

NEW DELHI MUNICIPAL COUNCIL

SCHEDULE B-21

SIGNIFICANT ACCOUNTING POLICIES (2017-18)

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 Accounting System on accruals'.

The transactions in accounts of NDMC are carried out on Double Entry Accounting System on accruals through e-Finance Application of NDMC. The actual receipts and payments have been carried through the e-Fin Application on real time. The Accounting Statements and Financial Statements from the financial year 2009-10 onwards are being drawn through the e-Fin Applications after keeping a strict watch over the cash transactions. The cash balances are reconciled on daily basis. In case of online payments received in respect of various NDMC dues through net-banking/ debit card /credit cards/NEFT/POS/UPI etc. the money in respect of such receipt is first credited to the NDMCs' Account with the respective Bank and immediately after realization of the proceeds the money is transferred to NDMC main account maintained at the State Bank of India from where it can be expanded as per provisions of the NDMC Act 1994.

The Significant Accounting Policies being followed for compiling of accounts and Financial Statements are as mentioned in the NDMC Accounts Manual, however main features of the policies are high lighted as under:-

2. Revenue Recognition

The accounts have been prepared on modified accrual basis. Under modified accrual basis, the revenues are recognized at the time of actual raising of the bills whereas the expenses are recognized at the time of passing of the bills or admission of the expense/ liability regardless of when the related cash flow/ occurrence takes place except as stated hereunder:

Revenue Recognition in case of Income-Exceptions

As mentioned above, significant items of revenue of the Council are recognized at the time of raising the bills. However, under mentioned transactions are accounted for on cash basis:

- i. Revenue in respect of transfer of property, cess collection charges, connection charges for water supply, water tanker charges, road damage recovery charges, assigned revenues, disposal of materials in stores, hospital and dispensary fees etc., rent or hire charges

with respect to ambulance, hearse etc., sale of scrap, general grants (revenue nature), connection and reconnection charges for electricity supply, interest & penalties, other fees and user charges etc (if not billed).

- ii. Any other income, which is 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 NDMC, is recognized on actual receipt.

Revenue Recognition in case of Expenses-Exceptions

- i. In the case of Purchase of Electricity the expense is provided for on the basis of actual use of facility i.e. even if the bill is not received the same shall be provided for keeping in view of materiality of the expense and matching of cost with revenue concept. In case of water it is charged after receipt of bill.
- ii. In the following cases the expense is provided for on actual basis contrary to accrual basis of accounting:-

Bonus, ex-gratia, overtime allowance, other allowances and reimbursements to the employees are recognized as an expense as and when they are drawn for payment.
- iii. In case of provision against receivables, provisioning norms are applied based on type of income and age of receivables. The Council has adopted NMAM with suitable modifications. The rates of provisioning prescribed under NDMC Accounts Manual have been adopted with respect to each category of receivables.

3. Grants

- i. General Grants, which are of revenue nature, are recognized as income on actual receipt to the extent these are utilized. Unutilized portion of grant during the year is recognized as liability.
- ii. Grant received towards capital expenditure is treated as a liability till such time the fixed asset is constructed or acquired. On construction/ acquisition of fixed asset, the grant corresponding to the value of the asset so constructed/ acquired is treated as a capital receipt and transferred to capital contribution.

4. Establishment Expenses

NDMC is following March to February basis for recognizing salaries for the financial year. Hence, the establishment expenses include employee costs namely; salary, bonuses, employee welfare and other related costs. Expenses on salaries and other allowances are recognized as and when they are due for payment on drawing of Pay Bill (i.e. at the month end).

5. I. Fixed Assets

- i. Assets acquired by way of purchase or constructions are valued at their cost of acquisition or cost of construction on completion. In determining the cost of acquisition, incidental direct costs including borrowing cost are considered for capitalization.
- ii. **Depreciation is provided on written down value method. The Council has followed Depreciation rates followed by Bangalore Mahanagar Palike and DERC. Once the work of assets updatation the depreciation will be re-calculated accordingly.**
- iii. In case of assets capitalized during the year out of Capital Work In Progress, depreciation is provided by applying the rates for full year.

