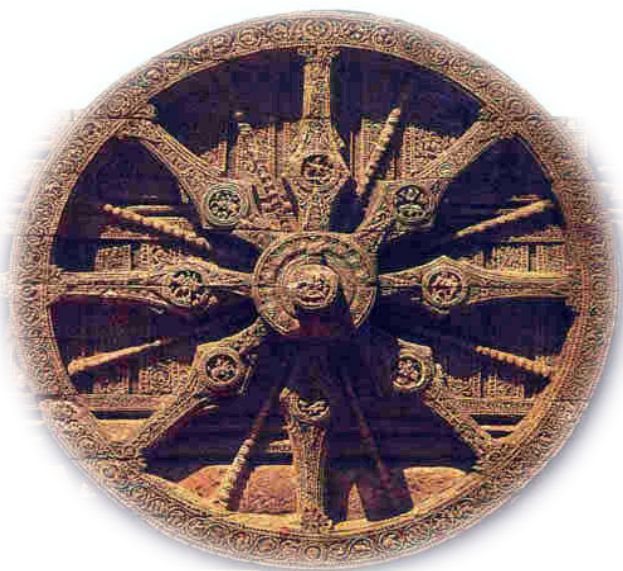


ORISSA MUNICIPAL ACCOUNTING MANUAL



**HOUSING AND URBAN DEVELOPMENT DEPARTMENT
GOVERNMENT OF ORISSA**

Preface

The Government of Orissa (GoO) aims to strengthen governance at the level of urban local bodies (ULBs) to enable affordable and sustainable access to basic services by poor people. This supports the overall goal of sustainable poverty reduction and economic growth in urban areas in Orissa. One of the objectives of the sustainable reforms program undertaken is to improve the accounting and financial management systems of the ULBs across the state of Orissa. To achieve the specific objective, the GoO decided to adopt the guidelines set out in the **National Municipal Accounting Manual**.

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 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 municipal accounting and a simplified tool kit to the ULBs for recording the accounting entries, the Ministry of Urban Development (MoUD), initiated the formulation of National Municipal Accounts Manual, based on the Task Force Report.

The manual thus developed on the insistence of MoUD, is the **National Municipal Accounting Manual (NMAM)** and it 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 GoO recognized the significant benefits of achieving consistent and comparable financial information across ULBs. Hence, it decided to adopt the NMAM for developing the state level municipal accounting manual. This state level manual is the **Orissa Municipal Accounting Manual (OMAM)**. The GoO believes that this manual will play a key role in enabling the ULBs to achieve the overall benefits of ensuring a transparent, efficient, and informative accounting system.

The OMAM discusses the manner of accounting and financial reporting under the accrual basis of accounting, which the ULBs of the State of Orissa will follow. The accrual basis of accounting are based on the recommendations of the NMAM and the adoption of accrual accounting by ULBs will improve both the quality and comparability of financial information reported by public sector entities around the world.

The GoO while embarking on the program of urban reforms requested Indo-USAID Financial Institutions Reform and Expansion Project (debt market component - FIRE-D) for pursuing a multi-track program to help ULBs in Orissa improve delivery and management of urban services and enhance their creditworthiness. FIRE-D subsequently agreed to support the following activities for ULBs in the State of Orissa:

- Develop a municipal accounting manual for state-wide application;
- Improve resource mobilization and creditworthiness in Bhubaneswar Municipal Corporation (BMC); and
- Introduce and implement double entry accrual-based accounting system (DEAS) for improved financial management in BMC.

To prepare this manual, hence, the GoO decided to consider Bhubaneswar Municipal Corporation as the pilot for the study required for developing this manual.

The consultancy assignment to provide technical support to BMC was awarded to Infrastructure Professionals Enterprise (P) Ltd. (IPE). The assignment involves development of state-level accounting manual for ULBs in Orissa. This will facilitate maintenance of accounts and preparation of financial statements on an accrual basis across all ULBs in the state of Orissa.

The Consulting Team (the team), which was involved in the preparation of this manual, acknowledges the support of BMC and the GoO in working towards introduction and implementation of double entry accrual-based accounting system (DEAS) for improved financial management in BMC.

