

ACCOUNTS DEPARTMENT
ACCRUAL BASED ACCOUNTS SECTION
PALIKA KENDRA : NEW DELHI



नंदिनं पापं
N. D. M. C.

Subject: Annual Accounts & Financial statements on double entry system of accounts on accruals for the financial year 2009-10

Short details

In compliance of orders of the Supreme Court of India, the Council vide Resolution No. 3(xii) dated 24.4.2002 approved for switching over from cash based accounts of accounting to double entry system of accounting on accruals. Accordingly the Accounts of the Council are being compiled and maintained on double entry system on accrual basis since 2004-05.

The work of compiling/ conversion of accounts from cash basis to double entry system on accruals upto the year 2008-09 was to be done by M/s K B Chandna & Co. and for the year 2009-10 and thereafter it is to be done by the staff of NDMC who have taken the training from the staff of M/s K B Chandna & Co. All the transactions in accounts of NDMC are carried out on Double Entry Accounting system through eFinance Applications developed by NDMC. It will be appreciated that actual receipts of amounts and payments made from the NDMC fund are first entered in the eFinance system from where all the accounts have been compiled. A cash tally system is being maintained where the cash book maintained manually is tallied with the cash book maintained in the system.

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

Up to the financial year 2008-09 the Cash based accounts of NDMC were converted to double entry system of accounts after making necessary adjustments. After completing the compilation of various requisite records for double entry accounts and giving accrual effect to the transactions in our cash related records, the accounting firm submitted accounts ledgers and balance sheet for the period ending 31.03.2009 on 15.04.2011. Now the consultants of M/s K.B.Chandna & Co have submitted the trial balance for the year 2008-09 and the balance sheet thereof in support of the authenticity of the various reports being generated in the system.

In view of above, the accounts of 2009-10 have been finalized (through the e-Fin Applications developed by NDMC), after taking the following actions

1. Accrual of the expenditure pertaining to previous year i.e. 2008-09.
2. Adjustment of receipt on accrual bases.
3. Accrual of Income relating to previous years and 2009-10.
4. Tallying of Opening balances of 2009-10 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 end procedures.

All the above mentioned actions have been carried out in the accounts of March 2010.

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 2009-10.
2. Balance sheet for the year 2009-10.(Receipt and payment account)
3. Income and expenditure accounts for the year 2009-10.
4. Cash Tally Accounts of manual cash book and cash book maintained in the system.

B **Financial Statements**

5. Basic consolidated ledger for financial statements of 2009-10.
6. Balance sheet as on 31.3.2010.
7. Trial Balance for the year 2009-10
8. Income and Expenditure Accounts for the year 2009-10 in support of surplus carried out to the liabilities.
9. Schedules to Balance Sheet.
10. Schedules to Income and Expenditure Account.
11. Significant Accounting policies.
12. Notes to Accounts.

Basic consolidated ledger for 2009-2010 (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.



न०दि०न०पा०प०
N. D. M. C.

The accounting heads used for drawing up these Financial Statements and the underlying accounts, ledgers etc. are as per National Municipal Accounts Manual which were brought out in Feb 2005 and adopted in NDMC. Short detail of the accounts is 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 Rs.5501,76,67,755.61 have been worked out at Rs5806,76,31,263.93**

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 Rs.5806,76,31,263.93

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 Rs.222,70,86358.54 (Net) Capital Work in Progress Rs.778,38,62383.83 and Investment in banks Rs.3545,6035493.00 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 NMAM and 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 pertinent 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 Internet 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 has been taken as the amounts receivables. Similarly income from investment also includes amounts accrued but not due for realization. The interest received during the year and shown in budget estimates of 2009-10 has been bifurcated to the prior period receivables and receivable for the current year i.e. 2009-10. Total Income on accrual Basis has been worked out to Rs.1613,67,89,185.71.

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.

As per accrual accounts the expenditure incurred on works in progress has been excluded from the expenditure statement as mentioned in the budget of NDMC and has been included in the balance sheet, as assets under Capital Work in Progress. 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 Rs.(-)106,80,03,168.40 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 Rs.22,20,96665.29 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 financial year 2011-12 when the accounts of the Council are updated to the current months which is at present targeted by 15.09.2011**

After considering the above items of Income and Expenditure the Gross surplus of income over expenditure has been worked out to Rs.643,53,43373.54. A sum of Rs.2,37,23,858.58 has been shown as the receipt of prior period not included in earlier balance sheets A sum of Rs.165,25,00,000/- 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 Rs.475,91,19,514.96.