II. Capital Work in Progress (CWIP)

Capital expenditure attributable to a particular asset, and incurred in respect of assets which are pending completion or installation, are included in the particular asset or project group under CWIP. All other expenditure, incurred during the completion or construction stage of the asset or project and which are not reasonably attributable to any particular asset, are classified as unallocated CWIP expenditure, and are allocated to the assets on the completion or construction of the asset or project, on proportionate basis.

6. Investments

Investments are stated at cost including the cost incurred in acquiring the same.

7. Inventories

- i. The stock lying at the period-end is valued at cost in accordance with the First in First out method.

- ii. Finished goods related to goods produced for sale or internal use are valued at cost or market value, whichever is lower while Work-In-Progress (unfinished products on which part of process has already been carried out) is valued at cost. Cost of finished and work-in-progress includes all direct costs and applicable production overheads to bring the goods to the present location and condition.
- iii. Consumable items are treated as expenditure incurred in the year of purchase and balance remaining with respective stores as on 31st March reflected as stock in hand at the year end.

NEW DELHI MUNICIPAL COUNCIL

SCHEDULE B-22

NOTES TO ACCOUNTS (2017-18)

1) I. Fixed Assets

- i. In considering the assets, particularly fixed assets vested with NDMC, the strict test of legal title has not been always insisted upon. This is in view of certain pending matters relating to transfer of titles, which are being followed up with the authorities concerned. NDMC has been functioning since 1913 and related record is not available due to long period involved, however, since control and possession of assets is effectively with NDMC, the same has been considered as part of the assets of NDMC. The Land assets of NDMC are being re-verified and re-casted to update the title/status and cost of land in the ensuring years
- ii. Although all the information received from the various departments/ accounting units has been included in the above compilation, all the assets register maintained are being updated to include the necessary changes, the position of electricity assets with reference to data provided by SBI CAP is to be reconciled with the accounts and necessary corrections to firm the figures of SBI CAP will have accordingly to be effected in the accounts.
- iii. The depreciation has been provided in the accounts as per the rates adopted by Bangalore Mahanagar Palike and in respect of Electricity assets same will be done as per rate approved by DERC.
- iv. NDMC has charged a sum of **Rs. 376.60 crore** to the Income & Expenditure Account on account of transfers to various segments with a corresponding credit to the various segments earmarked for specific purposes.
- v. In the absence of full particulars and to bring in uniformity, depreciation on all the assets, except those assets which are taken at the nominal value of Re. 1/-, has been provided for the full year.
- vi. The amounts existing under the Capital Work in Progress has not been capitalized due to non availability of the data related to each asset despite best effort by the ABAS. However the divisions were provided the year wise break up of the expenditure under this head but the requisite information could not be received in spite of repeated reminders and even holding the workshop to guide the staff for taking necessary action for capitalizing of assets. As it is pending since 2004-05 onwards the volume of work involved has increased

tremendously. The staff could not achieve the targets, as explained in the workshop due to shortage of staff. All the divisions are being requested to provide the information of completed asset so that same may be maintained henceforth through software.

II. Identification and Valuation of Opening Fixed Assets

The fixed assets have been identified and compiled based on data/ information furnished by the concerned units of NDMC.

Broadly, the fixed assets have been classified and verified under 15 heads and have been mapped accordingly under 15 formats. The detailed particulars of which are as under:

Format No.	Type of assets included in the category	Method of valuation of the assets
FA 1	Land	The land under this head includes land appurtenant/ beneath various assets such as buildings, parks/ grounds and infrastructure assets. These have been valued at a nominal value of Rupee one for each class of asset.
FA 2	Built-up-Property	All the buildings belonging to NDMC have been identified and measured by a team comprising of representatives of consultants and the department(s). However, in absence of the complete information from various departments/ divisions regarding the cost of acquisition/ construction or permanent improvement thereto, each building has been kept at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of buildings.
FA 3	Vehicles	The vehicles have been identified as per their make & models for each class of vehicle. However, in the absence of complete information regarding the cost of acquisition from the various departments/ divisions, each vehicle has been kept at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of vehicles.
FA 4	Roads	The roads have been identified as per their name, location & measurement. However, in the absence of complete information regarding the cost of acquisition and cost of improvements thereto from Road Divisions (R-I to R-V and RIP) each road/ service road has been kept at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of roads.

