
280100000	<b>Income</b>		
280200000	Taxes		
280300000	Other – Revenues		
280400000	Recovery of revenues written off		
	Other income		
	<b><i>Sub – Total Income (a)</i></b>		
280500000	<b>Expenditures</b>		
280600000	Refund of Taxes		
280800000	Refund of Other – Revenues		
	Other Expenses		
	<b><i>Sub – Total Income (b)</i></b>		
	<b><i>Total Prior Period (Net) (a-b) -</i></b>		

The various schedules to the Balance Sheet have been provided below:

**Schedule B-1: Municipal (General) Fund [Code No 310]**

Code No.	Particulars	Opening balance as per the last account (Rs.)	Additions during the year * (Rs.)	Total (Rs.)	Deductions during the year** (Rs.)	Balance at the end of the current year (Rs.)
1	2	3	4	5 (3+4)	6	7 (5-6)
310100000	Municipal Fund					
310900000	Excess of Income & Expenditure					
	<b>Total Municipal fund (310)</b>					

\*Addition includes contributions towards the fund, Adjustments to Opening Balance Sheet and also excess of income over expenditure

\*\* Deduction includes contributions from the fund, Adjustments to Opening Balance Sheet and also excess of expenditure over the income

**Schedule B-2: Earmarked Funds**

**Schedule B – 2: Special Funds/Sinking Fund/Trust or Agency Fund [Code No 311]**

Amount in Rs

Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	Special Fund 5	Pension Fund for Contingent Staff
Code No.						
(a) Opening Balance						
(b) Additions to the Special Fund						
(i) Transfer from Municipal Fund						
(ii) Interest/Dividend earned on Special Fund Investments						
(iii) Profit on disposal of Special Fund Investments						
(iv) Appreciation in Value of Special Fund Investments						
(v) Other addition (Specify nature)						
<b>Total (b)</b>						

<b>Total (a+b)</b>						
<b>(c) Payments out of funds</b>						
<b>(i) Capital expenditure on</b>						
Fixed Assets*						
Others						
<b>Sub – total</b>						

Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	Special Fund 5	Pension Fund for Contingent Staff
<b>Code No.</b>						
<b>(ii) Revenue Expenditure on</b> Salary, Wages and allowances etc.						
Rent						
Other administrative charges						
<b>Sub –total</b>						
<b>(iii) Other:</b>						
Loss on disposal of Special Fund Investments						
Diminution in Value of Special Fund Investments						
Transferred to Municipal Fund						
<b>Sub –total</b>						
<b>Total of (i+ii+iii) (c)</b>						
<b>Net balance at the year end – (a+b)-(c)</b>						
<b>Grant Total of Special Funds</b>						

**Note:**

All funds are to be shown as separate fund either in the schedule or in a separate schedule with the corresponding indication in the Balance Sheet under "Funds" on liability side.

**Schedule B-3: Reserves [Code No 312]**

<b>Code No.</b>	<b>Particulars</b>	<b>Openin g balanc e (Rs.)</b>	<b>Addition s during the year (Rs.)</b>	<b>Total (Rs.)</b>	<b>Deduction s during the year (Rs.)</b>	<b>Balance at the end of the current year (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5 (3+4)</b>	<b>6</b>	<b>7 (5-6)</b>
312100000	Capital Contribution					
312110000	Capital Reserve					
312200000	Borrowing Redemption Reserve					
312300000	Special Funds					
312400000	(Utilised) Statutory					
312500000	Reserve General					
312600000	Reserve Revaluation					
	<b>Total Reserve funds</b>					

**Schedule B-4: Grants & Contribution for Specific Purposes [Code No 320]**

Amount in Rs.

<b>Particulars</b>	<b>Grants from Central Government</b>	<b>Grants from State Government</b>	<b>Grants from Other Government Agencies</b>	<b>Grants from Financial Institutions</b>	<b>Grants from Welfare Bodies</b>	<b>Grants from International Organisations</b>	<b>Others</b>
<b>Code No.</b>							
<b>(a) Opening Balance</b>							
<b>(b) Additions to the Grants *</b>							
(i) Grant received during the year							
(ii) Interest/Dividend earned on Grant Investments							
(iii) Profit on disposal of Grant Investments							
(iv) Appreciation in Value of Grant Investments							
(v) Other addition (Specify nature)							
<b>Total (b)</b>							
<b>Total (a+b)</b>							
<b>(c) Payments out of funds</b>							
<b>(i) Capital expenditure on</b>							
Fixed Assets*							
Others							
<b>Sub -total</b>							
<b>(ii) Revenue Expenditure on</b>							
Salary, Wages and allowances etc.							

Rent Other administrative charges							
<b>Sub -total</b>							
(iii) Other:							
Loss on disposal of Grant Investments							
Diminution in Value of Grant Investments							
Grants Refunded							
<b>Sub -total</b>							
<b>Total (c) [i+ii+iii]</b>							
<b>Net balance at the year end – (a+b)-(c)</b>							
<b>Total Grants &amp; Contribution for Specific Purposes</b>							

**Note:**

Plan funds received from Central/ State Government are to be shown as grant funds and not to be mixed up with Earmarked Funds

\* For transferring completed capital assets, expenditure incurred will be capitalised and assets will be taken to Fixed Assets schedule (B-11) and Capital contribution will be increased by the same amount.

**Schedule B-5: Secured Loans [Code****No 3301***Amount in Rs.*

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
330100000	Loans from Central Government		
330200000	Loans from State Government		
330300000	Loans from Govt. bodies & Associations		
330400000	Loans from international agencies		
330500000	Loans from banks & other financial institutions		
330600000	Other Term Loans		
330700000	Bonds & debentures Other		
330800000	Loans		
<b>Total Secured Loans</b>			

**Notes:**

1. The nature of the Security shall be specified in each of these categories
2. Particulars of any guarantees given shall be disclosed
3. Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption
4. Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan under each of these categories separately;
5. For loans disbursed directly to an Executing ABMAMcy, please specify the name of the Project for which such loan is raised.

**Schedule B-6: Unsecured Loans [Code No 331]**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
331100000	Loans from Central Government		
331200000	Loans from State Government		
331300000	Loans from Govt. bodies & Associations		
331400000	Loans from international agencies		
331500000	Loans from banks & other financial institutions		
331600000	Other Term		
331700000	Loans Bonds & debentures Other		
331800000	Loans		
<b>Total Un-Secured Loans</b>			

**Note:**

Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan under each of these categories separately.

**Schedule B-7: Deposits Received [Code No 340]**

Amount in Rs.

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
340100000	Deposits Received - From Suppliers / Contractors		
340200000	Deposit Revenues		
340300000	Deposits Received From staff		
340800000	Deposits Received From Others		
	<b>Total deposits received</b>		

**Schedule B-8: Deposits Works [Code No 341]**

<i>Amount in Rs.</i>					
<b>Code No.</b>	<b>Particulars</b>	<b>Opening balance as the beginning of the year Amount (Rs.)</b>	<b>Additions during the current year Amount (Rs.)</b>	<b>Utilisation / expenditure Amount (Rs.)</b>	<b>Balance outstanding at the end of the current year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
341100000	Civil				
341200000	Electrical				
341300000	Others				
	<b>Total of deposit works</b>				

**Note:**

1. The amount received from the department on whose behalf the deposit works have been undertaken would appear in col. 4
2. Expenditure incurred including percentage (departments) charges would appear in Col 5
3. Balance as in Col. 6 would appear in the Balance Sheet as a liability

**Schedule B-9: Other Liabilities (Sundry Creditors) [Code****No 350]**

<i>Amount in Rs.</i>			
<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
350100000	Creditors		
350110000	Employee Liabilities		
350120000	Interest Accrued and Due		
350200000	Recoveries Payable		
350300000	Government Dues Payable		
350400000	Refunds Payable		
350410000	Advance Collection of Revenues		
350800000	Others		
	<b>Total Other liabilities (Sundry Creditors)</b>		

**Schedule B-10: Provisions [Code No. 360]**

<b>Code No.</b>	<b>Particulars</b>	<b>Current Year Amount (Rs.)</b>	<b>Previous Year Amount (Rs.)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
360100000	Provision for Expenditures		
360200000	Provision for Interest		
360300000	Provision for Other Assets		
	<b>Total Provisions</b>		

**Schedule B-11: Fixed Assets [Code No. 410 & 411]**

Amount in Rs.

Code No	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 the previous year
1	2	3	4	5	6	7	8	9	10	11	12
410100000	Land										
410200000	Buildings										
410300000	<b><u>Infrastructure Assets</u></b>										
410310000	Roads and Bridges										
410320000	Sewerage and drainage										
410330000	Water ways										
410400000	Public Lighting										
410500000											
410600000											
410700000											
410800000											
<b>Total</b>											

\$ - Additions include fixed assets created out of Earmarked Funds and Grants transferred to Municipality's fixed block as referred to in Schedule B-2 and B-4

**Additional disclosures to the Schedule**

- Value of fixed assets under dispute or litigation shall be provided. The status of the legal case as at the reporting date of the Financial Statements shall also be mentioned.
- The details & value of assets, which are not yet physically identified/traced, shall be disclosed separately.
- Details and value of assets under leases and hire purchase needs to be disclosed as a note

**Note:**

- 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<sup>st</sup> April 2004 shall be equal to the closing asset balance as on 31<sup>st</sup> March 2004.
- 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 building, 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"

**Schedule B-12: Investments - General Fund [Code 420]**

Amount Rs.

Code No.	Particulars	With whom invested	Face value (Rs.)	Current year	Previous year
				Carrying Cost (Rs.)	Carrying Cost (Rs.)
1	2	3	4	5	6
420100000	Central Government Securities				
420200000	State Government Securities				
410300000	Securities Debentures				
410400000	and Bonds Preference				
410500000	Shares				
410600000	Equity Shares				
410800000	Units of Mutual Funds				
	Other Investments				
	<b>Total of Investments General Fund</b>				

1. Insert the other Heads of Account and the corresponding Codes of Account for other investments made by the MUNICIPALITY
2. Provide break-up of other investments as applicable
3. Aggregate amount of quoted investments and also market value thereof shall be disclosed. Aggregate amount of unquoted investments shall also be disclosed.

**Schedule B-13: Investments - Other Funds [Code 421]**

Code No.	Particulars	With whom invested	Face value (Rs.)	Current year	Previous
				Carrying Cost (Rs.)	Carrying Cost (Rs.)
1	2	3	4	5	6
421100000	Central Government Securities				
421200000	State Government Securities				
411300000	Debentures				
411400000	Securities Debentures				
411500000	and Bonds Preference Shares				
411600000	Equity Shares				
	<b>Total of Investments Other</b>				

1. Insert the other Heads of Account and the corresponding Codes of Account for other investments made by the MUNICIPALITY
- 2.
2. Provide break-up of other investments as provided for General Fund Investments.

**Schedule B-14: Stock in Hand (Inventories) [Code 430]**

Code No.	Particul	Amount in Rs.	
		Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
430100000	Stores		
430200000	Loose Tools		
410800000	Others		
	<b>Total Stock in hand</b>		

**Schedule B-15: Sundry Debtors (Receivables) [Code No 431]**

Code No.	Particulars	Gross Amount	Provision for Outstanding	Net Amoun	Previous year
1	2	3	4 (Code No 432)	5 = 3 – 4	6
431100000	<u>Receivables for Property Taxes</u> Less than 5 years * More than 5 years* Sub – total				
431910000	Less: State Government Cesses/Levies in Taxes – Control				
	<b>Net Receivables of Property</b>				
431100000	<u>Receivable of Other Taxes</u> Less than 3 years* More than 3 years* Sub- total				
431990000	Less: State Government Cesses/Levies in Taxes – Control Accounts				
431200000	<b>Net Receivables of Other Taxes</b>				
431300000	<u>Receivables of Cess</u> Less than 3 years* More than 3 years* <b>Sub-total</b> <u>Receivables for Fees and User Charges</u>				
	<b>Sub – total</b>				

431400000	Receivables from Other Sources Less than 3 years* More than 3 years* <b>Sub – total</b>				
431500000	Receivables from Government <b>Total of Sundry Debtors (Receivables)</b>				

**Note:**

The provision made against accrual items would not affect the opening/ closing balances of the Demand and Collection Ledgers for the purpose of recovery of dues from the concerned parties/ individuals

\*Break up for provision for outstanding revenues are given in Column 4

**Schedule B-16: Prepaid Expenses [Code No 440]**

Code No.	Particular	Current year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	
440100000	Establishment		
440200000	Administrative		
440300000	Operations & Maintenance		
	<b>Total Prepaid expenses</b>		

**Schedule B-17 :Cash and Bank Balances [Code No 450]**

Code No.	Particular	Current year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
450100000	Cash		
	<b>Balance with Bank – Municipal Funds</b>		
450210000	Nationalised Banks		
450220000	Other Scheduled Banks		
450230000	Scheduled Co-operative		
450240000	Banks Post Office		
450250000	Treasury		
	<b>Sub-total</b>		
450410000	<b>Balance with Bank – Special Funds</b>		
450420000	Nationalised Banks		
450430000	Other Scheduled Banks		
450440000	Scheduled Co-operative		
450450000	Banks Post Office		
	Treasury		
	<b>Sub-total</b>		
450610000	<b>Balance with Bank – Grant Funds</b>		
450620000	Nationalised Banks		
450630000	Other Scheduled Banks		
450640000	Scheduled Co-operative		
450650000	Banks Post Office		
	Treasury		
	<b>Sub-total</b>		
	<b>Total Cash and Bank balances</b>		

**Schedule B-18: Loans, advances and deposits [Code 460]**

Code No.	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.)
1	2	3	4	5	6
460100000	Loans and advances to employees				
460200000	Employee Provident Fund Loans				
460300000	Loans to Others				
460400000	Advance to Suppliers and Contractors				
460500000	Advance to Others				
460600000	Deposit with External Agencies				
460800000	Other Current Assets				
<b>Sub -Total</b>					
	Less: Accumulated Provisions against Loans, Advances and Deposits (Schedule B – 18 (a)]				
	<b>Total Loans, advances, and deposits</b>				

**Schedule B-18 (a): Accumulated Provisions against Loans, Advances, and Deposits**  
**(Code No 461)**

Code No.	Particula	Current Year Amount	Previous Year
1	2	3	4
461100000	Loans to Others		
461200000	Advances		
461300000	Deposits		
	<b>Total Accumulated Provision</b>		

Note: The totals of this Schedule should be equalling to the amount as per the total in Schedule B – 18

**Schedule B-19: Other Assets [Code No 470]**

Code No	Particular	Current year	Previous
		Amount (Rs.)	Amount (Rs.)
1	2	3	4
470100000	Deposit Works – Expenditure		
470200000	Inter Unit Accounts		
	<b>Total Other Assets</b>		

**Schedule B-20: Miscellaneous Expenditure (to the extent not written off)**  
**[Code No 480]**

Code No	Particular	Current year	Previous
		Amount (Rs.)	Amount
1	2	3	4
480100000	Loan Issue Expenses		
480200000	Discount on Issue of Loans		
480300000	Others		
	<b>Total Miscellaneous expenditure</b>		

## **CASH FLOW STATEMENT**

27.32 Cash Flow statement is prepared in order to have information about the Cash Flows of a Municipality. It is useful in providing users of Financial Statements with a basis to assess the ability of the Municipality to generate cash and cash equivalents and the needs of the Municipality to utilise those Cash Flows.

27.33 A Cash Flow Statement, when used in conjunction with the other Financial Statements, provides information that enables users to evaluate the changes in Assets and Liabilities of a Municipality, its financial status, and the actual performance in terms of Cash inflows and outflows.

27.34 All Municipalities shall prepare a Statement of Cash Flows apart from Income & Expenditure, Balance Sheet and Receipts and Payments Statements.

## **GUIDELINES FOR PREPARATION OF THE CASHFLOW STATEMENTS**

27.35 The Cash Flow Statement shall report Cash Flows during the period classified by operating, investing and financing activities. A Municipality presents its Cash Flows from operating, investing and financing activities in a manner, which is most appropriate to its activities. Classification by activity provides information that allows users to assess the impact of those activities on the financial position of the Municipality and the amount of its cash and cash equivalents. This information may also be used to evaluate the relationships among those activities. The Cash Flow Statement shall be prepared as shown in Table 27.5.