The consulting team is grateful to Shri Mihir Kumar Mohanty, Honorable Mayor of the BMC, for his invaluable guidance and encouragement throughout the assignment. Acknowledgements are also due to the Honorable Deputy Mayor, Standing Committee Chairpersons, and Corporators, for their valuable inputs, guidance, and cooperation. The team also extends thanks to Smt Aparajita Sarangi, IAS, Municipal Commissioner of the BMC, for providing her valuable inputs. We are grateful to Shri Sanjib Kumar Mishra, OAS, and Deputy Commissioner of the BMC for extending full cooperation, guidance, facilitation, and help throughout the period of study.

The team is immensely benefited by the guidance and strategic support provided by Shri. N. C. Vasudevan, IAS, Principal Secretary of the Housing and Urban Development Department of GoO, and Dr. Arun Kumar Panda, IAS, Special Secretary of the Housing and Urban Development Department of GoO. The team also thanks all the executives and officers in the BMC and GoO for providing necessary data, information, facilitation, and cooperation throughout the assignment.

The Indo-US FIRE Project supported the entire effort of preparing the manual. Shri Lee Baker, Chief of Party, Shri K. Dharmarajan, Sector Policy Advisor, Shri Alok Shiromany, Senior Financial Management Specialist, Shri Chetan Vaidya, Principal Urban Management Advisor, Shri P. C. Rath, State Coordinator Orissa, and other members of FIRE Project deserve special mention for their sustained encouragement.

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We also thank all our colleagues, who have been instrumental in providing the support services for the successful completion of the assignment.

This manual comprises of the following volumes:

<i>Volume I:</i>	<i>Introduction to Double Entry Accrual Based Accounting</i>
<i>Volume II:</i>	<i>Guidelines for Preparation of Opening Balance Sheet</i>
<i>Volume III:</i>	<i>Significant Accounting Principles</i>
<i>Volume IV:</i>	<i>Chart of Accounts and Codes of Accounts</i>
<i>Volume V:</i>	<i>Books of Accounts and Accounting Procedures</i>
<i>Volume VI:</i>	<i>Accounting of Transactions</i>
<i>Volume VII:</i>	<i>Preparation and Presentation of Financial Statements</i>
<i>Volume VIII:</i>	<i>Adjustments and Reconciliations</i>
<i>Volume IX:</i>	<i>Budgets and MIS</i>

Volume I

Introduction to Double Entry Accrual Based Accounting

VOLUME CONTENTS

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Introduction to Double Entry Accrual Based Accounting

1.0 Introduction

The various terms used in this accounting manual, the accounting concepts and accounting conventions under the accrual system of accounting are defined in this volume. The objective of this volume 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.

2.0 Definitions

The definitions of the terms used in this manual are those, which are commonly understood and used. These have been taken, from the National Municipal Accounting Manual. 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. **Accounting Entry** - A record of financial transaction in the books of account like journal, ledger, cash book, etc.
3. **Account Payable** - Amount owed by an enterprise on account of goods purchased or services received or in respect of contractual obligations. Also termed as trade creditor or sundry creditor.
4. **Accounting Period** - The period of time for which an operating statement is customarily prepared.
5. **Accounting Principle** - The general principles and procedures under which the accounts of an individual organization are maintained; any one such principle or procedure. An accounting principle is an adaptation or special application of a principle necessary to meet the peculiarities of an organization or the needs of its management. Thus, principles are required for the computation of depreciation, the recognition of capital expenditures, and the disposal of retirements.
6. **Account Receivable** - Person from whom amounts are due for goods sold or services rendered or in respect of contractual obligations. Also termed as debtor, trade debtor, and sundry debtor. The words 'Receivables' and 'Debtors' are used interchangeably.
7. **Accounting Unit** - An accounting unit shall be defined as a Zone, Circle, Divisional, or Ward office identified by the ULB as a unit for maintenance of accounting records.
8. **Accounting Year** - The 'Official Year' or 'Year' means a year commencing on the first day of the Accounting period.
9. **Accrual** - Recognition of revenues 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.
10. **Accrual Basis of Accounting** - The method of accounting whereby revenues and expenses 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.