FA 5	Lamp Posts & Luminary Fittings	The lamp posts and fittings have been identified as per their respective location. However, in the absence of complete information regarding the cost involved in installing the same each lamp post as well as each fitting has separately been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of lamp posts and luminary fittings.
FA 6	Dustbins & Dhalaos	The dustbins & dhalaos have been identified as per their respective location. However, in the absence of complete information regarding the cost involved in installing the same each dustbin/ dhalao has been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of dustbins and dhalaos.
FA 7	Drainage	The drains have been identified as per their respective location and numbers. However, in the absence of complete information regarding the cost involved in constructing/ improving the same each drain has been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of drains.
FA 8	Sewerage Lines & Water Lines	The sewerage lines and water line have been identified as per their respective location. However, in the absence of complete information regarding the cost involved in constructing/ improving the same each sewerage line has been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of sewerage lines & WRLs.
FA 9	Lavatory & Urinals	The lavatories and urinals have been identified as per their respective location. However, in the absence of complete information regarding the cost involved in constructing/ improving the same each lavatory as well as urinal has been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of lavatories and urinals.
FA 10	Furniture & Fixtures	Each item under the head "Furniture & Fixture" has been identified as to its respective location/ placement. However, in the absence of complete information regarding the cost involved in acquiring the same each item of furniture & fixture has been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of items classified under the head "Furniture & Fixture" head.
FA 11	Plant & Machinery	Each item under the head "Plant & Machinery" has been identified as to its respective location/ installation. However, in the absence of complete information regarding the cost involved in acquiring/ constructing/ improving the same each item under the captioned head has been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of items classified under the head "Plant & Machinery" head.

FA 12	Switchgears & Transformers	Each item under the head “Switchgear & Transformers” has been identified as to its respective location/ installation. However, in the absence of complete information regarding the cost involved in acquiring/ constructing/ improving the same each item under the captioned head has been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of items classified under the head “Switchgear & Transformers” head.
FA 13	Electric Cables	The electrical cables have been identified location-wise and measured. However, in the absence of complete information regarding the cost involved in installing/ improving the same has been valued at a nominal value of Rupee one per meter so as to maintain uniformity in valuation and have better control over quantum of electric cable laid.
FA 14	Bridge Culverts etc.	The bridges and culverts have been identified as per its respective location. However, in the absence of complete information regarding the cost involved in constructing/ improving the same each bridge/ culvert has been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of bridges and culverts.
FA 15	Trees & Plants	The trees and plants have been identified as per their respective location. However, in the absence of complete information regarding the cost involved in planting each tree and cost of bringing to its present status, the same has been valued at a nominal value of Rupee one so as to maintain uniformity in valuation and have better control over number of trees/ plants.

The aforesaid assets have been valued at a nominal value of Rupee one and have been shown under the head “Fixed Assets” with a corresponding credit to “Capital Reserve”. The assets shall continue to be shown at that value till these are revalued.

The efforts were made to collect the information in respect of amount lying in the capital work in progress for capitalization of assets. For the capitalization of assets, some information is required i.e date of actual completion of work, Life of the assets created by the department, total cost of the work, which will maintained the assets etc in the absence of these information the depreciation can be provided.

Further to mention that the NDMC had planned to maintain the accounts separately for Electricity department as such the work is assigned to SBICAP to complete the task as per the directives of DERC. The SBICAP had also prepared the assets register and submit the report to NDMC. But the same is still to be approved by the competent authority. The work of capitalization of assets shall be taken up by the NDMC.

Two set of Asset Registers in respect of above mentioned class of Assets will have to be maintained in the ensuing years i.e. one set for electricity segment and the other for other segments.

As mentioned in the previous year that NDMC will maintain the segregated accounts as per the recommendations given by the SBICAP. The department has made best effort to segregate the accounts. The brief details for segregations of accounts are as under:-

NDMC being primarily a Municipal body is maintaining consolidated accounts for all its activities in accordance with the provisions of NDMC Act, and segregated accounts for the Electricity supply and Distribution activities are not maintained. To ensure transparent tariff setting, DERC has issued directions to NDMC for segregating the accounts pertaining to its Electricity Distribution function and to furnish separate details on independent accounts of Electricity Distribution function while filing the ARR (Annual Revenue Requirement). To comply with the directives issued by DERC, SBI Capital market ltd. (SBI CAP) was appointed as consultant vide Reso No. 06(B-17) dated 29.1.2014 to study the present set up of NDMC and suggest a plan for formation of Electricity Distribution Strategic Business Unit (EDSBU) within NDMC, and to assist in its implementation.