## **STEPS IN PREPARATION OF CASH FLOW STATEMENT**

27.36 Cash Flow Statement of a Municipality shall be prepared by ascertaining the Cash Flow from each of the activity as explained in the previous para. Therefore steps involved in determining the Cash Flows from each of the activity are explained in the following paras separately.

### **Cash Flows from operating activities**

27.37 **Operating activities** are the principal activities contributing to or utilising the cash resources of the Municipality and other activities that are not investing or financing activities. Identification of transactions into operating or other activities primarily depends on whether the result of the activity is captured in Income and Expenditure Statement and is not related to Investing or Financing activities. .

27.38 The steps involved in calculation of Cash Flow from Operating Activities are as follows:

- a. The amount of excess of income over expenditure (or vice versa) as per 'the Income and Expenditure Statement' shall be entered in the Cash Flow Statement under 'Operating

- activities'(which shall be the gross Cash Flow from operating activities).
- b. The amount of excess of income over expenditure (taken in the previous step) includes certain non-cash and non-operating incomes and expenditures. These shall be adjusted to the Gross Cash Flow to determine the net Cash Flow from operating activities. Adjustments required for expenditure will be added and adjustments in respect of income will be deducted from the Gross Cash Flow.

A Generalised list of such adjustments under incomes and expenditures are given below:

Expenditure:

- Deprecations
- Write off
- Provisions
- Decline in the value of investment

Income

- Interest on deposits/loan received
- Investment incomes
- Profit or sale arising out of Assets
- Appreciation in the value of Investments

- c. The net Cash Flows as determined in the previous step shall be adjusted for changes in working capital (movement in current assets and current liabilities excepting those current assets relating to 'Investing' or' Financing' activity, for example loans and advances to employees is considered under financing activity).

Changes during the period in current assets and liabilities are as follows:

Current Assets/Liabilities	Current year (Col 1)	Previous year (Col 2)	Movements
			(Col 1 – Col 2)
Inventories Receivables of Revenues Prepaid expenses Employee related payables			

- d. The Cash Flows arising from any extra ordinary item shall be disclosed separately and classified as Cash Flows from operating activities unless they can be identified with financing or investing activities and this amount shall be added to 'Cash Flow from operating activities' as determined in the previous step. Few examples of extra ordinary items are as follows:

- i. Cyclone relief funds received;
- ii. Receipts & Payments on account of prior period Income and

Expenditures;

- e. The total amount of Cash Flows from operating activities as determined in the previous step shall be shown as 'net cash generated from or (used in) operating activities'.

**Cash Flows from investing activities**

27.39 **Investing activities** generally involves acquisition and disposal of long-term assets and investments not included in cash equivalents.

27.40 The steps involved in calculation of Cash Flow from Operating Activities are as follows:

- a. All the movement of Cash Flows on account of the following shall be shown as separate line items under the 'Investing activities':

- Acquisition of fixed assets;
- Purchase of investment in shares/equity or any other mode;
- Fixed Deposits with banks and other financial institutions;
- Amounts expensed / utilised from Fund accounts.

It is to be noted that while calculating the movement of funds/grants account, any amount included by transfer from general/Municipal fund shall be adjusted, as there is no real cash inflows to the fund/grant accounts.

- b. All items of incomes and expenditures in the nature of 'investing activities', which are adjusted while calculating Cash Flows from operating activities shall be considered appropriately for inclusion in the calculation of Cash Flows from investing activities. Also these items are to be included as separate line items.

Examples of such items are

- Interest received,
- Dividend received,
- Proceeds from disposal of assets/investments.

- c. The amount of Cash Flows from investing activities as calculated above shall be shown as 'Net cash generated from/ (used in) investing activities'.

**Cash Flows from financing activities**

27.41 **Financing activities** are activities that result in changes in the size and composition

Loans received by the Municipalities.

27.42 The steps involved in calculation of Cash Flow from Financing Activities are as follows:

- a. The movement in loans availed by the Municipalities and loans & other advances given to employees/ others shall be shown on a net basis instead of showing the amount of loans received / repaid during the year.

Examples of such items are as follows:

- Movement in Loans from Central Government
- Movement in Loans from State Government
- Movement in Loans and advances to employees
- Interest and finance expenditures paid

Movements in loans are calculated as follows:

	<u>Amount</u>
(Rs) Loan amounts received during the period	XXX
Less: Loan amounts repaid during the year	XXX
	-----
Net movement amount of loans received/(repaid)	XX/(XX)
	-----

- b. Funds/grants received during the period under reporting shall be shown separately as amounts received under any fund/grant are in the nature of financing activities.

Examples of such funds/grants are:

- Earmarked funds
- Special grants
- Specific grants

- c. All items of incomes and expenditures in the nature of 'financing activities', which are adjusted while calculating Cash Flows from operating activities shall be considered appropriately for inclusion in the calculation of Cash Flows from investing activities.

Examples of such items are as follows:

- Interest and finance charge
- Discounts

#### **CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD**

27.43 The total of net Cash Flows generated from / (used in) each of operating, investing and financing activities, shall be shown as net increase /(decrease) in cash and cash equivalents during the period under reporting.

27.44 In order to arrive at the 'Cash and cash equivalents at the end of the period under reporting', the amount of cash and cash equivalents at the beginning of the period under reporting shall be added to 'net increase/(decrease) in cash and cash equivalents' during the period.

27.45 It should be ensured that the amount of cash and cash equivalents at the end of the period under reporting shall be tallied with the total cash and bank balances at the end of the period as disclosed in the Balance Sheet of the Municipality.

**Table 27.5**  
**Statement of Cash Flow**

Particulars	Previous Year (Rs.)	Current Year (Rs.)
<b>a. Cash Flows from operating activities Gross surplus/ (deficit) over expenditure</b> <b>Adjustments for</b> <b>Add:</b> Depreciation Interest & finance expenditures <b>Less:</b> Profit on disposal of assets Dividend Income Investment Income Adjusted income over expenditure before effecting changes in current assets and current liabilities and extra ordinary items.		
<b>Changes in current assets and current liabilities</b> (Increase) / decrease in Sundry debtors (Increase) / decrease in Stock in hand		

Particulars	Previous Year (Rs.)	Current Year (Rs.)
(Increase) / decrease in prepaid expenses (Increase) / decrease in other current assets		
(Decrease)/ increase in Deposits received (Decrease)/ increase in Deposits works (Decrease)/ increase in other current liabilities (Decrease)/ increase in provisions		
Extra ordinary items (Specify)		
Net cash generated from/ (used in) operating activities (a)		
<b>b. Cash Flows from investing activities</b>		
(Purchase) of fixed assets & CWIP (Increase) / Decrease in Special Funds/grants (Increase) / Decrease in Earmarked funds (Purchase) of Investments		
<b>Add:</b> Proceeds from disposal of assets Proceeds from disposal of investments Investment income received Interest income received		
Net cash generated from/ (used in) investing activities (b)		

<b>c. Cash Flows from financing activities</b>				
<b>Add:</b>				
Loans from banks/others received				
<b>Less:</b>				
Loans repaid during the period				
Loans & advances to employees				
Loans to others				
Finance expenditures				
Net cash BMAMerated from (used in) financing activities (c)				
<b>Net increase/ (decrease) in cash and cash equivalents (a + b + c)</b>				
Cash and cash equivalents at beginning of period				
<b>Cash and cash equivalents at end of period</b>				
<b>Cash and Cash equivalents at the end of the year</b>				
<b>comprises of the following account balances at the end of the year:</b>				
i. Cash				
Balances ii.				
Bank Balances				
iii. Scheduled co-operative banks				
iv. Balances with Post offices				
v. Balances with other banks				
<b>Total</b>				

Note: items in () brackets denote as that they are to be deducted

## **RECEIPTS AND PAYMENTS STATEMENT**

27.46 The Receipts and Payments Statement shows the sources of funds and the applications of funds during the accounting reporting periods.

27.47 The Receipts and Payments Statement shall be prepared from the Balance Sheet, Income and Expenditure Statement, Ledgers ,Cash Book and Bank Book.

27.48 The following are the steps involved in the preparation of Receipts and Payments Statement :

- a. The opening and closing cash and bank balances should be ascertained and entered:
    - i. For revenue income accounted for on actual receipt basis, the amounts as appearing in the Income and Expenditure Statement should be reflected directly in the Receipts and Payments Statement.
    - ii. For revenue income accounted for on accrual basis, the following shall be done:

Receivables at the beginning of the period	Rs.XXX
<u>Add:</u> Bills raised/Income accounted during the period	Rs.XXX
<u>Less:</u> Receivables at the end of the period	Rs.XXX

Cash received during the year	<u>Rs.XXX</u>
-------------------------------	---------------

This amount shall be reflected in the receipt side of the Receipts and Payments Statement.

iii. For revenue payments which are accounted for on accrual basis, the following shall be done:	<u>Rs.XXX</u>
Payables at the beginning of the period	<u>Rs.XXX</u>
Add: Bills received/Expenditure Accounted during the period	<u>Rs.XXX</u>
Less: Payables at the end of the period	<u>Rs.XXX</u>
Cash paid during the year	<u>Rs.XXX</u>

This amount shall be reflected in the payment side of the Receipts and Payments Statement.

- iv. For Non-operating items – Ledger accounts shall be scrutinised for each of the items listing out the total cash inflow and outflow during the period under consideration. The increase or decrease in the amount outstanding in respect of the relevant item in the Balance Sheet in comparison to the previous period's figures should tally with the net Cash Flow. For instance, while ascertaining the Cash Flow in respect of loan, all the loan ledger accounts shall be scrutinised to prepare a list of cash inflow and outflow in various loan ledger accounts. The difference between the total cash inflow and outflow of all the loan ledger accounts should tally with the amount received or paid in respect of loan. This would also be available from the Balance Sheet itself in terms of increase or decrease of the amount of loan in relation to the previous period's figures.

27.49 The Receipts and Payments Statement shall be prepared as shown in Table

27.6. It should be noted that the following gives an illustrative list of receipts and payments.

27.50 The following shall be noted in relation to preparation of Receipts and Payments Statement:

- a. The receipts considered are on cash basis and does not take into account the receivables. Similarly, the payments considered are on cash basis and does not take into account the payables.
- b. Non-cash items like Depreciation, Miscellaneous Expenditure w/off (written off), Profit/Loss on disposal of Fixed Assets, Profit/Loss on disposal of Investments will not be considered while preparing this statement.
- c. If any loan is obtained by the Municipality in such a way that the disbursement of installments is directly made to the appointed Contractor, then the loan, though not directly received in cash by the Municipality, should be shown as 'Receipts'. Similarly,

corresponding payments made to the Contractor, though not made in cash by the Municipality, should be shown as 'Payments'.

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**Table 27.6**  
**Receipts and Payments Statement for the period from \_\_\_\_\_ to \_\_\_\_\_**

Code No.	Head of Account	Current Period Amount (Rs.)	Corresponding Previous Period Amount (Rs.)	Code No.	Head of Account	Current Period Amount (Rs.)	Corresponding Previous Period Amount (Rs.)
	<b>Opening Balances#</b> Cash balances including Imprest Balances with Banks/Treasury (including balances in designated bank accounts)						
	<b>Operating Receipts</b>				<b>Operating Payments</b>		
110000000	Tax Revenue			210000000	Establishment Expenditures		
120000000	Assigned Revenues & Compensations			220000000	Administrative Expenditures		
130000000	Rental income from Municipal Properties Fees & User Charges			230000000	Operations and Maintenance		
140000000	Sale & Hire Charges			240000000	Interest & Finance Charges		
150000000	Revenue Grants, Contributions & Compensation			250000000	Programme Expenditures		
160000000	Income from Investments			260000000	Revenue Grants & Contributions		
170000000	Interest Earned			430100200	Purchase of Material – Stores		
171000000	Other Income				Other Collections on behalf of State and Central Government		
	<b>Non-Operating Receipts</b>				<b>Non-Operating Payments</b>		
330000000	Secured Loans			350000000	Other Liabilities		
340000000	Deposits Received			350400000	Refunds Payable Repayment of Loans		
320000000	Grants and contribution for specific purposes			*	Refund of Deposits		
*	Sale proceeds from Assets			*	Acquisition / Purchase of Fixed Assets		
*	Realisation of Investment – General			410000000	Capital Work – in – Progress		
*	Fund Realisation of Investment – Other Funds Deposit works			412000000	Deposit works		
341000000	Advance Collected of Revenue			341000000	Investments –Municipal Fund		
350410000	Loans & Advances to Employees (recovery) Other Loans & Advances (recovery)			420000000	Investments – Other Funds		
*	Deposits with External Agencies (recovery)			421000000	Loans & Advances and Deposits		
*	Other Receipts [specify]			460000000	Prepaid Expenses		
*				440000000	Loans to Others		
*				460300000	Deposits with External Agencies		
				460600000	Other Payments [specify]		

Code No.	Head of Account	Current Period Amount (Rs.)	Corresponding Previous Period Amount (Rs.)	Code No.	Head of Account	Current Period Amount (Rs.)	Corresponding Previous Period Amount (Rs.)
					<b>Closing Balances #</b> Cash balances including Imprest Balances with Banks/Treasury (including balances in designated bank accounts)		
	<b>GRAND TOTAL</b>				<b>GRAND TOTAL</b>		

# Balances banks operate for Grants and Special Funds

\* Details in respect of these items will be available in the corresponding asset ledger accounts

\*\* Details in respect of these items will be available in the corresponding liability ledger accounts

### **NOTES TO ACCOUNTS**

27.51 The Notes to Accounts shall comprise of Statement of Significant Accounting Principles, Statement on Contingent Liabilities, Subsidy Report and Other Disclosures.

#### **Statement of Significant Accounting Principles**

27.52 The **Statement of Significant Accounting Principles** shall state important accounting principles followed by the Municipality in respect of accounting for its transactions and in the preparation and presentation of the Financial Statements.

27.53 Where any of the accounting principles adopted by the Municipality while preparing its Financial Statements is not in conformity with the principles prescribed in this Accounts Manual and the effect of deviation from the accounting principles is material, the particulars of the deviation shall be disclosed together with the reasons for such deviation and the financial effect thereof, except where such effect is not ascertainable. The disclosure of such deviation reasons thereof and financial effect thereof shall be made in the section "Other Disclosures". In case the financial effect thereof is not ascertainable, either wholly or in part, the fact that it is not so ascertainable shall be indicated.

27.54 Likewise, any change in the accounting principles which has no material effect on the Financial Statements for the current period but which is reasonably expected to have a material effect in later periods, the fact of such change should be appropriately disclosed in the period in which the change is adopted.

27.55 The statement of significant accounting principles to be disclosed in the Financial Statements are given below.

1. **Basis of Accounting**

The Financial Statements are prepared on a going concern and under historical cost basis under accrual basis of accounting. The method of accounting is the double entry system.

2. **Recognition of Revenue**

i. **Revenue**

- a. Revenue in respect of Property and related Taxes are recognised in the period in which they become due and demands are ascertainable.
- b. Advertisement Taxes, in case auctioned to external agencies, are recognised as per the terms of agreement. In all other cases, when permission for advertisement is granted for the first time, the Advertisement Tax is accrued at the point when tax is paid and permission is granted. After the first year, Advertisement Tax is accrued when renewal is due.