11. **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 expense)** 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).
12. **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 an expense)**, 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).
13. **Accumulated Depreciation** - The total to date of the periodic depreciation charges on depreciable assets.
14. **Advance** - Payment made on account of, but before completion of, a contract or before acquisition of goods or receipt of services.
15. **Amortisation** - The gradual and systematic writing off an asset or an account over an appropriate period. The amount on which amortisation is provided is referred to as amortisable amount. Depreciation accounting is a form of amortisation applied to depreciable assets. Depletion accounting is another form of amortisation applied to wasting assets. Amortisation 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.
16. **Annual Report** - Any report prepared at yearly intervals. A statement of the financial condition and operating results of an ULB, prepared yearly for submission to interested parties; summarising its operations for the preceding year and including a balance sheet, income & expenditure statement, often a receipts & payment statement, and the auditor's report, together with comments by the Head of Council or the Municipal Commissioner of the ULB on the year's operations.
17. **Assets** - Tangible objects or intangible rights owned by the ULBs and carrying probable future benefits.
18. **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 ULBs. The ratio of the share in revenues is determined on the basis of the revenues collected by ULBs and the recommendations of the State Finance Commissions and devolution of funds to ULBs.
19. **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 utilised only for the purpose of replacement of those Fixed Assets or for any other purpose as resolved by the ULBs.
20. **Bad Debts** - Debts owed to the ULBs, which are considered to be irrecoverable, e.g., arrears of taxes, fees and other revenue left uncollected and considered to be irrecoverable.
21. **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.
22. **Balance Sheet** - A statement of the financial position of an ULB as at a given date, which exhibits its assets, liabilities, capital, reserve and other account balances at their respective book values.

23. **Bank Reconciliation Statement** - A statement, which reflects the nature and amount of transaction, not responded either by the ULB or the Bank as on a particular date. Such statement may also reflect errors/omission in the recording of transaction inter-se between the ULB and the Bank.
24. **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 cashbooks.
25. **Budget** - It means quantitative plan of activities and programs expressed in terms of money in respect of assets, liabilities, revenues and expenses. The budget expresses the ULB goals in terms of specific financial and operating objectives.
26. **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.
27. **Capital Expenditure** - Any expenditure intended to benefit future period in contrast to a revenue expenditure, which benefits a current period. The term is generally restricted to expenditure that adds fixed asset units or that has the effect of improving the capacity, efficiency, life span or economy of operations of an existing asset. .
28. **Capital Work in Progress** - Expenditure on capital assets, which are in the process of construction or completion.
29. **Cash Book** - A book of original entry for cash receipts, disbursements, or both.
30. **Cash flow Statement** - A financial statement prepared for an accounting period to depict the inflows and outflows of cash and cash equivalents of an enterprise. The cash flow statement reports cash flows classified by operating, investing and financing activities.
31. **Casting** - It means totaling of the amounts in the books of account.
32. **Chart of Accounts** - A systematically arranged list of accounts applicable to a specific concern, giving account names and numbers, if any.
33. **Code of Account** - A unique numeric or alphanumeric identification given to each Account to facilitate classification and ease of recording.
34. **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.
35. **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.
36. **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.
37. **Cost** - The amount of expenditure incurred on or attributable to a specified article, product or activity.
38. **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 and any 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.
39. **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.
40. **Credit** - A book-keeping entry recording the reduction or elimination of an asset or an expense, 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.
41. **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 ULBs.

