



नं दिल्ली नगर पालिका परिषद

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N. D. M. C.

ACCOUNTS DEPARTMENT  
ACCRUAL BASED ACCOUNTING SECTION  
PALIKA KENDRA : NEW DELHI

**Subject: Annual Accounts & Financial statements on double entry system of accounts on accruals for the financial year 2011-12**

**Short details**

As per mandate of the council vide Resolution No. 3(xii) dated 24.4.2002 the accounts are being maintained on double entry system of accounting on accrual basis since the financial year 2004-05. From the financial year 2009-10, the accounting system has been computerized and a NDMC specific Finance and Accounts software has been put in place. All the accounting transaction including the receipt and disbursement are being carried on online accounting concept through the software.

It will be appreciated that actual receipts of amounts and payments made from the NDMC fund are first entered in the e-Finance system from where all the accounts have been compiled. A cash tally system is being maintained where the cash book maintained manually and is tallied with the cash book maintained in the system.

The balance sheet of NDMC is to be compiled on accrual system of accounting as per guide lines mentioned in the NDMC Accounts Manual developed on the basis of National Municipal Accounts Manual adopted by NDMC vide Resolution No. 15(D-13) dated 26.08.2005.

The accounts for the year 2010-11 were approved by the Chairperson, NDMC on 16.2.2012 and thereafter the accounts for the year 2012-13 from April 2012 onward were taken in hand.

In view of above, the accounts of 2011-12 have been finalized as per the transactions entered by the working Accounting Unit of NDMC. Following actions were taken at the level of Accrual Based Account Section:-

1. Accrual of the expenditure pertaining to year i.e. 2011-12.
2. Adjustment of receipt on accrual bases.
3. Accrual of Income relating to previous years and 2010-11.
4. Tallying of Opening balances of 2011-12 in r/o various assets i.e. fixed assets, current assets and current liabilities.
5. Rechecking of various important transactions and making necessary changes, wherever necessary.
6. Carrying out year period end procedures.



All the above mentioned actions have been carried out in the accounts of March 2012. The Accounts upto Feb.2012 have already been approved by the Chairperson, NDMC and submitted to Audit.

The annual accounts and the financial statements being submitted by the Accrual Based Accounts Section include the following:-

A: **Annual Accounts**

1. Basic consolidated ledger for the annual accounts of 2011-12 ( Chart of Accounts and Function Wise)
2. Abstract of Liability/Capital Receipts and Assets/ Expenditure for the year 2011-12.
3. Income and expenditure statements for the year 2011-12.
4. Cash Tally Accounts of manual cash book and cash book maintained in the system.

B **Financial Statements**

1. Basic consolidated ledger for financial statements of 2011-12.
2. Balance sheet as on 31.3.2012
3. Income and Expenditure Accounts for the year 2011-12 in support of surplus carried out to the liabilities.
4. Receipt and payment account for the year 2011-12
5. Cash Flow Statements
6. Significant Financial Ratio
7. Schedules to Balance Sheet.
8. Schedules to Income and Expenditure Account.
9. Trial Balance for the year 2011-12
10. Significant Accounting policies.
11. Notes to Accounts

Basic consolidated ledger for 2011-2012 (Flag 'L') has been prepared where each line in statement of accounts represent ledger (in linear form) for a particular type of transaction for the respective head of account of the particulars accounting unit and as maintained in the system. The accounting heads used for drawing up these Financial Statements and the underlying accounts, ledgers etc. are as per NDMC Accounts Manual .

Short detail of the accounts are as under:

**Balance-sheet :**

**Liabilities : Flag "B-1"**

Liabilities of NDMC are inclusive of New Delhi Municipal Reserve Fund & Surplus, grants, contribution for specific purposes, Loans, Current liabilities and provisions. Total liabilities including the Reserves totaling ₹6150,14,91,660.95 have been worked out at ₹6556,49,20,307.12.