- c. Entertainment Tax and Timber Tax are recognised as income on actual receipt.
- d. Revenues in respect of Profession Tax on Institutions/ Professionals/ Traders are accrued in the year to which it pertains when demands are ascertainable based on applicable Acts of the State.
- e. Revenues in respect of Profession Tax from employees are recognised on actual receipt.
- f. Revenue in respect of Water Tax, Water Charges and Water Meter Rent are recognised in the period in which they become due and demands are ascertainable.
- g. Revenue in respect of Connection Charges for Water Supply is recognised on actual receipt.
- h. Revenue in respect of Water Tanker Charges and Road Cutting Charges, Penalties are recognised on actual receipt.
- i. Revenue in respect of Electricity Charges are recognised in the period in which they become due and demands are ascertainable.
- j. Revenue in respect of Advertisement rights are accrued based on the terms of the contract.
- k. Revenue in respect of Trade License Fees are accrued in the year to which it pertains, when demands are ascertainable based on the terms of the Acts and Rules.
- l. Revenues in respect of rents from properties are accrued based on terms of agreement.
- m. Other income, in respect of which demand is ascertainable and can be raised in regular course of operations of the Municipality, are recognised in the period in which they become due, i.e., when demand is ascertainable.
- n. 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 Municipality, are recognised on actual receipt.

*ii. Provision against receivables*

- a. Prudential norms are applied based on type of income and age of receivable. Based on the principle on provisioning, incomes that have been accrued and are doubtful of recovery are provided for.

**3. Recognition of Expenditure**

- a. Expenditures on Salaries and other allowances are recognised as and when they are due for payment.
- b. Other Revenue Expenditures are treated as expenditures as and when they become due.
- c. In case of works, expenditures are accrued as soon as the work has been measured and becomes due for payment.
- d. Provision for expenditures are made at the year-end for all bills received upto a cut off date.

4. **Fixed Assets**

i. ***Recognition***

- a. All Fixed Assets are 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 expenditures incurred up to that date
- b. All assets costing less than Rs.5, 000/- are depreciated at 100% in the year of purchase.
- c. Any Fixed Asset, which has been acquired free of cost or in respect of which no payment has been made, is recorded at nominal value of Re. 1/-.

ii. ***Depreciation***

- a. Depreciation is provided on Straight Line Method.

iii. ***Revaluation of Fixed Assets:***

- a. Revaluation of fixed assets is undertaken either at the time of issue of municipal bonds or when commercial development / lease of properties is made.
- b. An increase in net book value arising on revaluation is 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 Account.
- c. Revaluation reserve is amortised by equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.

5. **Borrowing Cost**

- a. Interest expenditure on loan is recognised 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 is capitalised.

6. **Inventories**

Inventories are valued as follows:

- a. Raw materials are valued at Cost based on First In First Out method.
- b. Finished goods are valued at lower of the cost or market value.

7. **Grants**

- a. General Grants, which are of a revenue nature, are recognised as income on actual receipt.
- b. Specific Grants towards revenue expenditure, received prior to the incurrence of the expenditure (received in advance), are treated as a liability till such time that the expenditure is incurred

c. Grants received towards capital expenditure are treated as a liability till such time that the fixed asset is constructed or acquired. On construction/acquisition ion of a fixed asset out of the grants so received, the extent of liability corresponding to the value of the asset so constructed/acquired is to stand reduced and the amount are treated as a capital receipt and are transferred from the respective Specific Grant Account to Capital Contribution.

8. **Employee benefits**

- a. Contributions for retirement benefits such as Pension, gratuity, etc., made by the Municipality are recognised as and when they are due.
- b. Contributions due to Pension Fund of contingent staff are recognised as an expense and as a liability as per existing rules;
- c. Liability towards leave encashment is recognised as and when the amount is determined.

9. **Investments**

- a. Investments are recognised at cost of investment. The cost of investment is to include cost incurred in acquiring investment and other incidental expenditures incurred for its acquisition.
- b. All long-term investments are carried / stated in the books of accounts at their cost. However in the event of any permanent diminution in their value as on the date of Balance Sheet, these are provided for.
- c. Short-term investments are carried at their cost or market value (if quoted), whichever is lower.

**STATEMENT ON CONTINGENT LIABILITIES**

27.56 The Contingent Liabilities represent an obligation, relating to a past transaction or other event or condition, that may arise in consequence of a future event now deemed possible but not probable. They represent a claim against the Municipality which is contingent on the happening of a future uncertain event, the financial implications of which may or may not be ascertainable at the end of an accounting period. The following shall be disclosed by the Municipality in the 'Statement on Contingent Liabilities':

- a. Amount of Capital Contracts remaining to be executed and not provided for;
- b. Amount of claim in respect of suits filed against the Municipality for which the Municipality may be liable, in case the Municipality loses suits;
- c. Claim against the Municipality not acknowledged as debts; and
- d. Other money for which the Municipality is contingently liable.

## **SUBSIDY REPORT**

27.57 In accordance with the provisions and rules of the act governing the Municipality, and instructions of the Government, the Municipality shall prepare a Subsidy Report on the following services, which shall be annexed to the Annual Financial Statements:

- a. Water Supply;
- b. Electricity Distribution;
- c. Scavenging, transporting and disposal of wastes;
- d. Street lighting;
- e. Hospitals;
- f. Schools.

27.58 The Subsidy Report may be prepared in the format provided below in Table 27.7.

**Table 27.7**

**Subsidy Report for \_\_\_\_\_ for the period from \_\_\_\_\_ to \_\_\_\_\_**

Particulars	Current year's figures Amount (Rs.)	Previous year's figures Amount (Rs.)
<b>EXPENDITURE</b>		
Establishment expenditure		
Administration expenditures		
Operation and Maintenance Expenditures		
Interest on Loans and Financial Charges		
Depreciation		
Other Expenditures		
<b>TOTAL EXPENDITURE (A)</b>		
<b>INCOME</b>		
Charges levied on rendering of Services		
Taxes levied		
Other Income		
<b>TOTAL INCOME (B)</b>		
<b>SUBSIDY PROVIDED (A-B)</b>		

27.59 The Subsidy, as computed above, indicates the extent of deficit of income as compared to the expenditure.

## **OTHER DISCLOSURES**

27.60 This section shall give other important financial information about the Municipality, which have not been disclosed in the Financial Statements. These shall include:

- a. Details of the expenditures incurred under various Government Circulars together with the details, in broad terms, of the beneficiaries;
  - i. Details of honorarium paid to Councillors and Mayor;
  - ii. The following shall be disclosed separately in case of each of the incomes of the Municipality:

- amount of refunds, remissions and write-offs made during the year, and
  - arrears collected during the year.
- iii. The amount of unutilised amount in the Public Deposit Account of the Municipality;
  - iv. Amount of lapsed grants/fund;

27.61 In addition to disclosures required to be made as specified above, the Municipality may also furnish information in respect of the following:

- a. Percentage of properties defaulting on property tax both in terms of number and value in comparison to total properties and income earned;
- b. Number of municipal hospital beds, dispensaries and other medical facilities per 1000 citizens in the municipal area;
- c. Details about the various health programs undertaken by the Municipality from its own resources and the section of the population being benefited;
- d. Percentage of connections, category-wise, defaulting on payment of water supply charges both in terms of number and value in comparison with the total number of connections and demand raised together with the remedial measures taken;
- e. Details about the water purification and water distributed and billed in terms of quantity;
- f. Number of lamp-posts erected and the areas in which they are erected (the expenditures incurred in respect of the street lighting shall be given in the Subsidy Report);
- g. Age analysis of receivables;
- h. Age analysis of payables;
- i. Expenditures of the Transferred Institutions directly met by the parent departments.
- j. Such other details as the Municipality may decide to give for better disclosure and governance.

#### **CHIEF MUNICIPAL OFFICER'S REPORT ON THE QUALIFICATIONS AND COMMENTS MADE IN THE AUDIT CERTIFICATE**

27.62 The Chief Municipal Officer shall in his report include his comments on the Audit Certificate, including explanations relating to qualifications mentioned by the Auditors, stating clearly the facts of the matter and the steps taken in respect of those qualifications. The Chief Municipal Officer shall also comment upon the performance of the Municipality based upon the results of the Financial Performance Indicators. In respect of any adverse performance, as reflected by the result of any Performance Indicator, the Chief Municipal Officer shall, in his report, explain the reason therefore and shall also state the steps taken to improve performance in that area.

27.63 Further, the Chief Municipal Officer's Report shall state that the books of accounts are maintained in the manner as required by the Act and the Accounts Manual and that proper accounting principles have been adopted and applied consistently while accounting for the transactions and preparing the Annual Financial Statements.

#### **EMPOWERED STANDING COMMITTEE FOR FINANCE'S ACTION TAKEN REPORT**

27.64 The Empowered Standing Committee for Finance shall prepare an Action Taken Report on the Annual Financial Statements submitted to it for approval. The Report shall in addition to such information as may be prescribed by the Government, provide details of the action taken by the Municipality in respect of the qualifications made in the Audit Certificate and the Chief Municipal Officer's Report.

27.65 The Action Taken Report shall contain a section for Standing Committee for Finance's comments on the comments and qualifications contained in the Audit Certificate issued by the Director of Local Fund Audit and the Chief Municipal Officer's Report.

#### **FINANCIAL RATIO ANALYSIS**

27.66 A ratio is an arithmetical relationship between two figures. Ratios are indicators of performance of the Municipality/Department. Financial Ratio Analysis is a study of ratios between various items or groups of items in the Financial Statements of the Municipality.

27.67 On preparation of Financial Statements, the Accounts Department shall compute and present the following Financial Ratios as depicted in Table 27.8 below.

**Table 27.8**  
**Financial Ratios as on\_**

Sr. No.	Particular	Current Year	Previous Year
<b>Income Ratios</b>			
1	Tax Revenue to Total Income Ratio... (%)		
2	Property & Other Taxes to Total Income Ratio... (%)		
3	Octroi/Cess to Total Income Ratio... (%)		
4	Assigned Revenues & Compensations to Total Income		
Sr. No.	Particulars	Current Year	Previous Year
5	Rental Income from Municipal Properties to Total Income Ratio... (%)		
6	Fees & User Charges to Total Income Ratio... (%)		
7	Revenue Grants, Contributions & Subsidies to Total Income Ratio... (%)		
	Expenditure Ratios		
8	Establishment Expenditures to Total Income Ratio... (%)		

9	Administrative Expenditures to Total Income Ratio... (%)		
10	Operations & Maintenance to Total Income Ratio... (%)		
11	Interest Expenditure to Total Income Ratio... (%)		
	Net Income Ratios		
12	Cash Surplus / Deficit to Total Income Ratio... (%)		
	Efficiency Ratios		
13	Gross Property Tax Receivables Ratio... (No. of Days)		
14	Gross Cess Receivables Ratio... (No. of Days)		
15	Property Tax Receivable to Property Tax Income Ratio... (%)		
16	Cess Receivable to Cess Income Ratio... (%)		
17	Operations & Maintenance to Gross Fixed Assets Ratio... (%)		
18	Interest Expenditure to Loans Ratio... (%)		
	Leverage Ratios		
19	Loans to Reserves Ratio or Debt-Equity Ratio... (times)		
20	Interest Coverage Ratio... (times)		
21	Debt Service Coverage Ratio... (times)		
	Investment Ratios		
22	Earmarked Fund Investments to Earmarked Funds Ratio... (%)		
23	Interest on Investments Ratio... (%)		
	Liquidity Ratio		
24	Current Assets to Current Liabilities Ratio... (times)		
	Asset Ratios		
25	Fixed Assets to Total Assets Ratio... (%) Performance Ratios		
26	Income per Employee... (Rs.)		
27	Expenditure per Employee... (Rs.)		
28	Income per Citizen... (Rs.)		
29	Expenditure per Citizen... (Rs.)		

27.68 The Financial Ratios shall be calculated by the Accounts Department as shown in Table 27.9 below.

**Table 27.9**  
**Financial Ratio Analysis**

Sr. No.	Financial Ratio	Method of Computation	Schedules to be referred	Description of the Ratio
<b>Income Ratios</b>				
1	Tax Revenue to Total Income Ratio... (%)	<u>Tax Revenue X 100</u> Total Income	I-1	These Ratios depict the share of each income in the Total Income of the Municipality. Higher share of an individual income in the total income shows a high dependability on that source and therefore a high risk. The Municipality should try and develop other sources of income to reduce this risk.
1A	Property & Other Taxes to Total Income Ratio... (%)	<u>Property &amp; Other Taxes X 100</u> Total Income	I-1(a)	
1B	Octroi/Cess to Total Income Ratio... (%)	<u>Octroi/Cess X 100</u> Total Income	I-1(b)	
2	Assigned Revenues & Compensations to Total Income Ratio... (%)	<u>Assigned Revenues &amp; Compensations X 100</u> Total Income	I-2	
3	Rental Income from Municipal Properties to Total Income Ratio... (%)	<u>Rental Income from Municipal Properties X 100</u> Total Income	I-3	
4	Fees & User Charges to Total Income Ratio... (%)	<u>Fees &amp; User Charges X 100</u> Total Income	I-4	
5	Revenue Grants, Contributions & Subsidies to Total Income Ratio... (%)	<u>Revenue Grants, Contributions &amp; Subsidies X 100</u> Total Income	I-6	
<b>Expenditure Ratios</b>				
6	Establishment Expenditures to Total Income Ratio... (%)	<u>Establishment Expenditures X 100</u> Total Income	I-10	These Ratios depict the share of each expenditure in the total income of the Municipality. The Municipality should try and keep these ratios as low as possible so that a higher surplus can be earned. However, this should not be at the sacrifice of service to the citizens.
7	Administrative Expenditures to Total Income Ratio... (%)	<u>Administrative Expenditures X 100</u> Total Income	I-11	
8	Operations & Maintenance to Total Income Ratio... (%)	<u>Operations &amp; Maintenance X 100</u> Total Income	I-12	
9	Interest Expenditure to Total Income Ratio... (%)	<u>Interest Expenditure X 100</u> Total Income	I-13	
<b>Net Income Ratios</b>				
Sr. No.	Financial Ratio	Method of Computation	Schedules to be referred	Description of the Ratio
10	Cash Surplus / Deficit to	<u>Cash Surplus or Deficit X 100</u>	Receipts &	This ratio indicates the cash surplus or deficit

	Total Income Ratio... (%)	Total Income  Where Cash Surplus or Deficit is obtained from Receipts & Payments Statement as difference between Operating Receipts and Operating Expenditures.	Payments Account	generated as a percentage to the total income of the Municipality.
	<b>Efficiency Ratios</b>			
11	Gross Property Tax Receivables Ratio... (No. of Days)	Average Gross Property Tax Receivable X 365 Demand for property tax raised during the year  Where Average Gross Property Tax (P.T.) Receivable = (Opening P.T. Receivable + Closing P.T. Receivable)/2	B-13, I-1(a)	These ratios indicate the average number of days for which the receivables are outstanding on an average. The Municipality should try and keep these days very low.
12	Gross Cess Receivables Ratio... (No. of Days)	Average Gross Cess Receivable X 365 Demand for cess income raised during the year  Where Average Gross Cess Receivable = (Opening Cess Receivable + Closing Cess Receivable)/2	B-13, I-1(b)	
13	Property Tax Receivable to Property Tax Income Ratio... (%)	Property Tax Receivable at the end of the year X 100 Demand for property tax raised during the year  Where Property Tax Receivable is only in respect of the financial year under consideration and represents gross amount receivable at the end of the year (i.e. without deducting provision for unrealised property tax)	B-13, I-1(a)	This ratio indicates property tax outstanding as a percentage of current year's demand of property tax. Efforts should be made to keep this ratio as low as possible.
14	Cess Receivable to Cess Income Ratio... (%)	Cess Receivable at the end of the year X 100 Demand for cess raised during the year  Where Cess Receivable is only in respect of the financial year under consideration and represents gross amount receivable at the end of the year (i.e. without deducting provision for unrealised cess)	B-13, I-1(b)	This ratio indicates cess outstanding as a percentage of current year's demand of cess. Efforts should be made to keep this ratio as low as possible.