42. **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.
43. **Debenture** - A formal document constituting acknowledgement of a debt by an ULB, 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.
44. **Debit** - The goods or benefit received from a transaction; a book-keeping entry recording the creation of or addition to an asset or an expense, 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.
45. **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.
46. **Deficit** - The excess of expenditure over income of the ULB for an Accounting Period under consideration.
47. **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.
48. **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 ULBs 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 ULB.
49. **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 amortisation of assets whose useful life is predetermined and depletion of wasting assets.
50. **Depreciation Method** - The arithmetic procedure followed in determining a provision for depreciation (an expense) and maintaining the accumulated balance.
51. **Depreciation Rate** - A percentage which when applied to the depreciable amount will yield depreciation expense for a year.
52. **Dividend Income** - An income received from investments by a ULB in shares/units.
53. **Earmarked Funds** - Funds representing Special Funds to be utilised for specific purposes.
54. **Expenses** - A cost relating to the operations of an accounting period or to the revenue earned during the period or the benefits of which do not extend beyond that period.
55. **Financial Statement** - A balance sheet, income statement (income and expenditure), receipts & payment statement or any other supporting statement or other presentation of financial data derived from accounting records.
56. **Finished Goods** - Goods held for sale in the ordinary course of business.
57. **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 ULB.
58. **Fixed Deposit** - Deposit for a specified period and at specified rate of interest.
59. **Fund** - The term fund refers to amount set aside for a general or specific purpose, whether represented by specifically earmarked assets or not.
60. **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.
61. **Grants** - Grants are assistance by government in cash or kind to an enterprise 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 trading transactions of the enterprise.
62. **Gross Block** - The total cost of acquisition/purchase of all the Fixed Assets of the ULB.
 63. **Hire Purchase** - 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 shall retain 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.
 64. **Income** - Money or money equivalent earned or accrued during an accounting period, increasing the total of previously existing net assets, and arising from provision of any type of services and rentals.
 65. **Income and Expenditure Statement** - A financial statement, often prepared by non-profit making entities like clubs, associations, ULBs, etc., to present their revenues and expenses for an accounting period and to show the excess of revenues over expenses (or vice-versa) for that period. It is similar to profit and loss statement and is also called revenue and expense statement.
 66. **Interest** - The service charge for the use of money or capital, paid at agreed intervals by the user, and commonly expressed as an annual percentage of outstanding principal.
 67. **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).
 68. **Inter unit transactions** - Transactions between one or more accounting units of the Urban Local bodies.
 69. **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.
 70. **Journal Book** - The book of original entry in which are recorded transactions not provided for in specialized journals.
 71. **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.
 72. **Lapsed Deposits** - Deposits unclaimed for more than such period or periods as defined in the act or provisions governing the ULBs.
 73. **Ledger** - A compilation of all accounts used for accounting purposes.
 74. **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. A lease is classified as a finance lease if it transfers substantially the entire risks and rewards incident to ownership. All other leases are classified as operating leases.
 75. **Liability** - An amount owing by one person to another, payable in money, or in goods or services: the consequence of an asset or service received or a loss incurred or accrued; particularly, any debt (a) due or past due (current liability), due at a specified time in the future (e.g. funded debt, accrued liability), or due only on failure to perform a future act (contingent liability).
 76. **Long-term investments** - Any investment falling outside the ambit of current investments are treated as long-term investments.
 77. **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.
 78. **Municipal fund** - The municipal or general fund is the general operating fund of an ULB. It is used to account for all financial resources except those related to any special or trust funds.
 79. **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.
80. **Net Assets** - The excess of the book value of the assets of an accounting unit over its liabilities to outsiders.
 81. **Net Block** - Gross Block less Accumulated Depreciation of all the Fixed Assets of the ULB.
 82. **Period End** - the last day of any Accounting Period, e.g., quarter, half-year, year-end.
 83. **Pooling of interest method** - Pooling of interests is a method of accounting for amalgamations the object of which is to account for the amalgamation as if the separate operations of the amalgamating entities were intended to be continued by the transferee entity. Accordingly, only minimal changes are made in aggregating the individual financial statements of the amalgamating entities.
 84. **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.
 85. **Prepaid Expense** - Payment for expense in an accounting period, the benefit for which will accrue in the subsequent accounting period(s).
 86. **Provision for Expense** - 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.
 87. **Provision for Unrealized Revenue** - A provision made for revenue considered doubtful of recovery.
 88. **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.
 89. **Receipt** - A written acknowledgement of something acquired; hence, an accounting document recording the physical receipt of cash/cheque.
 90. **Receipts & Payments Statement** - A financial statement prepared for an accounting period to depict the changes in the financial position and to present the cash received in and paid out in whatever form (cash, cheque, etc.) under certain headings. All non-cash related transactions are ignored while preparing this Statement.
 91. **Reconciliation** - It means adjusting the difference between two items (i.e. amounts, balances, accounts or statements) so that the figures agree.
 92. **Report of the Municipal Chief Auditor** - The formal expression of opinion by the Municipal Chief Auditor on the Financial Statements, books of accounts and transactions of the ULB.
 93. **Revenue Expenditure** - It means outlay benefiting only the current year. It is treated as an expense to be matched against revenue.
 94. **Sinking Fund** - A fund created for the repayment of a liability or for the replacement of an asset.
 95. **Special Fund** - An amount set aside for a specific purpose represented by specifically earmarked assets.
 96. **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.
 97. **Sub-Account**; 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.