Based on those clarification, discussions and suggestions the ABAS, accounting units initiated the process for implementation of the various recommendations as submitted by M/s SBICAP. The recommendations of SBICAP can be broadly categorized as under:-

- 1. Administrative Changes*
- 2. Accounting Changes*
- 3. Accounting Software related changes*

*1. **Administrative Changes:** The broad steps for the formation of EDSBU which have been taken are as under:-*

a. Designating the Core Electricity Supply & Distribution Activity related departments/Divisions into EDSBU.

b. Carving out Sub-divisions from other departments/ Divisions catering to the Electricity Supply & Distribution Function (S&D), to the extent possible and merging these into EDSBU.

c. Wherever such carving is not possible suitable expenses sharing mechanism to put in place based on apportionment of Income and Expenditure.

2. **Accounting Changes:-** The Accounting structure of NDMC has been suggested to be segregated in the following 3 verticals/ divisions.

- a. Municipal Division (MD)
- b. Electricity Distribution Strategic Business unit (EDSBU)
- c. Shared Function Division (SFD)

Apart from the verticals/ Accounting segments suggested by M/s SBI CAP, Water supply & Sewerage Division has been added by NDMC as a vertical at the Vertical Level for preparation of separate accounts of Water supply & Sewerage Function. For financial accounting purpose, all the fields & sub-fields of NDMC have been classified under one of the aforesaid vertical.

3. **Accounting Software's Related Changes:-** Major changes in the accounting software have been done on the basis of re-organization plan suggested by M/s SBICAP.

To comply the directions of DERC & implemented the suggestion of M/s SBI CAP several meetings were also held with representative of M/s e-gov. foundation and necessary support and road map was given to them for carrying out changes/modifications/ customization in the existing accounting system. While discussing the changes in the software with M/s e-gov a provision have also been made to create a separate business unit for WATER SUPPLY also.

The monthly account upto the month of February 2018 has already been approved by the Chairman NDMC. Now the annual accounts have to be finalized very shortly. While compiling the accounts it has been observed that Transaction which are existing in the SFD (Shared Function division) which has to be transferred to EDSBU, WS&SD, and M.D are not being done by the system due technical error.

The meeting was held with the representative of SBICAP to discuss the transactions related to SFD. After that we come to conclusion that separate division and separate chart of account may be created to transfer the amount of SFD into EDSBU, WS&SD and MD. They have suggested that Income and expenditure will be charged to other verticals based on fixed rate contract on month to month basis through Head office accounts as Indirect Treatment. They have suggested to use Employee number as criteria for determination of fixed monthly rate to be charged to from EDSBU, WS&SD and MD.

The accounts upto the February 2018 have been approved and month to month transferring the amount is not possible. As such to give up the true picture in annual accounts single entry for the whole year to be done. The following field and chart of accounts has been created for transferring of transactions as below:-

A. Creation of Field

S.No.	Field No.	Field Name
1	130	HEAD OFFICE- MUNICIPAL DIVISON (MD)
2	131	HEAD OFFICE- ESTATE
3	132	HEAD OFFICE- WATER SUPPLY & SEWERAGE
4	240	HEAD OFFICE- ED-SBU (ELECTRICITY DISTRIBUTION-STRAGTEGIC BUSINESS UNIT)
5	340	HEAD OFFICE-SFD (SHARED FUNCTION DEPTT.)

B. Creb-Field

S.No.	Field No.	Field Name
1	900	HEAD OFFICE- MUNICIPAL DIVISON (MD)(Account Section)
2	901	HEAD OFFICE- ESTATE (Account section)
3	902	HEAD OFFICE- WATER SUPPLY & SEWERAGE(Account Section)
4	903	HEAD OFFICE- ED-SBU (ELECTRICITY DISTRIBUTION-STRAGTEGIC BUSINESS UNIT) (Account Section)
5	904	HEAD OFFICE-SFD (SHARED FUNCTION DEPTT.) (Account Section)