Sr. No.	Financial Ratio	Method of Computation	Schedules to be referred	Description of the Ratio
15	Inventory Ratio... (No. of Days Consumption)	$\frac{\text{Average Stock} \times 365}{\text{Store consumed during the year}}$ <p>Where Average Stock = <math>(\text{Opening Stock} + \text{Closing Stock})/2</math></p>		<p>This ratio shall be calculated in respect of major stores of the Municipality, for example, engineering stores, water supply stores, electricity stores, etc.</p> <p>This ratio indicates the average number of days of stock lying with the Municipality. High number of days would indicate that the Municipality buys a lot of stock in advance, which if avoided, can result in less blockage of money into stock. The number of days should be decided based on the emergency nature of the item and the time it would take to procure items from the suppliers.</p>
18	Operations & Maintenance to Gross Fixed Assets Ratio... (%)	$\frac{\text{Operations & Maintenance} \times 100}{\text{Gross Block of Fixed Assets (as at the end of the year)}}$	I-12, B-9	<p>This ratio indicates expenditures incurred towards repairs &amp; maintenance as a percentage of gross block of fixed assets. Although this is an essential expenditure to keep the assets in good working condition, higher ratio could indicate either bad maintenance or inefficient usage of the asset or frequent repairs to the same asset, both of which needs to be investigated.</p>
19	Interest Expenditure to Loans Ratio... (%)	Indicate range (highest & lowest) of interest percentage and nature of loan (for highest & lowest) in respect of loans outstanding at the end of the year	B-4	<p>This ratio indicates the range of interest expenditure on loans availed by the Municipality. The Municipality should compare this with other Municipalities and Government Bodies to ensure that loans are availed at competitive rates.</p>
<b>Leverage Ratios</b>				
20	Loans to Reserves Ratio or Debt-Equity Ratio... (times)	$\frac{\text{Loans}}{\text{Reserves & Surplus}}$	B-1,2,3,4	<p>This ratio measures the use of debt finance as a percentage to own funds of the Municipality.</p>
21	Interest Coverage Ratio... (times)	$\frac{\text{Surplus} + \text{Depreciation} + \text{Interest (incl. interest capitalised)}}{\text{Interest (incl. interest capitalised)}}$	B-9, I-13	<p>This ratio indicates the comfort level with which the Municipality can meet its interest burden. This ratio is very important from the lender's point of view also.</p>

Sr. No.	Financial Ratio	Method of Computation	Schedules to be referred	Description of the Ratio
22	Debt Service Ratio... (times)	<u>Surplus + Depreciation + Interest (incl. interest capitalised)</u> Debt installments to be serviced (paid) during the next year + Interest (including interest to be capitalised)	Register of Loans	This ratio indicates the comfort level with which the Municipality can service (pay) its debt installments and meets its interest burden. This ratio is very important from the lender's point of view also.
	<b>Investment Ratios</b>			
23	Earmarked Investments to Earmarked Funds Ratio... (%)	<u>Earmarked Fund Investments X 100</u> Earmarked Funds	B-2,11	This ratio indicates the percentage of Earmarked Funds invested by the Municipality.
24	Interest on Investments Ratio... (%)	Indicate range (highest & lowest) of interest percentage and nature of investment (for highest & lowest) in respect of investments outstanding at the end of the year	B-10	This ratio indicates the range of interest earned on Investments made by the Municipality. The Municipality should compare this with other Municipalities and Government Bodies to ensure that investments are made at best rates.
	<b>Liquidity Ratio</b>			
25	Current Assets to Current Liabilities Ratio... (times)	<u>Current Assets</u> Current Liabilities	B-5 to 8 & 13-16	This ratio indicates the ability of the Municipality to meet its obligations in the short run, usually one year.
	<b>Asset Ratios</b>			
26	Fixed Assets to Total Assets Ratio... (%) <b>Performance Ratios</b>	<u>Fixed Assets X 100</u> Total Assets	B-9	This ratio indicates the share of fixed assets in the total assets of the Municipality.
27	Income per Employee... (Rs.)	<u>Total Income as per Income &amp; Expenditure Account</u> No. of Employees of the Municipality	-	These ratios indicate average income earned and average expenditure incurred per employee and per citizen of the Municipality. These ratios should be compared with other Municipalities and Government Bodies to benchmark the performance of the Municipality with others.
28	Expenditure Employee... (Rs.)	<u>Total Expenditure as per Income &amp; Expenditure Account</u> No. of Employees of the Municipality	-	
29	Income per Citizen... (Rs.)	<u>Total Income as per Income &amp; Expenditure Account</u> No. of Citizens in the Municipal Area	-	
30	Expenditure per Citizen... (Rs.)	<u>Total Expenditure as per Income &amp; Expenditure Account</u> No. of Citizens in the Municipal Area	-	

## Chapter Twenty Eight

### 28. Audit Arrangements

**This Chapters on Audit Arrangements is aimed at**

- Making you aware about the various Audit arrangements for the Urban Local bodies.
- Providing you a sample format for the Audit report.

**By end of this Chapter, You will**

- Be aware about the various types of the Audit to be conducted in the Municipality.
- Be aware about the Scope of the Audit
- Have the sample Format of the Audit Report

#### 28.1. Introduction

- 28.1 This chapter discusses the various types of Audit requirement in the ULBs, format and content of the Audit Report and utilization Certificates to be submitted in relation to Urban Local Bodies (ULBs).
- 28.2 This chapter briefly describes the following:
- Types of Audit in the ULBs
  - Audit report on financial statements

#### 28.2. Types of Audit in the Municipality

##### Statutory /Financial Statement Audit

- 28.3 As per the Section 91 of the Bihar Municipal Act 2007 the Municipal Accounts as contained in the financial Statement, including the Accounts of Special Funds, if any, and the Balance sheet shall be examined and Audited by Director Local Fund Audit or his equivalent authority or an Auditor appointed by the Urban Development & Housing Department from the panel of professional Chartered Accountants prepared in that behalf by the UD & HD. This Audit is called Statutory or Financial Statement Audit.
- 28.4 The Chief Municipal Officer shall within four months of the close of a year, cause to prepare a financial Statement containing Income Expenditure, Receipt Payment Accounts and Balance sheet along with the Schedules .The financial Statement prepared shall be placed by the Chief Municipal Officer before the

Empowered Standing Committee which after examination of the same, shall adopt and remit them to the Auditor as may be appointed in this behalf.

- 28.5 The Auditor should submit the Audit report not later than 30th day of September each year to the Chief Municipal Officer .The Auditor shall include in such Report a Statement showing –
- Every payment which appears to the Auditor to be contrary to law.
  - The account of any deficiency or loss, which appears to have been caused by gross negligence or misconduct of any person.
  - The account of any sum received which ought to have been ,but has not been , brought into account by any person and
  - Any other material impropriety or irregularity in the Account.
- 28.6 The Chief Municipal Commissioner shall place the Audited Financial Statement, the Balance sheet and the Audit Report and his comments before the Empowered Standing Committee which, after the examination thereof, shall place them before the Municipality with its comments, if any.
- 28.7 The Chief Municipal Officer shall after the adoption of the Financial Statement including the Balance sheet and the Audit Report forward the same to the State Government together with the report of the action taken thereon by the Municipality and shall also send copies thereof to the Auditors and the C& A G.

### **28.3. Sample Audit Report on Financial Statements**

- 28.8 The Report of the Auditor shall state:
- whether he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purposes of his audit;
  - whether, in his opinion, proper books of account as required by Authority (as required by the relevant Act), the Accounts Manual, the Rules and any other stipulations have been kept by the ULB so far as it appears from his examination of those books;
  - whether the ULB's Balance Sheet, Income and Expenditure Statement, Receipts and Payments statement and Cash Flow statement dealt with by the report are in agreement with the books of accounts;
  - whether appropriate internal controls have been adhered to;
  - whether all the payments have been made in accordance with the law;
  - whether any deficiency or loss appears to have been caused by the gross negligence or misconduct of any person (if yes, the amount of loss should be quantified);

- g. whether any sum received for and on behalf of the ULB which ought to have been brought into account of the ULB by any person has been so brought; and
  - h. Whether any material impropriety or irregularity, other than those mentioned above, has been observed by him during the course of audit of accounts.
- 28.9 Where any of the matters referred to in Para 28.8 are answered adversely or with a qualification, the auditor's report shall state the reason for the same and with further explanation and inclusion of statistical impact if possible.
- 28.10 Besides the above Audit Report, the Auditor shall comment in respect of the following matters in the Annexure to the Audit Report:
1. Whether all the expenditure incurred by the ULB are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently?
  2. Whether all sums due to and received by the ULB have been brought to account within the prescribed time limits?
  3. Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified?
  4. Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made from the sanctioned plans and the estimates without the sanction of the competent authority?
  5. Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order?
  6. Whether the Special Funds, have been created as per the provision of relevant statutes and whether the Special Funds have been utilized for the purposes for which created?
  7. Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account?
  8. Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores?
  9. Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported;

10. Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same have been properly dealt with in the books of account?
  11. Whether the valuation of stores is in accordance with the accounting principles laid down in the Accounts Manual? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;
  12. Whether the parties to whom the loans, or advances in the nature of loans, have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the ULB for recovery of the principal and interest?
  13. Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?
  14. Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts?
  15. Whether the ULB is regular in depositing Provident Fund dues and Profession Tax deducted with the appropriate authorities and if not, the extent of arrears;
  16. Whether the ULB is regular in depositing tax deducted at source (income tax and works contract tax) and other statutory dues, and if not, the nature and cause of such delay and the amount not deposited;
  17. Whether any personal expenses have been charged to revenue account; if so, the details thereof.
- 28.11 The Report of the Auditor shall also specifically report on any other matter which the Government, ULB and/or the Authority (as required by the relevant Act), may have specifically required to be covered as a part of the Audit.

#### **SUPPLEMENTARY/TEST AUDIT**

- 28.12 Comptroller & Auditor General has been empowered to conduct test Audit of the Accounts of the Municipalities as per the Section 91 of the Bihar Municipal Act 2007. The report will be placed before the empowered Standing Committee. The C&AG may exercise the right to report to the State Legislature the results of such test Audit. Further, an annual report prepared by C&AG shall be laid on the both Houses of State Legislature.

## **INTERNAL AUDIT**

- 28.13 Internal Audit will be conducted in each Municipality by the firm of Chartered Accountants from the panel prepared by the Director of Local Bodies latest by end of March for the following financial year .It will be conducted ongoing basis throughout the year The internal Auditor so appointed shall report directly to Empowered Standing Committee with the copy to Chief Municipal Officer and Director of Local Bodies.

## **INTERNAL AUDIT REPORT/CERTIFICATE**

- 28.14 At the end of each period, the Auditor may furnish a certificate on the quarterly coverage to the Municipal Commissioner. The suggested format of the certificate can be as follows:

"Certified that the accounts from ----- to ----- have been audited by me and found correct with the exception of the following items:" (*The exceptions shall be explained in detail*).

- 28.15 While furnishing Internal Audit Report , the Auditor shall at least verify the following:

1. Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts;
2. Whether all the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB;
3. Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;
4. Whether the period-end and reconciliation procedures prescribed have been carried out.
5. Whether the Bank Reconciliation statements have been prepared and are appropriate.
6. Whether all grants from Government have been accounted at gross value with proper entries to various accounts
7. In addition to that the internal Audit should also a Smple
8. whether all transactions (incomes, expenditures, assets and liabilities)are correctly classified and stated in sufficient detail;
9. Whether all grants sanctioned or received by the municipality during the year, have been accounted properly, and where any deduction is made out of such grants towards any dues of the ULB? Whether such deductions have been properly accounted;

10. Whether any Special Funds have been created as per the provision of any statute and whether the Special Funds have been utilized for the purposes for which they have been created;
11. In respect of contracts that are in existence during the year, whether there are any deviations from the sanctioned plans and the estimates without the sanction of the competent authority;
12. Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same has been properly dealt with in the books of account;
13. Whether in case of leasehold property given by the ULB, lease rentals are collected regularly by the ULB and that the lease agreements are renewed after their expiry;
14. Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores;
15. Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported;
16. Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same has been properly dealt with in the books of account;
17. Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts;
18. Whether the valuation of stores is in accordance with the accounting principles laid down in the rules? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;
19. Whether the parties to whom loans or advances have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the municipality for recovery of the principal and interest?
20. Whether advances given to municipal employees and interest thereon are being regularly recovered;
21. Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?
22. Whether applicable procurement rules and procedures are being followed and if so, significant deviations should be identified and reported.

23. Whether the municipality is regular in depositing statutory dues including tax deducted at source, service tax, VAT, works contract tax, cess payable to the government etc., and if not, the nature and cause of such delay and the amount not deposited;
24. Whether the municipality is regular in remittance of pension and leave encashment contributions or any other amounts which the municipality is liable to remit towards the retirement dues of its employees, including employees on deputation;
25. Whether any personal expenses have been charged to the municipality's accounts; if so, the details thereof;
26. Whether the Bank Reconciliation statements have been properly prepared for all the bank accounts of the ULB and the remedial actions including all correcting entries have been taken on timely basis;
27. Whether the year-end and reconciliation procedures prescribed have been carried out as per the rules;
28. whether all the expenditure incurred by the Municipality are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently and are in all cases such as are authorized by law;
29. Whether all revenue has been properly assessed, accounted for, collected and recovery action taken on timely basis;
30. whether all sums due to and received by the Municipality have been brought to account within the prescribed time limits and are in all cases such as are authorized by law;
31. whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made for the sanctioned plans and the estimates without the sanction of the competent authority;
32. whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order;
33. Any other matter which the Government, Municipality and/or Authority (as required by the Act), may have specifically required to be covered as a part of the Audit.
34. Any Other matters, the Municipality may like to include.

### **SPECIAL AUDIT**

- 28.16 In addition to the Statutory/Financial Statement Audit and Internal Audit of the Accounts the State Government or the Municipality may, if thinks fit, appoint an Auditor to conduct Special Audit pertaining to the specified item or series of items requiring thorough examination.

**Examination of records by the Municipal Accounts Committee-**

28.17 Every Municipality shall, at its first meeting in each year or as soon as may be at any meeting subsequent thereto, constitute a Municipal Accounts Committee having members amongst the elected Councilors not being the members of the Empowered Standing Committee and from the public having knowledge and experience in financial matters as may be nominated by the Municipality.

28.18 The duty of the Municipal Accounts Committee -

- a. To examine the accounts of the Municipality showing the appropriation of sums granted by the Municipality for its expenditure and the annual financial accounts of the Municipality,
- b. To examine and scrutinize the report on the accounts of the Municipality by the Auditor appointed under section 90 and to satisfy itself that the money shown in the accounts as having been disbursed was available for, and applicable to, the services or purposes to which they were applied or charged and that the expenditure was incurred in accordance with the authority governing such expenditure,
- c. To submit report to the Municipality every year and from time to time on such examination and scrutiny,
- d. To consider the report of the Auditor appointed under section 96 in cases where the State Government or the Municipality requires him to conduct a special audit of any receipt or expenditure of the Municipality or to examine the accounts of stores and stocks of the Municipality or to check the inventory of the properties of the Municipality including its land holdings and buildings, and
- e. To discharge such other functions as may be prescribed.

## Chapter Twenty Nine

### 29. Guidelines for Preparation of Opening Balance Sheet

This chapter aims on...

- Providing you the guidelines for preparation of opening Balance sheet as on the 1<sup>st</sup> day of the financial year from which the accounts of Municipality is being converted from Single Entry cash Basis system of Accounting to Accrual based double entry system of Accounting.

By the end of this chapter, you should be able to...

- Know the detail statements prepared for the various Assets & Liabilities and also know the Accounting entries to be made for incorporation the opening Balance sheet with the Accounts of the financial year in which Accrual Basis Double entry system of Accounting is adopted.

#### 29.1. Introduction

29.1 This chapter contains the guidelines and the formats for collating the information for the assets and liabilities mentioned hereunder. It would facilitate the preparation of the Opening Balance Sheet of the Urban Local Body (ULB).

#### **DEFINITIONS**

29.2 The definition of key terms referred to in this Report are provided below:

- a. Fixed Assets comprise assets, which are meant for use by the ULB over an extended period of time. It includes Immovable Property such as Land, Buildings, Bridges etc. and Movable Property such as Vehicles, Plant and Machinery, Furniture & Fixture etc.
- b. Immovable Properties consist of properties, which cannot be relocated.
- c. Movable Properties consist of properties, which can be relocated.
- d. Current Assets are comprised of items of a short-term nature (normally less than one year). Such items are usually used up in less than one year or converted into cash (or its equivalent) within a year. For instance, Property Tax Receivables, Water Charges Receivables, Inventory of medicines, consumables etc.