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 capitalising the assets has not been achieved properly and actual capitalizing of assets and its depreciation will be carried out in the year 2011-12 so that updation 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. 2009-10. Therefore, the following aspects of this project needs further attention in the ensuing years:

- i) Re-verification of fixed assets, listed so far, their location and integration with GIS data base
- 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 on a fair and rational basis
- iv) Proper accounting of assets created/ being created through BOT mode and its valuation
- v) More accurate computation of depreciation on fixed assets.
- vi) Age wise classification of NDMC dues in arrears on account of Tax as well as Non Tax Revenue and provisioning there against.
- vii) 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 if income where as I-10 to I-19 represent the expenditure and I-20 represents the transfer to various reserve funds/segments.

Significant Accounting Policies : These are the policies which are to be followed by NDMC while preparing the Accounts/financial Statements.


Notes to Accounts :- These are explanatory in nature and also contain the specific disclosures of transactions where the accounting policies could not be carried on or there is no mention of same in the accounting policies.


Statement of fixed assets /Infrastructure Assets:- These are the details of assets under moveable-immovable category and has been compiled as per following type of Assets:-

| | |
|-------|-----------------------------|
| FA-1 | LAND |
| FA-2 | BUILD UP PROPERTY |
| FA-3 | VEHICLES |
| FA-4 | ROADS |
| FA-5 | LAMPOST & LUMINARY FITTINGS |
| FA-6 | DUSTBIN & DHALLAOS |
| FA-7 | DRAINS |
| FA-8 | SEWERAGE & LAVATORY BLOCKS |
| FA-9 | PUBLIC TOILET |
| FA-10 | FURNITURE & FITTINGS |
| FA-11 | PLANT & MACHINERY |
| FA-12 | TRANSFORMERS & SWITCHGEARS |
| FA-13 | ELECTRICAL CABLES |
| FA-14 | BRIDGES & CULVERTS |
| FA-15 | TREES & PLANTS |

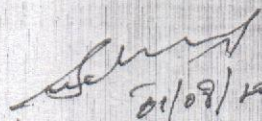
The accounts for the month of March 2010 where all the accounting entries for year end procedures have been carried out have been submitted separately

Accordingly, the annual accounts for the year 2009-10 and the Financial Statements of NDMC for the period ending 31.03.2010 along with the underlying accounts ledgers for the year 2009-10 including Balance sheet of NDMC as on 31.3.2010 are submitted for considerations and approval of the Chairperson 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.


11/8/2011
(RAHUL GAUTAM)
(Sr.Asstt.)


1-8-11
(RAM SINGH)
Accounts Officer(ABAS)

~~Consultant (A.R.)~~
~~Director (Accounts)~~


01/08/2011
02.08.11

~~FA~~

ON
Pl. put up
Cash flow
Statement &
Receipt &
Payments A/c
Also, specific
proposal for
condoning the
delay be also
put up.
③
02.08

Dir. (A/c)
Consultant (AR)

Incontinuation of notings from pages 1-6/n



With reference to the Minutes dated 02.08.2011 of the F.A. on page 6/n (Margin) the Cash Flow Statement and Receipt & Payment Accounts for the year 2009-10 have been drawn and are placed at flag 'X' and 'Y'

The reasons for delay in submission of balance for the period ending 31.03.2009 (2008-09) have been separately submitted to authorities, and the copy of the notes is placed in the file. The main reason there of was the authenticity of various reports to be generated through the efinance software. The balance sheet could only be prepared after the balance sheet for the period ending 31.03.2009 is finalized. Accordingly there is delay in submission of balance sheet for the period ending 31.03.2010 (2009-10) and needs to be condoned.

In view of above the annual accounts for the year 2009-10 and the Financial Statements of NDMC for the period ending 31.03.2010 along with the underlying accounts ledgers for the year 2009-10 including Balance sheet of NDMC as on 31.3.2010 are submitted for condoning the delay in submission of accounts and approval of the Chairperson 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.

(Signature)
3-8-11
(RAM SINGH)
A.O.(ABAS)

Consultant(A.R.)
Director(Accounts)

(Signature)
03/08/2011
(Signature)
03/08/11

FA
Notings on prepages and above. These accounts have been drawn exclusively from the e-finance system and also it is a matter of pride that they have been prepared without the help of accounting consultant firm (M/s K.B. Chandna & Co.)

'X' above for approval please.

The remarks may be committed to the staff concerned

Chairperson will done. kept it up
(Signature)
02.8.11

(Signature)
04.08.