C. Creation of Chart of accounts

1	1100001	TAX REVENUE (SFD TRANSFER)
2	1200001	ASSIGNED REVENUES AND COMPENSATIONS (SFD TRANSFER)
3	1300001	LICENSE FEE FROM MUNICIPAL PROPERTIES (SFD TRANSFER)
4	1400001	FEES AND USER CHARGES (SFD TRANSFER)
5	1500001	SALE AND HIRE CHARGES (SFD TRANSFER)
6	1600001	REVENUE GRANTS ,CONTRIBUTION AND SUBSIDIES (SFD TRANSFER)
7	1700001	INCOME FROM INVESTMENTS (SFD TRANSFER)

8	1710001	INTEREST EARNED (SFD TRANSFER)
9	1800001	OTHER INCOME
10	2100001	SALARIES, WAGES AND BONUS (SFD TRANSFER)
11	2100002	BENEFITS AND ALLOWANCES (SFD TRANSFER)
12	2100003	PENSION (SFD TRANSFER)
13	2100004	OTHER TERMINAL & RETIREMENT BENEFITS (SFD TRANSFER)
14	2200001	ADMINISTRATIVE EXPENSES (SFD TRANSFER)
15	2300001	OPERATIONS AND MAINTENANCE (SFD TRANSFER)
16	2400001	INTEREST AND FINANCE CHARGES (SFD TRANSFER)
17	2500001	PROGRAMME EXPENSES (SFD TRANSFER)
18	2600001	REVENUE GRANTS, CONTRIBUTIONS AND SUBSIDIES (SFD TRANSFER)
19	2700001	PROVISIONS AND WRITE OFF (SFD TRANSFER)
20	2720001	DEPRECIATION (SFD TRANSFER)
21	2800001	MISCELLANEOUS EXPENSES (SFD TRANSFER)
22	2900001	TRANSFER TO RESERVE FUNDS (SFD TRANSFER)
23	4706020	HEAD OFFICE CONTROL ACCOUNT

The above said chart of account, Field and Sub-Field has been used in case of transferring of funds from SFD to other verticals and give possibilities for true picture of accounts.

The fixed rate contract formula method has been adopted for transferring of funds from SFD to other verticals. For the purpose of calculation fixed rate contract formula the department has obtain the information of NDMC employee where they are exists and Pensioner where they were exists on the date of superannuation from the CBS and Pension branch.

The CBS has provided the list of all employees whether on regular or on contract basis. 13147 number of employees exist in the NDMC. The department has prepared the mapping of Field & Sub-Field and Mapping of Function with segment and verticals (Annexure-A & B). Accordingly the amount was calculated for transferring of funds from SFD to other verticals.

S.No.	Verticals	No. of employees	No. of Employee Segregated	% Sharing
1	ED-SBU	1594	183	13.52%
2	WS & SD	756	87	6.41 %
3	M.D.	9442	1085	80.07 %
4	S.F.D.	1355	nil	---
	Total	13147	1355	100%

Same procedure was adopted in the case of pensioner. The Pension branch has provided department wise details of pensioner are exist in the NDMC. Total nos of pensioner are 10380 (approx.) exists in NDMC and accordingly workout the nos of pensioner vertical wise. It has been observed that the details of 1181 pensioners is not available. The department has clubbed the 1181 pensioner with SFD vertical in which 485 nos pensioners are exist and total nos. of pensioner works out to 1666. Accordingly Department has calculate the amount of pension disbursement and Retirement benefits on 1666 pensioner. The details which worked out by the department as under

S.No.	Verticals	No. of Pensioner as pension branch	Assumed by deptt.	Bifurction of SFD & Not Identified	Total Pensioner work out	% Sharing
1	ED-SBU	2160		413	2573	24.79%
2	WS&SD	33		7	40	0.38%
3	M.D.	6521		1246	7767	74.83%
4	S.F.D.	485		-485	0	0%
5	Not identified	1181		-1181	0	0%
	Total	10380	0.00	0	10380	100%

Total amount is lying in SFD verticals for Pension and Retirements benefits Rs. 54,53,42,107/- (Rs.52,09,51,626 + Rs. 2,43,90,481) and accordingly the calculation has been made on 1666 nos. pensioners for different verticals i.e. EDSBU, WSSSD and M.D. in the year 2017-18. Calculation of Pension for different verticals are as under;