- e. Investments comprise of financial assets resulting from investments of cash surpluses.
  - f. Current Liabilities comprise of the claims of external parties on ULB on account of any dues or other payables.
  - g. Reserve Fund in the ULB represents amounts set aside and earmarked for meeting specific obligations and commitments. For instance, Pension Fund represents the amount set aside for meeting future pension liability.
- 29.3 The assets and liabilities for which guidelines and formats have been furnished are as under:
- a. Fixed Assets
    - Immovable Property
      - Land (Form 1)
      - Building (Form 2)
      - Roads, streets, lanes and footpaths (Form 3)
      - Bridges, culverts, flyovers, subways and causeways (Form 4)
      - Drains including underground drains (Form 5)
      - Water Works Distribution (Form 6)
      - Public Lighting System (Form 7)
      - Lakes and Ponds (Form 8)
      - Capital Work-in-Progress (Form 9)
    - Movable Property
      - Plant and Machinery (including machinery of Water Works and Drainage) (Form 10)
      - Vehicles (Form 11)
      - Furniture and Fixtures (Form 12)
      - Office Equipments (Form 13)
      - Other Equipments (Form 14)
      - Live Stock (Form 15)
  - b. Investments (Form 16)

c. Current Assets

- Cash Balance (Form 17)
- Bank Balance (Form 18) Details of Advances paid to suppliers / contractors (Form 19)
- Details of Loans & Advances to employees (Form 20)
- Receivables (including Taxes, Water charges, Rent etc.) (Form 21)
- Grants Receivable (Form 22)
- Department - wise Inventory (Form 23)
- Consolidated Inventory (Form 23A)
- Details of Deposits made (Form 24)
- Loans Payable (Form 25)
- Unutilised Grants (Form 26)
- Reserve Funds (Form 27)
- Current Liabilities
- Details of Deposits received (Form 28)
- Bills and other payables details (Form 29)

**GENERAL GUIDELINES**

- 29.4 This section contains the General guidelines to be followed while preparing the formats for the assets and liabilities. Specific guidelines for any asset or liability, if required, have been mentioned on the formats.
- 29.5 As far as possible, all details should be collected department-wise and then consolidated to give an overall picture for the ULB. For instance, Form 12 - Furniture & Fixture, Form 13 - Office Equipment, Form 14 - Other Equipment, Form 15 - Livestock and other relevant forms shall be given to each of the dispensaries, hospitals, maternity homes, animal pound and other locations within the Health Department for collecting information of the assets there, which shall be then consolidated at the departmental level.
- 29.6 The ULB should form separate teams who would be responsible for collating information in the formats provided, within a specific time frame. A Steering Committee comprising of City Engineer, Head of the Accounts Department and Head of the Audit Department shall be responsible for coordinating the task of collecting information for each of the category of fixed assets. An illustrative list of the assets for which separate teams should be formed is as under:
- Land

- Buildings - the team should include a Civil Engineer or preferably a Structural Engineer
  - Roads, Streets and Lanes - the team should include a Civil Engineer
  - Bridges, Culverts, Flyovers, Subways and Causeways - the team should include a Civil Engineer or preferably a Structural Engineer
  - Furniture & Fixture, etc.
- 29.7 Separate teams may also be formed for collecting information for other category of the assets under the overall supervision of the Steering Committee. The information gathered should be signed by the members of the concerned team and authenticated by the members of the Steering Committee.
- 29.8 It is suggested that the Provisional Balance Sheet be prepared as on December 31 of the financial year, so as to facilitate a quick and efficient preparation of Opening Balance Sheet as on April 1 of the next financial year.
- 29.9 The General Guidelines to be followed for Fixed Assets have been arranged as General Guidelines for Immovable Fixed Assets and General Guidelines for Movable Assets.

### **GENERAL GUIDELINES FOR IMMOVABLE ASSETS**

- 29.10 The General Guidelines to be followed for Immovable Fixed Assets are as follows:
- a. Conduct physical verification of the immovable assets.
  - b. The information collated during physical verification should be cross verified with the existing records maintained for the said fixed assets, if any.
  - c. Only such assets, whose ownership vests with the ULB, shall be considered for arriving at the list of assets of the ULB.
  - d. Details of the assets, whether freehold or leasehold should be specified separately for each of the assets.
  - e. Cost of acquisition / construction.
    - The cost of acquisition / construction should also include, in addition to the cost incurred in acquiring / constructing the said asset, the cost incidental to the acquisition / construction such as registration charges, stamp duty, consultancy charges (including legal charges) etc.
    - In case the cost of acquisition / construction is not ascertainable, an estimate of cost that would have been incurred for the acquisition / construction should be provided.
    - For assets funded out of grants, the cost of acquisition of the assets would be net of the grant proceeds utilized for the purchase of the asset.

- In case an asset has been acquired / created free of cost, the asset should be recorded at a nominal value of Re 1.
- f. Cost of improvement. Any cost incurred for improvement of assets, which results in increasing the life or the utility of the asset, should be considered as an improvement cost. Expenses of a normal and routine nature incurred for the repairs and maintenance of assets should not be considered as an improvement cost.
- g. Date of Acquisition. The date of acquisition is the date on which the property was legally vested with the ULB. In case of acquisition of fully constructed civil property, specify the estimated date when the construction of the structure. Also specify the date of acquisition of the said structure by the ULB.
- h. Mode of Acquisition. Specify whether the fixed assets have been purchased, constructed, transferred or gifted to the ULB or has been attached under any Act.
- i. From whom acquired. Specify the person / institution from whom the assets have been acquired.
- j. Reference of available title documents. It has to be ensured that all the relevant documents like title deeds, contracts, invoices etc. are available with the ULB. A reference of the same has to be provided in the formats provided. In case the original documents are not available, a duplicate set should be made.
- k. The following should be specified in the Remarks Column:
  - Source of finance for the acquisition / construction of the assets.
  - Any restriction/covenants on the transfer of assets.
  - Pending litigations in respect of the fixed assets
  - Any unauthorised use or encroachment on the fixed assets
- L. the Accounts Department shall provide appropriate depreciation for assets held by the ULB to arrive at the book values of the assets. Depreciation shall be provided at the rates and calculated up to the date of opening balance sheet from the date of acquisition / installation as the case may be as per the principles laid down under the chapter 16 on Fixed assets.

29.11 The General Guidelines to be followed for Movable Fixed Assets are as follows:

- a. Conduct physical verification of the movable assets. Allot an asset reference number to all categories of plant and machinery, vehicle, furniture, fixture and equipment (including office equipment).
- b. The information collated during physical verification should be cross-verified with the existing records maintained for the said fixed assets, if any.
- c. Cost of acquisition / construction is the same as discussed in para. 29.11 (e).

- d. Cost of improvement. Any cost incurred for improvement of vehicles such as building of body for buses, hearse vans, ambulances, fire brigades, etc. should be considered as an improvement cost.
- e. Date of Acquisition. The date of acquisition is the date on which the property was legally vested with the ULB.
- f. Mode of Acquisition is the same as discussed in para. 29.11 (g).
- g. From whom acquired is the same as discussed in para 29.11 (h).
- h. Reference of available title documents. It has to be ensured that all the relevant documents like title deeds, contracts, invoices etc. are available with the ULB. A reference of the same has to be provided as per the formats. In case the original documents are not available, a duplicate set should be made.
- i. The following should be specified in the Remarks Column:
  - Source of finance for the acquisition / construction of the assets.
  - Any restriction/covenants on the transfer of assets.
  - Pending litigations in respect of the fixed assets
  - Any unauthorized use of the fixed assets

29.12 The detail guidelines to be followed for valuation of Fixed Assets have been given in Model National Municipal Asset Valuation Methodology Manual to facilitate bringing on record the value of municipal assets determined during the course of preparation of Opening Balance Sheet.

#### **GUIDELINES FOR DETERMINATION OF VALUE OF CURRENT ASSETS**

- 29.13 In respect of Investments, Receivables, Other Current Assets, Loans and Advances, Borrowings/Loans payable, Unutilized Grants, Reserve Funds and Current Liabilities, the ULBs should compile the information required in the formats from the registers maintained by them currently. As far as possible, all details should be collected department-wise and then consolidated to give an overall position for the ULB.
- 29.14 The ULB shall also provide for income receivable, expenses payable, provisions for current assets, loans and advance as per the accounting principles prescribed in each of the chapters described earlier. These provisions shall also appear in the opening balance sheet as follows.
  - All income receivable shall be carried forward as current assets
  - All expenses payable shall be carried forward as current liabilities
  - Provisions for aged receivables shall be as per the accounting principles and

the respective assets shall be netted off for the same.

### **MUNICIPAL FUND**

29.15 Once, the values of all the assets and liabilities are arrived, the ULB shall record the net value or the balancing figure under the head "Municipal Funds".

### **TRANSITIONAL ISSUES**

29.16 ULBs may encounter few of the transitional issues as illustrated below while transforming data from manual system of accounting to a computerised data environment:

- Availability of Historical Data
- Knowledge and Understanding capacity of Staff.

29.17 States and ULBs shall develop a detailed implementation plan to ensure smooth shift to the new system. Sustainability shall also be addressed in the implementation plan.

### **ACCOUNTING ENTRY FOR INCORPORATION OF BALANCES IN THE OPENING BALANCE SHEET**

29.17 The entry to be passed for incorporating the opening balances is given below:

<b>Code</b>	<b>Particulars</b>	<b>Debit</b>	<b>Credit</b>
410000000	Fixed Assets (Specify the name of the assets for e.g. Buildings)	Debit	
412000000	Capital Work in progress	Debit	
420000000	Investments (Specify the name of the relevant fund also)	Debit	
460400000	Advance to Suppliers and contractors	Debit	
460000000	Loans, Advances and Deposit	Debit	
430000000	Stock in hand	Debit	
431000000	Sundry Debtors (Receivables)	Debit	
440000000	Prepaid expenses	Debit	
450000000	Cash and Bank Balance	Debit	
310100000	To Municipal fund (General fund/Electricity Fund)		Credit
311000000	To Earmarked Funds		Credit

312000000	To Reserves		Credit
330000000	To Secured Loans		Credit
331000000	To Unsecured Loans		Credit
340000000	To Deposits Received		Credit
411000000	To Accumulated depreciation		Credit
432000000	To Accumulated Provisions Against Debtors (Receivables)		Credit
461000000	To Accumulated Provisions against Loans, Advances and Deposits		Credit
360100000	To Provision for expenses		Credit
350000000	To Other liabilities		Credit

**Source Document:****Records Updated:** Journal Book Ledger

**Note:** The individual accounts within the major account heads listed above shall be debited/credited in above. Journal voucher prepared for incorporation of account balances in the Opening balance sheet.

### REVISION OF OPENING BALANCE SHEET

29.18 There may exist possibilities that certain assets and liabilities are identified after preparation of draft Opening Balance Sheet as well as after preparation of the first Balance Sheet subsequent to Opening Balance Sheet. In such case, the value of assets or liabilities identified should be directly incorporated in the Opening Balance Sheet (where first Balance Sheet subsequent to the Opening Balance Sheet is not prepared) or through the account "Adjustments to Opening Balance Sheet" in the Balance Sheet for the period concerned. The amount of asset/liability should not be routed through the Income and Expenditure Account. An illustrative list of accounting entries required to be passed for incorporation of newly identified assets and liabilities are as under:

- a. Incorporation of Land (e.g. Ground, Open Market, etc.)

Code	Particulars	Debit	Credit
410100000	Land	Debit	
310100000	To Municipal Fund		Credit

**Source Document:**

**Records Updated:** Journal Book, Ledger Account

- b. Incorporation of Buildings (e.g. Art Gallery Building, Auditorium Building, etc.)

Code	Particulars	Debit	Credit
410200000	Buildings	Debit	
310100000	To Municipal Fund		Credit

**Source Document:**

**Records Updated:** Journal Book, Ledger Account

- c. Incorporation of Contractor Bills Payable in respect of maintenance of road

Code	Particulars	Debit	Credit
310100000	Municipal Fund	Debit	
350100300	To Contractors Control Account		Credit

**Source Document:**

**Records Updated:** Journal Book, Ledger Account

- 29.19 This account "Adjustments to opening balance sheet will show as an addition to the Municipal Fund at the time of preparation of the Balance Sheet.
- 29.20 While incorporating the value of newly identified assets and liabilities in the Balance Sheet, it should be ensured that details of these assets/liabilities have also been incorporated in the relevant registers such as Fixed Assets Register, etc.

**Name of the MUNICIPALITY \_\_\_\_\_****LAND DETAILS as on**

Sr. no.	Specify if leasehold / freehold	Location	Survey no. of the land	Area (acre / sq. m.)	Date of acquisition	Cost of acquiring the land (Rs.)	Was the land subject to improvement such as filling, leveling etc. after acquisition? (Yes / No)	If yes, specify the details of improvement	Total Cost (Rs.)	From whom acquired	Mode of acquisition	Specify how land is being currently used	Give reference of the available title documents	Current market value (Rs.)	Remarks	
1	2	3	4	5	6	7	8	9	10	11 (7+10)	12	13	14	15	16	17

**Notes:**

1. Details of all the land belonging to the ULB, irrespective of the fact, whether it is vacant or any structure has been constructed on that should be included here.
2. Each plot of land should be identified separately.
3. Specify if land is industrial / agricultural / residential in Column 2.
4. Draw a sketch / boundary for each plot of land and annex it to the form.

**Form 2**

**Name of the MUNICIPALITY –  
BUILDING DETAILS as on**

Sl. No.	Description of the Building	Location	Survey no. of the land where building is located	Dimension of the Building			Number of Floors	Total sq. feet (carpet area)	Area of the land on which building is located (acre / sq. m.)	In case of property acquired, specify the estimated date of completion of construction along with date of acquisition by the ULB	In case of property constructed by the ULB, specify the date of construction	Cost of acquisition / construction (Rs.)
				Length	Breadth	Height						
1	2	3	4	5	6	7	8	9	10	11	12	13

Was the building subject to any improvement such as renovation, extension or otherwise after acquisition? (Yes / No)	If yes, specify details of improvement		Total Cost (Rs.)	Specify the amount of depreciation provided on the building, if any (Rs.)	Written down value of the building after considering provision of depreciation (Rs.)	From whom acquired	Mode of acquisition	Specify how building is being currently used	Give reference of the available title documents	Current market value (Rs.)	Remarks
	Date	Cost (Rs.)									
14	15	16	17 (13+16)	18	19 (17-18)	20	21	22	23	24	25

**Note:**

Buildings should be categorised into municipal offices, residential quarters, godowns, shopping centers, hospitals, auditoriums, schools, swimming pool, temples, factory shed for water works and drainage system, library, slaughterhouse, market etc.

**Name of the MUNICIPALITY –****ROAD, STREET, LANE AND FOOTPATHS DETAILS as on**

Sr. no.	Name of the road, street and lane	Specify whether the road, street or lane is earthen, tar or concrete	Survey no. of land on which the roads, streets or lanes have been constructed	Dimension of the road, street or lane		Area (Sq. m.)	Date of acquisition / construction	Cost of acquisition / construction (Rs.)
1	2	3	4	Length	Width	7 (5*6)	8	9

Sr. No.	Were the roads, streets or lanes subject to any improvement? (Yes/No)	If yes, specify the details of improvement		Total Cost (Rs.)	Specify the amount of depreciation provided, if any (Rs.)	Written down value after considering the depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
		Date	Cost (Rs.)							
10	11	12	13 (9+12)	14	15 (13-14)	16	17	18	19	

**Note:**

1. Prepare ward-wise, area-wise list of roads, streets, lanes and footpaths.
2. Improvement would mean conversion of the road from one type of construction to another type of construction, for instance, conversion of a tar road into a concrete road or extension of the road, etc.
3. Specify the details of the footpaths annexed to the roads, streets or lanes immediately below the details of the said road, street or lane.