**Assets Flag 'B-2'**

This statement includes fixed assets of NDMC (accounted for nominal value of Rs.1 for each block of asset) capital work in progress, current assets, including stock in hand, sundry debtors, cash and bank balances. Total Assets have been worked out at ₹6556,49,20,307.12.

**The above includes the following :-**

Fixed assets (including land, Buildings, Roads and Bridges, Sewerage and drainage, vehicles etc.) taken at nominal value of Re 1 per block and created thereafter works out to ₹265,53,24,555.79 (Net) Capital Work in Progress ₹1429,84,41,944.46 and Investment in banks ₹3494,24,10,384.10 as Principal Amount.

**Schedules to Balance Sheets :**

These schedules are the details of balances incorporated in the balance sheet. The figures in the schedules have been grouped as per nature of the transaction and also as described in the NDMC Accounts Manual. The sub-groups included in the schedule are as per new chart of account. Schedules No.01 to B-22, assigned to various categories of transactions are as per guidelines of the Manual. The schedules No. B-1 to B-10 represent the transaction pertaining to various liabilities of the New Delhi Municipal Council and B 11 to B-20 represent the various types of assets held by NDMC.

**Income & Expenditure Statement :- 'I'**

It comprises of details of Income category-wise i.e. Tax revenue, Assigned Revenue, Rental Income, Fee and User Charges, Sale and hire charges, Revenue Grants, Income from Investment and other Income.

The receipts from deposit works mentioned in budget of NDMC, has been excluded from the Income expenditure account and grouped into Liabilities accounts.. The amount of demands raised i.e. bills issued, in respect of Property Tax, Electricity Water charges, Licence fee in respect of Commercial Shops, Buildings, Parking Lots etc. have been taken as the income and the amounts received, as shown in the budget estimates is the amounts actually received in the corresponding receivables. Similarly income from investment is taken as per the modified accrual basis and the amount which has become due but not received has been taken in the receipt and payment account of 2011-12. Total Income on accrual Basis has been worked out to ₹2126,17,95,333.06



The expenditure as per Income & Expenditure account has been categorized as Establishment Expenses, Administrative Expenses, Operation and Maintenance, Interest and Finance charges, Programme Expenses Revenue Grants, Provision & Write Off, Misc. Expenses Depreciation.

The amount pertaining to transfer to various depreciation funds has been excluded from the Expenditure Account of cash basis. This amount is shown as expenditure in the Budget Estimates of NDMC. However, this amount has been shown as transfer to Reserve Funds/Segments after working out gross surplus of income over expenditure.

A sum of ₹100,96,98,575.96 has been shown as expenditure for provisions towards doubtful receivable for Property Tax, E/Water Charges, Licence Fee, Fee for Parking Lots. A sum of ₹14,60,64,183.00 has been charged to expenditure as depreciations on Plant & Machinery, Vehicles, Office Equipment, Furniture and other fixed assets. The works completed during the current financial year have not been included in the depreciation account in the absence of details from the concerned division. These transactions will be updated and squared up during the current financial year 2012-13.

After considering the above items of Income and Expenditure the Gross surplus of income over expenditure has been worked out to ₹274,19,05,136.81. A sum of ₹174,00,00,000/- has been transferred from the gross profit to Various reserve funds/earmarked funds and the net surplus carried over to Municipal Fund works out to ₹58,47,05,136.81.

At the same time some assets /liabilities income or expenditure might have escaped notice and remained out of the accounts. For want of full details of completion of assets the work of capitalizing the assets has not been achieved properly and actual capitalizing of assets and its depreciation will be carried out in the ensuing financial year so that updating of accounts may be achieved in a real sense. But that does not detract from the values of these accounts as a true and fair presentation of the affairs of the Council for the relevant year i.e. 2010-11. Therefore, the following aspects of this project need further attention in the current or ensuing years:

- i) Re-verification of fixed assets, listed so far, their location and integration with GIS data base including the BOT assets
- ii) Addition to the list of assets that may have escaped notice during the on going efforts as and when a transaction in relation, thereto, arises.
- iii) Valuation of fixed and other assets taken at 1/- in the opening balance sheet on a fair and rational basis
- iv) More accurate computation of depreciation on fixed assets.