1. Municipal Division

$$\frac{1246 \times 52,09,51,626}{1666} = \text{Rs. } 38,95,34,166.00$$

2. ED-SBU

$$\frac{413 \times 52,09,51,626/-}{1666} = \text{Rs. } 12,91,31,916.00$$

3. WSSD

$$\frac{7 \times 52,09,51,626/-}{1666} = \text{Rs. } 22,85,545.00$$

Calculation of Retirement benefits for different verticals are as under:-

1. ED-SBU

$$\frac{413 \times 2,43,90,481}{1666} = \text{Rs. } 60,45,839.00$$

2. WS&SD

$$\frac{7 \times 2,43,90,481}{1666} = \text{Rs. } 1,07,007.00$$

3. M.D. (Municipal Division)

$$\frac{1246 \times 2,43,90,481}{1666} = \text{Rs. } 1,82,37,635.00$$

2) Segmental Funds

For administrative convenience, New Delhi Municipal Fund has been broken in segments and sub segments. These segments have been created out of overall New Delhi Municipal Fund. The segments and sub-segments are as follows:

FUND	SEGMENT FUND	SUB-SEGMENT FUND
NEW DELHI MUNICIPAL FUND (NDMF)	ELECTRICITY (SEGMENT) FUND	REGULATORY RESERVE (SUB-SEGMENT) FUND
		DEPRECIATION RESERVE (ELECT) (SUB-SEGMENT) FUND
	WATER SUPPLY AND SEWERAGE SEGMENT FUND	DEPRECIATION RESERVE(W S) (SUB-SEGMENT) FUND
	ESTATE SEGMENT FUND	COMMERCIAL MARKET DEVELOPMENT (SUB-SEGMENT) FUND
		TRANSFERRED MARKETS (SUB- SEGMENT) FUND
		DEPRECIATION RESERVE FUND(OTHER BUILDING)
		PUBLIC ART (SUB-SEGMENT) FUND
	EMPLOYEE SEGMENT FUND	PENSION (SUB-SEGMENT) FUND
		STAFF WELFARE (SUB-SEGMENT) FUND
		GENERAL SEGMENT FUND

These Segmental Funds are represented by the identified investments/ any other securities as prescribed under the NDMC Act.

3) Contingent Liabilities

Necessary formats for informing the various types of Contingent Liabilities were sent to the concerned working units and thereafter the reminders were also issued. The formats were explained in the work shop to all the divisions. The complete information regarding Contingent Liabilities as to number of cases pending with various courts and the amount involved therein is not available. There is no change in contingent liability and department is not aware if any contingent liability is occur. The amount of different type of Contingent Liabilities is as under:

Consolidated statement of Contingent Liabilities		
	Description/ nature of contingent liability	Amount in Lacs
1	Contingent liabilities in respect of Contracts remaining to be executed but not provided for as on 31.03.2015	Rs.76.00
2	Contingent liabilities in respect of suits filed	Rs. 290.00

	against NDMC and are pending	
3	Contingent liabilities in respect of claims against NDMC before any forum other than Courts and not acknowledged as debts as on 31.03.2015	Rs. 221.37
4	Contingent liabilities of other money for which the NDMC may be contingently liable as on 31.03.2015	Nil
5	Contingent liabilities in r/o suits filed by employees against NDMC and are pending in Courts/ CAT as on 31.03.2015	Nil
Total		Rs. 587.37

To assure accuracy in data regarding contingent liability the division have been advice to maintain necessary register as per formats circulated to them

Note: In addition to above it is to mention that there is a dispute of Rs 732.23 crores in respect of misuse charges (between NDMC/ L&Do) in respect of Hotel Bharat, Hotel Le Meridien & Hotel Taj Man Singh. It is not liability of NDMC as the amount, if any, is recoverable from the concerned hotels. The accounting entries can only be passed after the dispute is resolved

4) Current Assets

- i. Cash and Bank balances: The opening balances of bank accounts as per books maintained by NDMC were not in agreement with the balance as shown in the bank statements. A cash tally account has been drawn separately and is appended with the accounts after General ledger. The balance so reconciled is the base in the bank balances in the e-Finance Applications

The process of reconciliation of earlier years is presently ongoing and entries arising out of the said reconciliation shall be given effect to in the subsequent years as and when the specific items are identified.