**BRIDGES, CULVERTS, FLYOVERS, SUBWAYS AND CAUSEWAYS DETAILS as on**

Sr. no.	Description of the bridge, culvert, flyover, causeway or subway	Location	Survey no. of the land Where structure is located	Dimension of the structure		Area of the land on which structure is constructed (acre / sq. m.)	In case of property acquired, specify the estimated date of completion of construction along with date of acquisition by the ULB	In case property is constructed by the ULB, specify the date of construction	Cost of construction / acquisition (Rs.)
				Length	Breadth				
1	2	3	4	5	6	7	8	9	10

Sr. No.	Was the structure subject to any improvement such as extension or otherwise after acquisition? (Yes / No)	If yes, specify the details of improvement		Total Cost (Rs.)	Specify the amount of depreciation provided on the structure, if any (Rs.)	Written down value of the structure after considering depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
		Date	Cost (Rs.)							
	11	12	13	14 (10+13)	15	16 (14-15)	17	18	19	20

Note: The commercial establishment annexed to the structures, if any should be included in the Building Schedule

**Form 5****Name of the MUNICIPALITY** \_\_\_\_\_**DRAINS INCLUDING UNDERGROUND DRAINS DETAILS as on**

Sr. no.	Description of the drain, Specifying whether it is open or underground drain	Name of the road/street where the drains are located	Survey no. of the land where drains are located	Dimension of the structure			Area of the land where the drains are constructed (acre / sq. m.)	In case of property acquired, specify the estimated date of completion of construction along with date of acquisition by the ULB	In case property is constructed by the ULB, specify the date of construction
				Length	Breadth	Height			
1	2	3	4	5	6	7	8	9	10

Sr. No.	Cost of construction / acquisition (Rs.)	Was the structure subject to any improvement such as extension or otherwise after acquisition? (Yes/No)	If yes, specify the details of improvement		Total Cost (Rs.)	Specify the amount of depreciation provided on the structure, if any (Rs.)	Written down value of the structure after considering depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
			Date	Cost (Rs.)							
	11	12	13	14	15 (11+ 14)	16	17 (15-16)	18	19	20	21

**Notes:**

1. The details of the drains should be collated ward-wise.
2. In column 2, in addition to specifying whether the drains are open or underground, also specify whether they are storm water drains or sewerage drains or for other purpose.

## Name of the MUNICIPALITY \_\_\_\_\_

## WATER WORKS DISTRIBUTION DETAILS as on

Sr. no.	Description of the water distribution system assets	Name of the road/street where the distribution assets are located	Survey no. of the land where distribution assets are located	Dimension of the structure		Area of the land where the distribution system assets are located (acre / sq. m.)	In case of property acquired, specify the estimated date of completion of construction along with date of acquisition by the ULB	In case property is constructed by the ULB, specify the date of construction	Cost of construction / acquisition (Rs.)
				Length	Diameter				
1	2	3	4	5	6	7	8	9	10

Sr. No.	Was the structure subject to any improvement after acquisition? (Yes/No)	If yes, specify the details of improvement		Total Cost (Rs.)	Specify the amount of depreciation provided on the structure, if any (Rs.)	Written down value of the structure after considering depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
		Date	Cost (Rs.)							
	11	12	13	14 (10+13)	15	16 (14-15)	17	18	19	20

Notes:

In column 2, list down the water distribution asset details ward-wise.

1. Details of pipes, water storage tanks and transmission pipes should be provided here.

**Name of the MUNICIPALITY****PUBLIC LIGHTING SYSTEM DETAILS as on**

Sr. No.	Name of the road/ Locatio n	Survey number of road where the system is installed	Number of lamp posts	Cost of acquisition and erection of lamp posts (Rs.)	Meters of cables used	Cost of acquisition and laying of cables (Rs.)	Total Cost (Rs.)	Specify amount of depreciation provided, if any (Rs.)	Written down value after considering depreciation provision (Rs.)	Year of acquisition/installation	Acquired from whom	Mode of acquisition	Give reference of the available title documents	Remarks
1	2	3	4	5	6	7	8 (5+7)	9	10 (8-9)	11	12	13	14	15

Note: Specify the details ward-wise

**Name of the MUNICIPALITY –****LAKES AND PONDS DETAILS as on**

Sr. No.	Description of the lake and pond	Location	Survey no. of the land where it is located	Area of the lake / pond (acre / sq. m.)	Date of construction / acquisition	Cost of acquisition / construction (Rs.)	Was the lake / pond improved after acquisition? (Yes / No)	If yes, specify the details of improvement		Total Cost (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
								Date	Cost (Rs.)					
1	2	3	4	5	6	7	8	9	10	11 (7+10)	12	13	14	15

**Note:**

In column 2, in addition to specifying the name and other relevant details of the lakes and ponds, also specify whether the lake or pond is used for portable purpose or for commercial activity.

**Form 9**

Name of the MUNICIPALITY \_\_\_\_\_

CAPITAL WORK IN PROGRESS DETAILS as on

Sr. no.	Name of the projec t	Work Order number and Year in which	Location of the Project	Estimated cost of the project (Rs.)	Cost already incurred on the project	Specify the source of finance from which project is being funded	Estimated date of completion of the project	Remarks
1	2	3	4	5	6	7	8	9

**Name of the MUNICIPALITY –****PLANT AND MACHINERY DETAILS as on**

Sr . no	Description of the plant and machinery specifying the 'make'	Capacity	Location	Number of shifts in use	Date of acquisition	Cost of acquisition / construction (Rs.)	Specify the amount of depreciation provided, if any (Rs.)	Written down value after considering depreciation provision (Rs.)	Date of commencement of operation	From whom acquired	Mode of acquisition	Give reference of the available title documents	Current market value (Rs.)	Remarks
1	2	3	4	5	6	7	8	9 (7-8)	10	11	12	13	14	15

**Note:**

1. The details of the plant and machinery should be given department-wise and location-wise.
2. In addition to the plant and machinery of a General nature, also specify the plant and machinery of the Water Works and Drainage department.
3. Also specify the sub-station and transformers deployed for public lighting system within the ULB
4. Details of any improvements to the plant and machinery, which has resulted into increasing the capacity of the plant and machinery, should be mentioned separately.
5. In Remarks column, indicate whether the ULB has the ownership right to the property or have only operating rights.

**Form 11****Name of the MUNICIPALITY –****VEHICLES DETAILS as on**

Sr. no.	Description of the vehicle specifying whether it is LCV, HCV or cars, jeeps etc. and its 'make'	Date of acquisition	Cost of acquisition (Rs.)	Was the vehicle subject to any improvement such as body extension or otherwise? (Yes/No)	If yes, specify the details of improvement	Total Cost (Rs.)	Specify the amount of depreciation provided, if any (Rs.)	Written down value of the vehicle after considering depreciation provision (Rs.)	Year of manufacture	Registration details	Engine No.	Chassis No.	From whom acquired	Mode of acquisition	Give reference of the available title documents	Current market value (Rs.)	Remarks	
					Date	Cost (Rs.)												
1	2	3	4	5	6	7	8 (4+7)	9	10 (8-9)	11	12	13	14	15	16	17	18	19

**Notes:**

1. In column 2, in addition to the normal description of the vehicle, also specify whether any structure has been added to the same, for instance, building of body for buses, ambulances, fire brigade, hearse van, etc.
2. In column 2, also specify the vehicle number.

**Form 12**

Name of the MUNICIPALITY \_\_\_\_\_

**FURNITURE AND FIXTURES DETAILS as on**

Sr. no.	Description of the asset specifying whether it is table, chair, cupboard, partition, safes vaults, cabinets, etc.	Location / Department	Asset reference number	Date of acquisition	Cost of acquisition / construction (Rs.)	Specify the amount of depreciation provided, if any (Rs.)	Written down value after considering the depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
1	2	3	4	5	6	7	8 (6-7)	9	10	11	12

## Notes:

1. Prepare a separate list for each of the class of furniture and fixture, for instance, a separate list should be prepared for tables, chairs, cupboards, partitions, safe vaults, etc.
2. Asset reference number denotes any numbering / marking given to each piece of asset.

**Form 13**

**Name of the MUNICIPALITY** \_\_\_\_\_

**OFFICE EQUIPMENT DETAILS as on**

Sr. no.	Description of the asset specifying whether it is photocopier machine, typewriter, air conditioner, water cooler, computer etc.	Location / Department	Asset reference number	Date of acquisition	Cost of acquisition / construction (Rs.)	Specify the amount of depreciation provided, if any (Rs.)	Written down value after considering the depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
1	2	3	4	5	6	7	8 (6-7)	9	10	11	12

**Notes:**

1. Prepare a separate list for each of the class of office equipment, for instance, a separate list should be prepared for computer, photocopier machine, fax machine, telephone instruments, typewriter, air conditioner, water cooler, etc.
2. Asset reference number denotes any numbering / marking given to each piece of asset.

**Form 14**

Name of the MUNICIPALITY \_\_\_\_\_

**OTHER EQUIPMENT DETAILS as on**

Sr. No.	Description of the equipment details, specifying the make-n-model of the same	Location / Department	Asset reference number	Date of acquisition	Cost of acquisition / construction (Rs.)	Specify the amount of depreciation provided, if any (Rs.)	Written down value after considering the depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
1	2	3	4	5	6	7	8 (6-7)	9	10	11	12

**Notes:**

1. Specify here the details of the equipments other than plant and machinery such as hospital/maternity home/dispensary related equipments, playground equipment, club house/gymnasium equipment etc.
2. Details of the equipment should be collated department-wise and location-wise.
3. Asset reference number denotes any numbering / marking given to each piece of asset.

***Form 15***

Name of the MUNICIPALITY \_\_\_\_\_

**LIVESTOCK DETAILS as on**

Sr. No.	Specify location of the animal	Description of the animal	Specify number of animals	Specify amount paid for <u>acquisition</u>	Date of acquisition	From whom acquired	Mode of acquisition	Give reference of the available title	Remarks
1	2	3	4	5	6	7	8	9	10

**Notes:**

1. Details of the animals should be collated location wise.
2. Each class of animal such as cows, buffaloes etc. should be identified separately.

Name of the MUNICIPALITY \_\_\_\_\_

**INVESTMENT DETAILS AS ON**

Sr. no.	Specify the funds from which investment made	Specify the instrument (government securities/ bank deposit) where Investment made	Amount invested (Rs.)	Amount of interest receivable from the last receipt till the cut-off date (Rs.)	Remarks
1	2	3	4	5	6

For Column 5 - Please compute the interest between the period of last receipt of interest till the cut-off date, even if the interest has not become due, or the instrument has not matured.

Form 17

## Name of the MUNICIPALITY –

CASH BALANCE AS ON

Sr. no.	Specify the name of the department where cash is lying	Cash balance as per General Cash Book (Rs.)	Cash in hand physically verified as on cut-off date	Difference (3-4)	Remarks
1	2	3	4	5	6

**Name of the MUNICIPALITY**

**BANK BALANCES AS ON**

Sr.No.	Name of the Bank and Branch	Bank Account number	Specify the purpose for which the bank	Balance as per General Cash Book	Remarks
1	2	3	4	5	6

**Name of the MUNICIPALITY****DETAILS OF ADVANCES PAID TO SUPPLIERS / CONTRACTORS AS ON**

Sr. no.	Specify name of the department in respect of which advance	Name of the Supplier / Contractor to whom advance has	Date when the advance is paid	Amount outstanding (Rs.)	Remarks
1	2	3	4	5	6

Note: This list should be prepared department-wise.

**Form 20**

**Name of the MUNICIPALITY \_**

**DETAILS OF LOANS & ADVANCES TO EMPLOYEES AS ON \_\_\_\_\_**

Sr. no.	Specify name of the department in respect of	Name of the Employee to Whom advance	Nature of advance	Date when the advance is paid	Amount of advance outstanding	Remarks
1	2	3	4	5	6	7

Note: This list should be prepared department-wise.

***Form 21*****Name of the MUNICIPALITY****RECEIVABLES DETAILS (Including Taxes, Water Charges, Rent etc.) AS ON**

Sr. no.	Specify name of the Department and/or <u>Ward from where</u>	Specify the description of the <u>Receivables</u>	Year-wise amount of Receivables		Remarks
			Year	Amount (Rs.)	
			2	3	4

Note: This format should be prepared department-wise.

**Name of the MUNICIPALITY \_\_\_\_\_**

**GRANTS RECEIVABLE DETAILS AS ON \_\_\_\_\_**

Sr. no.	Name of the Grant	Government sanction order no. specifying the amount of	Specify the year for which Grant to be	Specify the amount of Grant due as per order of State Government (Rs.)	Remarks
1	2	3	4	5	6

**Form 23**

**Name of the MUNICIPALITY**

**INVENTORY DETAILS AS ON**

**NAME OF DEPARTMENT -**

Sr. no.	Name of Article	Quantity in Stock	Rate at which	Value of the inventory	Remarks
1	2	3	4	5	6

**Examples of inventory**

Health - Pesticides & Chemicals (Phenol, Powder) etc., Medicine, Test-tube, Injections etc.

Electric Goods- Bulbs, Tubelight, Lampshade, Holder, Starter, Choke, Condenser etc.

Water - Meter, Pipes, Spare-parts etc.

Fire Brigade - Fireman pipe, Nozal, Spare-parts etc.

Vehicle - Tyres, Tubes, Horsepipe, Spare-parts, Bulb, Bearings etc.

Office Stationery - Forms, Register etc.

**Form 23 A**

**Name of the MUNICIPALITY**

**INVENTORY DETAILS AS ON**

**CONSOLIDATED STATEMENT OF INVENTORY**

Sr. No.	Name of the department	Value of the inventory	Remarks
1	2	3	4

Note: This statement will be compiled departments/ stores- wise from the Form 22 filled separately by each of the departments/ stores.

**Form 24**

**Name of the MUNICIPALITY**

**DETAILS OF DEPOSITS MADE BY THE CORPORATION/ COUNCIL**

**AS ON**

Sr. no. 1	Description of the Deposits made by the Corporation/ COUNCIL	Amount of Deposit (Rs.)	specify whether interest is receivable on deposit made,	If yes, specify the amount of interest earned from the date of	Remarks
2	3	4	5	6	

**Name of the MUNICIPALITY \_****LOANS PAYABLE DETAILS AS ON**

Sr. No.	Specify the name of the Institutio n from whom the loan is received	Specify the purpose for which the loan is received	Specify the outstanding amount of loan (Rs.)	Specify the amount of interest payable from the date of last payment till cut-off date	Specify if any penal interest levied by the lending institution on undischarged amount of loan repayable	Remarks
2	3	4	5	6	7	

**Name of the MUNICIPALITY****UNUTILISED GRANTS DETAILS AS ON**

Sr. No. 1	Name of the Grant	Government sanction order no. specifying	Total amount of Grant received	Balance amount of Grant to be spent (Rs.)	Specify if the time for the utilisation of the Grant has	Remarks
2	3	4	5	6	7	

Note: Purpose for which the grant is received should be captured alongwith the name of the grant in column number 2.

**Name of the MUNICIPALITY**

**RESERVE FUND DETAILS AS ON**

Sr. No.	Name of the reserve fund	Balance to the credit of reserve fund as on cut-off	Remarks
1	2	3	4

**Name of the MUNICIPALITY****DETAILS OF DEPOSITS RECEIVED AS ON**

Sr.No.	Department in which deposit is received	Description of the Deposit received	Name of the depositor	Amount of Deposit (Rs.)	Remarks
1	2	3	4	5	6

Note: (1)

The format should be prepared department-wise.

Details of the same nature of deposits received should be recorded together. (e.g.- In case of PWD - all the Earnest Money Deposit received should be recorded together; all the Security Deposit received/ deducted from the supplier/contractor bill should be recorded together.

**Form29**

Name of the MUNICIPALITY \_\_\_\_\_

**BILLS & OTHER PAYABLES DETAILS AS ON**

Sr. No. 1	Name of the supplier / contractor	Specify nature of payables*	Amount payable (Rs.)	Specify name of the department procuring the	Remarks
2	3	4	5	6	

\* If more than one contract is given to the same supplier/ contractor than specify nature of each bills/expense payable in separate line for that party.