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- v) Age wise classification of NDMC dues in arrears on account of Tax as well as Non Tax Revenue and provisioning there against.
- vi) Revisit the accounts with respect to capitalization of the assets under the head WIP (Work in progress)

Schedule to Income/Expenditure Account. Flag 'K'

The detail of income and expenditure accounts has been maintained in various schedules named as schedules to income/expenditure. These schedules contain the consolidated amount under various types of income/expenditure and are based on the figures grouped in consolidated ledger.

These schedules are based on the pattern mentioned in NDMC Accounting manual. The schedule I-1 to I-9 represent various types of income where as I-10 to I-19 represent the expenditure and I-20 represents the transfer to various reserve funds/segments.

In view of above, the following are submitted for consideration:-

- (a) The perusal of annual accounts of 2011-12 indicates that the Budget provision in various heads has been exceeded. The exchequer control could not be exercised as there was no provision in the e-finance application. Now the budgetary checks are deployed for the year 2012-13 onwards. The variation in expenditure as compare to budget allocation needs approval of the Chairperson and the Council.
- (b) The accounts for the month of March 2012 where all the accounting entries for year/ end procedures have been carried out has been submitted separately. The delay in submission of monthly accounts upto Feb. 2012 has rendered the delay in submission of annual accounts and financial statement of 2011-12. However the period/gap of delay between scheduled date of submission of accounts and Actual date of submission of accounts has been drastically reduced and it is expected that the annual accounts for the Financial Year 2012-13 will be submitted on or before the scheduled dates as prescribed in the Accounting Manual & Regulations. The delay needs to be condoned.




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Accordingly, the Annual Accounts for the year 2011-12, and the Financial Statements of NDMC for the period ending 31.03.2012 along with Accounts ledgers for the year 2011-12 including Balance sheet of NDMC as on 31.3.2012 are submitted for consideration of the Chairperson.

The Chairperson, NDMC may kindly approve the (a) and (b) above and approve the Accounts, along with Financial Statements as on 31.3.2012, so that accounts may, thereafter, be submitted to the Chief Auditor, NDMC for carrying out audit and certification of accounts on the basis of provisions in the NDMC Accounts Manual based on the National Municipal Accounts Manual.


(X)

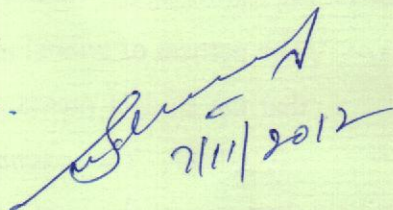
  
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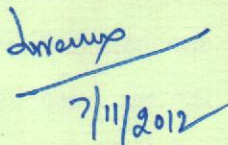
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~~Consultant (APR)~~

  
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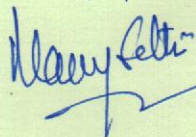
  
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~~Director (AC)~~

  
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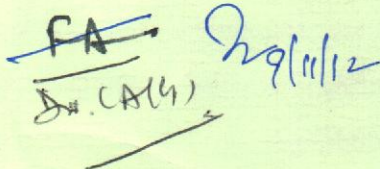
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Both the monthly Accounts of March 2012 and Annual Accounts of FY 2011-12 have been prepared. The appeal for the Annual Accounts 11-12 as proposed (X) above may pl-be accorded. Five out of five accounts booklets (placed below) may pl-be signed on flagged pages.

  
9.11.12

Chairperson.

Anshu Arora  
9.11.12

~~FA~~  
~~Jt. (CA)~~  
  
29/11/12

No. 4142  
Dated 9/11/12  
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