The receivables on account of estate, property-taxes, water charges etc. are taken on the basis of information furnished by the respective departments in 2004-05 and the current status is to be certified by the various accounting units. Also the year-wise/ age-wise break up of the arrears has not been provided as a result the provisioning for doubtful debts have been made provisionally and will be corrected when the correct age-wise breakup is reconciled with the total receivables. However the Revenue earning departments have been advised to direct their software developer firms to make provisions in the software to provide year-wise break

up so that same may be utilized for MIS purposes and to make necessary provisions in the accounts.

5) Municipal Fund Account

The account represents the net surplus of value of opening assets over value of opening liabilities of NDMC and the excess of income over expenditure during the year.

However, certain adjustments shall be made to Municipal Fund during the subsequent year(s) which are as follows:

- i. Since the mapping of fixed assets is in the process of completion and the valuation norms are pending for finalization, the accounts do not reflect full value of fixed assets. Consequently, the Municipal Fund is understated to the extent of value of fixed assets (net).
- ii. Pending fresh Actuarial Valuation Report/study, contribution towards pension and gratuity are accounted as per approval vide Resolution 5 (D-1) dated 18.07.2007 .
- iii. As past data regarding creation of earmarked segmental funds and their respective utilizations are not presently available, the funds are not represented by corresponding matching contributions. Pending valuation of assets the segmental funds are being maintained on ad-hoc basis.

6) General

- a) NDMC as per provisions of NDMC ACT is to maintain monthly accounts and the annual accounts. Separate General Ledger for annual accounts and Financial Statements have been drawn and made part of the accounts.
- b) The year-wise break-up of receivables has been arrived at from figures maintained as per accounts, in absence of availability of such figures from the respective departments. Efforts will be made in the ensuing years to maintain the age-wise break-up figures at the respective department.

- c) The balances outstanding under the various account heads e.g. deposits, creditors, receivables and liabilities are subject to reconciliation/ confirmation by respective accounting units. These balances are to be maintained at the sub-ledger accounts of the individual creditors/ debtors in the e-Fin application.

The financial statements include the

- General Ledger
- Balance-Sheet as on 31.3.2018
- Income Expenditure Statements for the year 2017-2018
- Cash flow / cash tally statement.
- Schedules to the balance sheet
- Schedule to the Income –Expenditure statements.

- d) The accounts as prepared/ compiled are subject to audit.
- e) In the absence of complete information/ details in respect of claims lodged by the third parties on NDMC, contingent liabilities have not been disclosed to the full extent.
- f) The financial statements have been mainly compiled as per the formats prescribed by NDMC Accounts Manual based on National Municipal Accounts Manual with suitable modifications.
- g) The balances have been rearranged/ regrouped to match with the double entry accrual system.
- h) Previous year figures have been rearranged/ regrouped wherever considered necessary
- i) The liabilities under the Provident Fund accounts of the employees are not to be incorporated in the accounts of NDMC. However the statement of PF for the year 2017-18 has been annexed to these notes to accounts. The Position of funds invested in shape of FDRs in various banks are as under:-

GPF Accounts : _____

CPF under NPS : _____

C.P.F. : _____

- j) The Monthly physical verification of cash balances is being done by the Accounts officer.
- k) The most of adverse balances which pertains to the current financial year have been rectified but the balances which are being carried over from the previous years in respect of advances and deposits (Income Tax, Vat, and Cess etc.) are still to be rectified and it will be got rectified in financial year 2017-18.
- l) In the absence of information from the concerned department the capitalization of assets could not be achieved because the department has not provided the data. The issue of capitalization of assets again shall be taken up in the next financial years.
- m) The schedules B-15 have not been prepared as per the NMAM. The information required in this format is not available with the ABAS. The same shall be collected from the concerned department and thereafter we will prepare the schedule as per the NMAM. Remaining schedules have been prepared manually as per the NMAM and the same are annexed with the accounts.
- n) As per the NMAM, the chart of accounts which should not have any balances for example 4701001, 4701002, 35011, 35020 and 43180 are kept still pending. The necessary accounting rectifications would be carried out to set right the adverse balances by the concerned division by the next financial year. The same was targeted to clear the adverse balances in this year but could not be corrected due to information not provided by the department. The department shall make best effort to correct the said balances in the next years.