## **APPENDIX 29.1**

### **VALUATION OF FIXED ASSETS**

1. Fixed Asset represents those Assets of the Municipalities which are meant for use over and extended period. These are assets held for providing services and are not held for resale in the normal course of operations of the Municipalities. The opening balance sheet shall reflect the written down value of the fixed assets. The written down value represents the original cost of acquisition less the accumulated depreciation.
2. The valuation of fixed assets given herein is not as per the guidelines prescribed under National Municipal Accounts Manual (NMAM). However, we suggest and encourage the use of actual cost of acquisition for ascertaining the original cost of fixed asset.
3. The fixed assets can be either movable or immovable depending on their nature. The following are some of the fixed assets in the balance sheet of a Municipality

- Immovable Assets
  - Land
  - Buildings including School Buildings, Hospital Buildings, etc.
  - Shopping Centres
  - Gardens
  - Playgrounds/ Open Grounds
  - Crematorium/ Burial Grounds
  - Staff Quarters
  - Auditoriums
  - Markets
  - Town Halls/ Community Halls
  - Cattle Pounds
  - Public Toilets
  - Workshops/ Garages
  - Stadiums
  - Art Galleries
  - Slaughter Houses
  - Roads, including, Mud Roads, Tar Roads and Concrete Roads
  - Footpaths
  - Bridges
  - Sub-ways
  - Drains (Open & Closed)
  - Culverts
  - Water Pipelines
  - Street Light Posts

- Movable Assets
  - Vehicles including Cars, Buses, Jeeps, Ambulances, Motorcycles, etc.
  - Office Equipment including Computers, Printers and Peripherals, Photocopiers, Air conditioners, etc.
  - Furniture & Fixture including Electric fitting and installations
  - Hospital Equipment
  - Garden Equipment
  - Equipments of the Town Planning Department
  - Equipment used by the Engineering Department
  - Equipment of the Conservancy Department

## **VALUATION GUIDELINES**

### **Ascertainment of Original**

#### **Cost**

4. Valuation of Assets will be done as per the following order of preference.

- If both the cost and date of purchase/ construction is available / ascertainable - Original cost.
  - If cost is not available /unascertainable but the date of construction/ purchase is available:
    - If the asset has outlived its estimated useful life, then it will be valued at Re. 1/-.
- Estimation of useful life will be done by the Engineers of the Municipality.
- For Assets that have not outlived its useful life, valuation shall be done based on the rates prescribed by PWD for that year. The engineers of the Municipality shall conduct the exercise of estimation of value and provide it to the implementation committee. The value so obtained shall be the cost of asset.
  - In case PWD rates for a particular year are not available, the current replacement cost based on the recent rates as prescribed above shall be taken. This will be deflated till the year of construction based on wholesale price index (index rates are provided in Annexure 2) to arrive at the original cost.
  - In case of those class of assets for which PWD rates are not prescribed, current replacement cost will be used. This will be deflated to the year of construction/ purchase based on wholesale price index (index rates are provided in Annexure 2) to arrive at the original cost of asset. Current rates from other manufacturers can be taken e.g. in case of vehicles.
  - In case neither the cost nor the date of purchase/ construction is available, valuation will be at Re 1/- , the same being considered as the residual value.

5. For fixed assets acquired during 2009-10 and later, the Municipalities shall value the assets based on the actual cost.

6. The guidelines with regard to ascertainment of cost of acquisition, improvement, the date of acquisition shall be as given in the Main Chapter.

7. It is suggested that the Municipalities undertake the valuation of the fixed assets in the following order

- All Commercial Buildings like Shopping Complexes, Auditorium, and Bus Stands etc.
- Buildings constructed in the last twenty years.
- Movable Fixed Assets acquired in the last five years
- All other fixed assets including land.

8. The assets related to the Transferred Institutions shall also be included in the valuation and the same shall be valued at Re. 1.

### **Depreciation**

9. Depreciation shall be charged by Straight Line Method (SLM) on all fixed assets except land. The rate of depreciation for each type of fixed assets will be based on the estimated useful life and will be as prescribed in Appendix 21.1 to Chapter 21 – Fixed Assets. All assets costing less than Rs.5,000 shall be depreciated at 100% in the year of purchase.

10. All assets which have been fully depreciated shall be carried at a Book value of Re. 1/-.

11. 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.

### **General Principles**

12. Land that are acquired free of cost from the government or provided by individuals or institutions under endowment for specific purposes shall be valued at Re. 1/-.

13. Where the ownership of the asset has not been transferred in favour of the Municipality, but the asset is in the permissive possession of the Municipality, it shall be included in the Fixed Asset Register with Re. 1/- as its value. However there should be a clear mention in the Register that in case the Government takes back the asset at any point of time in future, reversal of entry shall be made in the Fixed Asset Register. Cost of developing such assets, if any, shall be Booked under the respective head of accounts.

14. Statues and Heritage Assets - Statues and valuable works of art shall be charged at original cost and no depreciation shall be charged thereon.

15. Land pertaining to Parks and Playgrounds including the cost of development of land shall be Booked under land. Other amenities to Parks and Playgrounds shall be capitalised as 'Parks and Playgrounds'.

16. Any building /structures/ plant and machinery, etc., constructed/ installed in the Parks and Playgrounds and used for other purposes shall be Booked under the appropriate heads of account.

17. Land under road shall be classified under land and shall not be included under Roads.

18. The valuation report shall contain the methodology adopted for valuation and shall give justification for each of the item.

19. The valuation report shall be placed before the Council for approval before the same is incorporated in the opening balance sheet.

### **ILLUSTRATION**

20. The following example illustrates computation of actual cost in various scenarios, computation of depreciation and arriving at the written down value.

a. Scenario 1 – Where the Actual Cost of Acquisition is available

Actual cost of acquisition refers to the cost paid for acquiring the asset and any capital expenditure incurred after its acquisition. For example, let us assume that the construction of a Shopping Complex was completed on 30<sup>th</sup> June, 1990. The date of capitalization therefore shall be 30<sup>th</sup> June 1990. On verification of the relevant documents and records, it was found that the total cost of construction was Rs.20,00,000/- and no major improvement was carried out in the later years.

The depreciation shall be computed as given below

Date of Capitalisation	-	30 <sup>th</sup> June 1990
Cost of Acquisition (A)	-	
Rs.20,00,000/- Rate of Depreciation (B)	-	2%
Depreciation Per Year (C) = (A) x (B)	-	Rs.40,000/-
Number of Years till March 2007 (D)	-	17 Years
Depreciation till March 2007 (E) = (C) x (D)	-	Rs.6,80,000/-
Written Down Value as on 31 <sup>st</sup> March 2007-		Rs.13, 20,000/-
(A) – (E)		

b. Scenario 2 - When Actual Cost of Acquisition is not available

Assuming in the above example, the actual cost of acquisition is not available; the cost of acquisition shall be computed in the following manner.

- i. The cost of acquisition shall be done on the basis of PWD rates prescribed for the year in which the asset is constructed. In the above example, the rates prescribed for the year 1990 shall be taken as the basis for computation of cost of asset. The cost so arrived shall be the cost of acquisition / construction and the depreciation shall be calculated accordingly.
- ii. If the PWD rates for 1990 are not available, the next nearest year for which the rates are available shall be taken. Assuming, in this situation, the next nearest year for which the rates are available is 1995, the value of asset shall be computed as per 1995 rates and will then be deflated using the WPI indices given in Annexure 2 to 1990 rates to arrive at the cost of acquisition. The same is explained below
  - a. Cost as per 1995 Rates – Rs.  
30,00,000/- b. WPI for 1994-95                    -  
1778.2
  - c. WPI for 1990-91                    - 1164.4
  - d. Cost of Asset shall be computed using the formula -

(Index of the Year in which the asset is Constructed x Cost as computed for the next nearest year)

---

Index for the next nearest year for which PWD rates are available

Therefore the cost arrived at as per the method above, in this case, shall be

$$\frac{1164.40 \times}{3000000}$$

Cost of Building = \_\_\_\_\_ = Rs. 19, 64,478/-  
1778.2

The depreciation shall then be calculated on Rs.19, 64,478/- in the manner explained above.

- iii. If PWD rates are not available for any class of assets, the current replacement cost of the asset shall be used and shall be deflated in the manner explained above.
- c. If the year of acquisition or construction is not available, the asset shall be valued at Re.1 and no depreciation shall be calculated on that asset.

## Chapter Thirty

### 30. Budgeting & MIS

**This Chapter on Budgeting and MIS aims to -----**

- Provide an overview of the Budgeting approach, processes, budgetary controls (budgeting system) and MIS & other performance review /status reports of an ULB.

**By the end of this chapter, you would be able to -----**

- Understand the new budgeting approach used by ULBs
- Know how to prepare budgetary control reports and
- Understand the various MIS reports required to be used by ULBs in appraising its performance during any given period.

#### 30.1. Introduction

30.1 Budget is a financial plan describing proposed expenditure and means of financing the same. It embodies the estimated receipts and expenditure (both capital and revenue) for a financial year. It is a proposal of how much money is to be spent on what and how much of it will be contributed by whom or how it would be raised during a financial year. It plays an important role in planning and controlling operations of the Municipality.

30.2 However, as suggested by JNNURM, the Outcome Budgeting approach is used by ULBs in Bihar for budgeting processes preferably effective from FY 2011-12. Outcome Budget is a performance measurement tool that helps in better service delivery; decision-making; evaluating programme performance and results; communicating programme goals; and improving programme effectiveness. **The Outcome Budgeting facilitates progress card on what departments have done or achieved with the financial outlays announced in the annual budgets. Outcome budgets are prepared using outcomes (ultimate outputs) as articulated by its citizens and users of various services provided by the ULBs.**

Budget preparation process, calendar, approval and control process as per Outcome Budgets are detailed in the Outcome Budget Manual provided separately to each Municipality.

#### 30.2. Approach to Budgeting

30.3 The objective of the budgeting system of an Municipality is to arrive at a scientific basis for building linkage between the nature of receipt or payment with the functions / services or other Budget control centers. Budget shall reflect the principles and programmes of the Municipality. Budget must also enable Municipality in measuring

and promoting accountability in respect of service delivery. Public expenditure must be spent in the most productive way. Decentralized planning with citizens' participation facilitates achieving this objective.

- 30.4 Any receipt and payment shall reflect the above said objectives. To facilitate this, Two broad categories of Budgeting Centers are defined. Budgets shall establish a close linkage between the Accounting subjects (nature of receipt and payment) and
- the function
  - the field as identifiable by the geographical boundaries over which the cost is incurred

### **30.3. Budgeting Process**

- 30.5 Budgets shall reflect the estimated inflows, outflows, surplus / deficit under the various Receipts and Payment heads, Opening and Closing balances. The receipts and payments shall be classified under four broad heads Revenue Receipts, Revenue Expenditure, Capital Receipts and Capital Expenditure. Budget shall also reflect
- Estimate of the Income and expenditure of the Municipality along with an Establishment schedule
  - The rates at which various taxes, surcharges, cesses and fees shall be levied by the Municipality in the year next following
  - The amount of money to be raised
- 30.6 The receipts and payments shall be estimated for each of the accounting subjects under every Budgeting centre. Hence a budget code is defined as a combination of Budget centres and Account code. The structure for this is detailed in the Chapter 4 on Chart of Accounts.
- 30.7 Budget shall be prepared for each of the revenue and capital account heads in form BUD - 1 annexed to this Chapter. This form is to be prepared by individual budgeting units for each of the Major and Minor Heads of Account along with the details of the functions and field towards which it relates. Functions, Major Head, Minor Heads are mandatory. It is advisable to have the budgets prepared at the detailed head also to ensure budgetary control. Budgets would be prepared at the field level like zones, circles. In the medium term, Municipalities are advised to move towards decentralized budgeting at the field level. In addition, Municipalities maintain separate funds for certain heads like Water or Drainage and Sewerage fund etc then the budget has to be prepared fund wise only. The budget heads hence are integrated with the account heads. The accounting system can hence provide details of actual against each budget head.

### **Bottom up budgeting**

- 30.8 The basis for preparing the budget will be the inputs from various departments/units. Budgets preparation shall be based on a bottom up approach. Estimates shall be made from the lowest unit and then consolidated at the Head Office. A consolidation will be made and can be compiled in the form given as BUD – 2
- 30.9 The consolidated budgets shall be presented in a summary form (in form BUD – 3-6). Detailed Budget will also form part of the Budget Document of the Municipalities.

### **Budgeting Calendar**

- 30.10 The budget preparatory process follows a budget calendar. The “budget calendar” provides various details of deadlines and dates by which various officials in the Municipalities need to prepare and place the budget before the concerned authorities.
- 30.11 The time schedule for preparation, placing and revision of the budget and budget approval by Standing Committee /Council would be governed by the provisions of section 84 of the Bihar Municipal Act, 2007.
- 30.12 The budgeting activity for any financial year shall commence by October 31<sup>st</sup> of the financial year preceding it. The various stages of budget preparation and approval should be within the time limits as stipulated/ Suggested in this regard are

<b>SI. No.</b>	<b>Activity Description</b>	<b>Target Date of Completion</b>
1.	Budget Guidelines from UDHD to be received by Municipalities	October 31st
2.	Decisions about budget cost centers and responsibility centers	November 30th
3.	Survey to be completed each year for ascertaining service levels, Need assessment and priorities of public including urban poor	December 31st
4.	Actual costs up to December 31st to be provided to each cost centers by accounts	January end
5.	UDHD to inform estimated amount of grant for Budget Year	January end
6.	Budget to be provided to Empowered Standing Committee	February end
7.	Budget to be approved by Municipal Council	March 15th
8.	Submission of Budget Estimates to UDHD or DMA or RDMA	March 15th

### **Approval of Budget**

- 30.13 The Budget is the key document of any governmental set up. A budget may not be a valid document unless it is properly approved / authorised by Municipal Councils.

### **Budget Revision**

30.14 Once a budget has been prepared, the case or justifications for subsequent revisions to the amount budgeted may arise. The revisions to the original Budgets Estimates shall be guided by the Bihar Municipal Accounts Rules framed for this purpose.

### **BUDGETARY CONTROLS**

30.15 In keeping with the objectives, the following control requirements are to be built into the budgeting system:

- No expenditure can be incurred unless backed by a budget;
- Any expenditure prior to being incurred must be identified to its budget head for allocation of money
- Any expenditure prior to being incurred should be backed by appropriate sanctions (administrative / technical sanctions as the case may be) in accordance with the procedures laid down in the Bihar Municipal Accounts Rules.

### **Budget variance report (BVR)**

30.16 Budget variance report (BVR) and shall be prepared at the following levels:

- at an overall Municipalities level;
- at each of the Budgeting Centers.

30.17 The BVR forms the basis of control as it can provide information on:

- a. Positive variance shall be analysed for reasons. For instance actual tax collection is more than the projected say in ward or a zone. The reasons for the same can be analysed and replicated.
- b. Negative variance, shall be analysed for reasons and cost control measures identified. For instance the increase in maintenance expenses or finance charges could indicate lack of planning or implementation follow-up.

30.18 The BVR should be prepared on a Quarterly basis as per Bihar Municipal Accounts Rules. Review mechanisms for disposing of the unfavorable variances would add value to the Management of Municipalities. The format of the BVR is annexed to this Chapter as Form BUD-7.

## **MANAGEMENT INFORMATION SYSTEM (MIS)**

30.19 Management Information System reports are necessary in Municipalities for measuring its activities in a more meaningful and transparent manner. MIS not only provides information on accounting & financial aspects but also covers non-financial aspects / information in an integrated mode. The object of development of MIS reports is to provide the performance details/statistical data of the activities of the Municipalities in various forms. MIS reports serve as critical inputs for any decision making on any of the conducts of the Municipalities.