98. **Surplus** - The excess of income over expenditure of the ULB for an Accounting Period under consideration.
99. **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
100. **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.
101. **Useful Life** - The period over which a depreciable asset is expected to be used by the enterprise; or (ii) the number of production or similar units expected to be obtained from the use of the asset by the enterprise.
102. **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 Receipt Voucher, Bank Receipt Voucher, Journal Voucher, Payment Voucher, etc.
103. **Work in progress** - Goods in the process of production for their sales or usage.
104. **Written Down Value (WDV)** - In respect of a fixed asset means its cost of acquisition or substituted value less accumulated depreciation.
105. **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'.

3.0 Accounting Concepts and Accounting Conventions – Introduction

- 3.1. 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.
- 3.2. 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.
- 3.3. 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
 - i. Realization Concept.
- 3.4. 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;

4.0 Accounting Concepts

Each of the Accounting Concepts is discussed below:

4.1. Entity Concept

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 ULB 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 ULBs, including citizens, State Government, environmentalists, etc., do not own the ULBs. Thus, a separate Balance Sheet and Income & Expenditure Statement is prepared in respect of the operations of the ULB. This concept is applicable to all forms of organizations.

4.2. Dual Aspect or Accounting Equivalence Concept

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 "owners" (i.e. capital, reserves, etc.), it results in the accounting equation:

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

4.3. Going Concern Concept

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. Also, 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.

4.4. Money Measurement Concept

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 expenses, 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.

4.5. Cost Concept

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.

4.6. Accounting Period Concept

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. ULB) 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.

4.7. **Accrual Concept**

Under the cash system of accounting, the revenues and expenses are recorded only if they are actually received or paid in cash, irrespective of the accounting period to which they belong. But under the accrual 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 expenses 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.

4.8. **Periodic Matching of Cost and Revenue Concept**

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 expenses, prepaid expenses, income receivable and income received in advance to correctly depict and match the income and expenditure relating to that accounting period.

4.9. **Realization Concept**

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. What is important is that the organization should be legally entitled to receive the amount for the services rendered or the sale affected.

5.0 **Accounting Conventions**

Each of the accounting conventions are discussed below.

5.1. **Convention of Disclosure**

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.

5.2. **Convention of Materiality**

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 ULBs,

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.

5.3. **Convention of Consistency**

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, an organization 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.

5.4. **Convention of Conservatism**

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.

6.0 **Accrual System of Accounting**

6.1. 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.

6.2. In this system, there is a change in accounting for transactions and reporting the financial results so as to provide the ULBs and the Government with the Financial Reports, in the form of two important financial statements for the purposes noted against each:

Statement	Purpose
Income & Expenditure Statement	To determine the financial performance of the ULBs
Balance Sheet	To assess the financial status of the ULBs

7.0 **Benefits of Accrual System of Accounting**

7.1. The accrual basis of accounting helps in determination of correct income and expenditure of the municipal bodies. The main benefits of accrual based accounting system are enumerated below:

- Revenue is recognized 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 recognized as and when the liability for payment arises and thus it constitutes both amounts paid and payable. In accrual basis of

accounting, expenditure incurred on repairs and maintenance shall be recognized 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 organization 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 correct 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 correct financial position of the organization arising out of the various transactions during that year.
- It facilitates proper financial analysis and reporting.
- It captures 'full' cost of servicing and helps in identifying financial viability of rendering services.
- It helps in providing timely, right quality and nature of information for planning, decision-making and control at each level of management.
- It assists in effective follow-up of receivables by the municipal body and proper ascertainment of payables by the municipal body.
- One of the distinct advantages of adopting accrual accounting system is ease in financial appraisals by the financial institutions. It also facilitates credit rating through approved Credit Rating Agencies, which is a pre-requisite for mobilizing funds in the financial markets through debt instruments.
- It presents a true picture of the financial position of an organization and helps in better financial management.

- 7.2. Thus, accrual basis of accounting results in recording of transactions and events on the basis of their substance, rather than merely when cash is received or disbursed, and thus, enhances their relevance, neutrality, timeliness, completeness and comparability.

8.0 Rules of Accounting

- 8.1. The basic rules of accounting flow from the accounting equation:

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

- 8.2. An increase in the asset, e.g., Vehicle can be brought about by:

- a. Decrease in another asset, e.g., Bank Account, or
- b. Increase in liability, e.g., Loans or Payables.

- 8.3. A decrease in the asset, e.g., Cash may result in:

- a. Increase in another asset, e.g., Medical Equipment
- b. Decrease in liability, e.g., Payment of Loans or payment of suppliers
- c. Decrease in own funds through expenditure.

- 8.4. It is customary to use the term "*Debit*" and "*Credit*" to communicate the above phenomenon. The rules of debits and credits are as follows:

Type of Account	Debit Signifies	Credit Signifies
Asset Accounts	Increases	Decreases
Liability Accounts	Decreases	Increases
Own Funds	Decreases	Increases

- 8.5. An Accounting Entry would be a combination of a single debit and a single credit or a set of debits and a set of credits, as may be appropriate. Following the accounting equation of

Assets = Claims, the debits will always equal credits.

- 8.6. If we were to expand on the above, the following will be the rules applicable to incomes, expenditures, grants, etc.

Type of Account	Debit Signifies	Credit Signifies
Income (which will increase Own Funds)	Decreases	Increases
Expenditure (which will decrease Own Funds)	Increases	Decreases
Grants Received	Decreases	Increases

Volume II

Guidelines for Preparation Of Opening Balance Sheet (As at 1 April 20XX)

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Guidelines for Preparation Of Opening Balance Sheet (As at 1 April 20XX)

1.0 Introduction

- 1.1.** The current system of accounting in ULBs does not provide for a system wherein data for preparation of Balance Sheet can be easily identified. In fact, in the current system there is no provision for preparation of Balance Sheet at all.
- 1.2.** The first generation economic reforms that took place in India in the early 1990s have brought out a significant change in perception about the role of the government in the Indian economy. The reforms took place in all the three tiers of government, the central government, the state governments, and the urban local bodies (ULBs). All the three tiers of government felt the need to make themselves and their agencies more accountable for their actions. One of the important reforms during this period was an amendment to the Constitution of India vide the Constitution (Seventy-fourth Amendment) Act, 1992 (74th CAA), that provided constitutional status to the ULBs and empowered them to function as institutions of local self-governments. During the same time, the Ministry of Urban Development (MoUD), Government of India (GoI), took several initiatives to make ULBs self-sustainable and viable local self-government institutions.
- 1.3.** 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 (C&AG) 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. This initiative of switching over to the accrual-based accounting 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.
- 1.4.** Under the accrual accounting system, the Balance Sheet is an essential requirement of financial reporting from every ULB.
- 1.5.** Even under the current system, ULBs are required to maintain records of assets and liabilities in various forms (such as register of deposits, register of tools and plants, the DCB register etc). However, in practice, many ULBs have not updated these records regularly and hence the information that is available there is insufficient and unreliable to include it in the Balance Sheet under the new system.