### **BASES & COVERAGE**

30.20 MIS reports are prepared from the accounting and other records maintained for the conduct of the ULB activities. These basic data are to be maintained properly in order that the MIS reports prepared based on the records are correct and accurate. Therefore, establishment and ensuring of maintenance of proper accounting & other records is key for effective MIS reports.

30.21 MIS recommended for ULBs is same as based upon National Municipal Information System (NMIS) by Reserve Bank of India, which uses the Chart of Accounts as per National Municipal Accounting Manual. Municipalities may also specify additional MIS reports, which are appropriate and necessary for their functioning and monitoring.

MIS also covers non-financial aspects of the activities also, for example, Basic city statistics, the information on number of employees, services status, infrastructure growth, revenue enhancements etc. It is advisable that the information on performance status is compiled and reported at the end of each quarter year.

30.22 MIS reports prepared in ULBs shall cover the following key areas:

- Financial Performance (Balance Sheet, Income and Expenditure, Cash Flow Statements, etc)
- Departmental Performance (Departmental collection summary, etc)
- Recovery of Cost / Subsidy Report (Water Supply cost sheet, etc)
- Key Performance Indicators (Financial ratio analysis, etc)
- Ward Level MIS (Ward level revenue, expenses etc)

33.23 MIS reports covered in earlier Chapter 27 on Financial Statements of this manual is listed below for easy reference.

- Income & Expenditure (Table 27.3)
- Balance Sheet (Table 27.4)
- Statement of Cash flows (Table 27.5)
- Receipts & Payments Account (Table 27.6)

- Subsidy Report (Table 27.7)
- Financial Ratios (Table 27.8 & 27.9)

33.24 Municipalities may also prepare the following reports on a periodical basis and submit them to various governing committees for review, analysis and decision making purposes.

- Statement of Receivables (Form BUD - 8)
- Statement of Payables (Form BUD - 9)
- Ward wise Liability Summary Report (Form BUD - 10)
- Revenue Trend analysis (Form BUD - 11)

33.26 Municipalities may also specify additional MIS reports, which are appropriate and necessary for their functioning and monitoring. The recommendations made in this chapter are general and minimal requirements and the Municipalities on its own shall add any other reports or forms, as they consider necessary and suitable.

BUD-1

## **Budget estimation Sheets format**

Name of the Function\_\_\_\_\_

Budgeting Year \_\_\_\_\_

Field	Head of Account – Description of Item*	Actual for the previous year	Budget Estimates for	Revised Estimates for the	Budget Estimates for
-------	--	------------------------------	----------------------	---------------------------	----------------------

		Rs.	the current year Rs.	current year Rs.	the next year Rs.
1	2	3	4	5	6
	<b>TOTAL REVENUE RECEIPTS</b>				
	<b>EXPENDITURES</b>				
	<b><u>Establishment Expenses</u></b>				
Circles 1	Salaries & Wages Pension expenses ,, ,, ,,, ,,, ,,,				
	Sub-total (Establishment Expenses)				
Circles 1	<b><u>Operations &amp; Maintenance</u></b> Repairs & Maintenance – Roads Repairs & Maintenance - Buildings ,,, ,,, ,,, ,,,				
	Sub-total (Operations & Maintenance)				
	<b>TOTAL REVENUE EXPENDITURE</b>				
Circles 1	<b><u>CAPITAL RECEIPTS</u></b> <b><u>Loans</u></b> Loans from State Govt ,,, ,,, ,, ,,, ,,,				
	Sub-total (Loans)				
	<b><u>Deposit works</u></b> <b><u>Deposit works received</u></b>				
	Sub-total (Deposit Works)				
	<b><u>Deposits and Advances</u></b> Security Deposits ,,, ,,, ,,, ,, ,,,				
Field	Head of Account – Description of Item*	Actual for the previous year Rs.	Budget Estimates for the current year Rs.	Revised Estimates for the current year Rs.	Budget Estimates for the next year Rs.
1	2	3	4	5	6
	Sub-total (Deposits)				
	<b>TOTAL CAPITAL RECEIPTS</b>				

Circles 1	<b>CAPITAL EXPENDITURE Fixed Assets</b> Purchase of Fixed Assets Capital Work in progress , , , , ,				
	Sub-total (Fixed Assets)				
Circles 1	<b>Investments</b> Investment in Government Securities Investment in Non- Govt Securities , , , , ,				
	Sub-total (Investments)				
Circles 1	<b>Loans and Advances</b> Loans to Employees Loans to Others Miscellaneous Advances , , , , , , , ,				
	Sub-total (Loans & Advances)				
	<b>TOTAL CAPITAL EXPENDITURE</b>				

\* Similar to the above, the budget estimation shall be obtained for all the Major, Minor and detailed account heads for each of the Circles and functions.

\_\_\_\_\_ *Name of the Municipality*

**Budget estimate Consolidation format**

Budgeting Year: \_\_\_\_\_

<b>Function</b>	<b>Field</b>	<b>Head of Account – Description of Item</b>	<b>Actual for the previous year</b>	<b>Budget Estimates for the current year</b>	<b>Revised Estimates for the current year</b>	<b>Budget Estimates for the next year</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>

***Consolidation shall be made for every item of detailed heads of account.***

\_\_\_\_\_  
*Name of the Municipality*

**SUMMARY OF BUDGET FOR THE PERIOD** \_\_\_\_\_

**Sr. No.**

<b>Particulars</b>	<b>Actual for the previous year Rs.</b>	<b>Budget Estimates for the current year Rs.</b>	<b>Revised Estimates for the current year Rs.</b>	<b>Budget Estimates for the next year Rs.</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
Opening Balance*				
<u>Add:</u> Revenue Receipts Capital Receipts				
<u>Less:</u> Revenue expenditure Capital Expenditure				
Closing Balance *				

\* Balances denote cash and bank balance.

**Form BUD – 4***Name of the Municipality***MAJOR ACCOUNT HEAD WISE BUDGET  
FOR THE PERIOD \_\_\_\_\_****Sr. No.**

<b>S No</b>	<b>Major Account Head</b>	<b>Code</b>	<b>Actual for the previous year Rs.</b>	<b>Budget Estimates for current year Rs.</b>	<b>Revised Estimates the current year Rs.</b>	<b>Budget Estimates for the next year Rs.</b>
	<b>1</b>		<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
	<b>REVENUE RECEIPTS</b>					
	Tax Revenue Assigned Revenues and Compensation Rental Income - Municipal Properties Fees and User Charges Sale and Hire Charges	110 120 130 140 150 160 170 171 180				

Revenue Grants, Contributions and Subsidies Income from Investments Interest Earned Other Income					
<b>Total</b>					
<b>REVENUE EXPENDITURE</b>					
Establishment Expenses Administrative Expenses Operations and Maintenance Interest and Finance Charges Program Expenses	210 220 230 240 250				

S No	Major Account Head	Code	Actual for the previous year Rs.	Budget Estimates for the current year Rs.	Revised Estimates for the current year Rs.	Budget Estimates for the next year Rs.
1		2	3	4	5	
	Revenue Grants, Contributions and Subsidies Miscellaneous Expenses Prior Period Item	260 271 280				
	<b>Total</b>					

	<b>CAPITAL RECEIPTS</b>					
		320 330 331 340 341 350				
	Grants, Contributions for Specific purposes Secured Loans Unsecured Loans Deposits Received Deposit Works Other Liabilities					
	<b>Total</b>					
	<b>CAPITAL EXPENDITURE</b>					
		410 412 420 421 430 440 460 470				
	Fixed Assets Capital Work in Progress Investments – General Fund Investments – Other Funds Stock in hand Prepaid Expenses Loans, advances and deposits Other Assets					
	<b>Total</b>					

Note: These totals shall be tallied with the totals in Forms BUD 5- 6.

Name of the Municipality \_\_\_\_\_

## SUMMARY OF FUNCTION WISE BUDGET FOR THE PERIOD \_\_\_\_\_

**Sr. No.**

<b>S No</b>	<b>Function</b>	<b>Code</b>	<b>Revenue Receipt</b>	<b>Revenue Expenses</b>	<b>Capital Receipts (Rs.)</b>	<b>Capital Expenditure</b>	<b>Net Inflow/ (Outflow)</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
	General & Administration	00 10					
		20 30					
	Planning & Regulations	40 50					
	Public Works	60 70					
	Health	80 90					
	Sanitation & Solid Waste Management						
	Civic Amenities						
	Urban Forestry						
	<b>Total*</b>						

\*The total of columns 4 to 7 shall be tallied with those in Form BUD - 3.

*Name of the Municipality***SUMMARY OF FIELD WISE BUDGET FOR THE PERIOD** \_\_\_\_\_**Sr. No.**

<b>S No</b>	<b>Function</b>	<b>Code</b>	<b>Revenue Receipt Rs.</b>	<b>Revenue Expenses Rs.</b>	<b>Capital Receipts Rs.</b>	<b>Capital Expenditure Rs.</b>	<b>Net Inflow/ (Outflow) Rs.</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
	Field 1 Field 2 Field 3 ..... ..... Circle n						
	<b>Total *</b>						

**Note: Field could be lowest level at which ULB likes to budget. Ideally this should be done at the ward level.**

\*The total of columns 4 to 7 shall be tallied with those in Form BUD - 3.

Name of the Municipality

## Quarterly Budget Variance Report

For the period from \_\_\_\_\_ to \_\_\_\_\_

Code No.	Head of Account	Budget Estimate	Progressive Total at the end of each quarter				Variance Rs.	Remark
			Qtr. 1	Qtr. 2	Qtr. 3	Total		
1	2	3	4	5	6	7	8	9
	<b>REVENUE RECEIPTS *</b>							
110	Tax revenue							
120	Assigned Revenues & Compensation							
130	Rental income from Municipal Properties							
140	Fees & User charges							
150	Sale & Hire charges							
160	Revenue Grants, contribution & subsidies							
170	Income from Investments – General Fund							
170	Income from Investments – Other Funds							
171	Interest earned							
180	Other income							
	Any other revenue receipts [ specify ]							
	<b>Sub-total</b>							
	<b>REVENUE EXPENDITURE *</b>							
210	Establishment Expenses							
220	Administrative Expenses							
230	Operations & Maintenance							
240	Interest & Finance charges							
250	Programme Expenses							
260	Revenue Grants, contribution & subsidies							
271	Miscellaneous Expenses							
	Any other revenue payments [ specify ]							
	<b>Sub-total</b>							

\* Similarly, the variances for Capital receipts and expenditures shall also be computed on a periodic basis.

\_\_\_\_\_ Name of the Municipality

\_\_\_\_\_ Name of the Department

**Statement of Receivables for the month of**

(To be forming part of Monthly Accounts)

<b>Code No.</b>	<b>Head of Account / Item</b>	<b>Receivables at the start of the</b>	<b>Demand raised</b>	<b>Actual receipts during the</b>	<b>Receivables at the end of the</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
431-10	<u>Property</u>				
431-10-(a)	<u>Taxes</u>				
431-10-(a)	Property				
	<b>Sub-total</b>				
431-19	<u>Other Taxes</u>				
431-19-(a)	Professional Tax [ wherever on demand]				
431-19-(a)	Tower Tax				
431-19-(a)	Sewerage Tax				
431-19-(a)	Others*				
	<b>Sub-total</b>				
431-20	<u>Cess Income</u>				
431-30	<u>Fees &amp; User Charges</u>				
431-30-(a)	License Fees				
431-30-(a)	Development Charges				
431-30-(a)	Others*				
	<b>Sub-total</b>				

431-40	Other Sources				
431-40-(a)	Rental Income				
431-40-(a)	Interest Accrued and due				
431-40-(a)	Interest Accrued and not due				
431-40-(a)	Others*				

<b>Code No.</b>	<b>Head of Account / Item</b>	<b>Receivables at the start of the</b>	<b>Demand raised</b>	<b>Actual receipts during the</b>	<b>Receivables at the end of the</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
	<b>Sub-total</b>				
431-50	<u>Government</u>				
431-50-(a)	Grants				
431-50-(a)	Assigned Revenues				
431-50-(a)	Others*				
	<b>Sub-total</b>				
	<b>Grant Total of Receivables</b>				

(a) Insert Detailed Head Codes of Account as applicable

*\* Specify tax or other revenue accounts as applicable*

**BUD- 9**Name of the MunicipalityName of the Department

**Statement of Payables for the month of \_\_\_\_\_**  
 (To be forming part of Monthly Accounts)

<b>Code No.</b>	<b>Head of Account / Item</b>	<b>Payables at the start of the month</b>	<b>Bills raised</b>	<b>Actual payments</b>	<b>Payables at the end of the month</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>350-10</b>	<u>Creditors</u> Contractors Suppliers Payable against Grants Others*				
350-10-(a)					
	<b>Sub-total</b>				
350-11	<u>Employee</u> <u>Liabilities</u> Gross Salary Pension & Gratuity				
350-11-(a)					
350-11-(a)					
350-11-(a)					
	<b>Sub-total</b>				
350-20	<u>Recoveries</u> <u>Payable TDS</u> Works Tax Others*				
350-20-(a)					
350-20-(a)					
350-20-(a)					
	<b>Sub-total</b>				
350-40	<u>Refunds Payable</u> Taxes Others*				
350-40-(a)					
350-40-(a)					
	<b>Sub-total</b>				
350-41	<u>Advance Collection Of Revenues</u> Taxes Others*				
350-41-(a)					
350-41-(a)					
	<b>Sub-total</b>				
	<b>Grant total of Payables</b>				

(a) Insert Detailed Head Codes of Account as applicable

\* Specify tax or other payable accounts as applicable

*Name of the Municipality***Ward wise Works Liability Summary****Report****For the year** \_\_\_\_\_

Ward No.	Opening Balance		Current year		Total		Paid during the <u>current</u>		Balance		Remarks
	No. of pending	Amount	No. of pending	Amount	No. of pending	Amount	No. of pending	Amount	No. of pending	Amount	
1											
2											
3											
4											
<b>Total</b>											

*Name of the Municipality*  
**Revenue Trend Analysis**  
For the year ending \_\_\_\_\_

	Revenue	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total of the current year	Total of the previous year	Absolute increase of [decrease ]	% age increase or [decrease ]
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17 [15-16]	18
110	Tax revenue																
120	Assigned Revenues &																
130	Compensation																
140	Rental income from Municipal																
150	Properties																
160	Fees & User charges																
170	Sale & Hire Charges																
170	Revenue Grants, contributions																
171	& subsidies																
180	Income from Investments – General Fund																
	Income from Investments – Other Funds																
	Interest earned																
	Other income																
	<i>Total</i>																

By the order of Governor of Bihar

(Jai Singh)  
Joint secretary to Government  
Urban Development & Housing Deptt.

Memo no.- 6(N) vividh-11- 2013/           UDHD                         Patna, Dated.....  
Copy to – Superintendent, Secretariat Printing Press, Gulzarbagh, Patna/ E-Gazette Cell, Finance Department, Patna, Bihar with C.D. for publication in an extra ordinary issue of the Bihar Gazette.  
He is requested to make available 200 copies of published gazette for official use immediately.

Joint secretary to Government  
Urban Development & Housing Deptt.

Memo no 6(N) vividh-11- 2013/           UDHD                         Patna, Dated .....,  
Copy to-All Divisional Commissioner, Patna, Magadh, Bhagalpur, Tirhut, Saran, Munger, Koshi and Purnea/ All District Magistrates for information and necessary action

Joint secretary to Government  
Urban Development & Housing Deptt.

Memo No 6(N) vividh-11- 2013/           UDHD                         Patna, Dated.....  
Copy to- All Chief Councilors/Deputy Chief Councillors/All Municipal Commissioners/ All Municipal Officers/All Municipal Corporations/All Municipal Councils/ All Nagar Panchayats for information and necessary action.

Joint secretary to Government  
Urban Development & Housing Deptt.

Memo No 6(N) vividh-11- 2013/           UDHD                         Patna, Dated.....  
Copy to-- Principal Secretary to the Hon'ble Chief Minister/private Secretary to the Hon'ble Minister Urban Development and Housing Department, Patna Bihar for information and necessary action.

Joint secretary to Government  
Urban Development & Housing Deptt.