- 1.6. Accordingly, ULBs have to go through the exercise of developing an '**Opening Balance Sheet**' i.e. a Balance Sheet just before the start of the new accounting system, in order to follow the new accounting system effectively. Thereafter, under the accrual-based accounting system and the double entry system of bookkeeping, the ULBs will keep on preparing Balance Sheet at the year-end on a regular basis along with other financial statements.

2.0 Balance Sheet – Basics and Objectives

- 2.1. A balance sheet is an accounting statement prepared from accounting balances at a given date (generally on the last date of the accounting period). An organization prepares the balance sheet from an adjusted trial balance. It shows the financial position of the organization by detailing the sources of funds and the utilization of these funds. A Balance sheet shows the assets and liabilities grouped, properly classified, and arranged in a specific manner. A Balance Sheet forms a very important part of the annual financial statements of any organization. A balance Sheet of a urban local body (ULB) is a statement of financial position, i.e. the position of its assets and liabilities of the ULB as on a particular date. Thus, the Balance Sheet contains a list of assets and liabilities of the ULB as on the last date of the financial year (which usually in case of all ULBs is 31 March).

- 2.2. Thus, an organization prepares a balance sheet at the year-end comprising of those account heads, which are having a balance at that year-end. While accounting, an accountant uses account heads and he classifies these account heads into personal accounts, real accounts and nominal accounts.

- Personal accounts refer to those types of accounts, which relate to a person – artificial or natural. In case of a ULB, personal accounts will include contractors account (natural), assesses account (natural), employees account (natural), loan from bank (artificial), advance deposits to telephone authorities (artificial), etc.;
- Real accounts refer to those accounts of assets and properties, which an entity owns and has a legal claim on the assets and property. Real accounts include land, building, plant, machinery, computers, cash, bank balance, stores and inventories, investments, etc.;
- Nominal Accounts refer to those accounts of incomes, expenses, gains, and losses. Nominal accounts in case of a ULB includes property taxes (income), license fees (income), establishment charges (expenses), repairs and maintenance (expenses), liabilities no longer payable (gain), tax dues waived (loss), etc.

- 2.3. Under any accounting situation, at the end of the year the entity will have balances in the account heads under the personal accounts and the real accounts. There will be no balance left in the nominal accounts, as these accounts represent the incomes, expenses, losses, and gains for a particular accounting period. However, there will have balances in the real accounts and personal accounts and these year-end balances will be carried forward to the next year. The balance sheet is that statement, which shows the year-end balances of the real accounts and personal accounts. The assets side of the balance sheet comprises of all the real accounts and some of the personal accounts i.e. those personal accounts from which the organization will receive cash/cash equivalents/kind in the future. The liabilities side of the balance sheet comprises only of personal accounts i.e. those personal accounts to whom the organization will pay/give cash/cash equivalents/kind in the future.

2.4. Accounting under a government setup followed single-entry system of bookkeeping. Under the single entry system, generally the accountants maintained personal accounts and ignored maintaining the real and nominal accounts either partially or fully. Thus, it is not possible to derive balances of the real accounts. Hence, these entities failed to prepare a balance sheet while following the single entry system of bookkeeping. Moreover, these entities follow cash-basis of accounting and hence accounting is at the point of cash receipt and cash disbursement. Recognition of income and expenses is at the point of cash receipt (income) and cash payment (expenses). These entities never recognize losses and gains. Under the cash-basis of accounting, there arise no reason to record for how much is receivable and how much is payable. Hence, the personal accounts maintained by the government setup never considered important as an accounting record.

2.5. The benefits of preparing a Balance Sheet are:

- Provides a record of the assets (amounts owned) and liabilities (amount owed) by the ULB;
- Allows follow up and better management on the amounts receivable and payable by the ULB;
- Informs the ULB about the municipal fund balance available, which the ULB can spend in the future. Municipal Fund balance is difference between the total of assets and the total of outside liabilities of the ULB, as on a particular day;
- Allows the financial strength of the ULB to be assessed, based on analysis of assets and liabilities;
- Allows comparability and analysis of financial position over different years;

2.6. Hence, all ULBs under consideration are required to prepare the opening Balance Sheet as on **1 April 20XX** before they start to switchover to double entry system of bookkeeping under the accrual-based accounting system.

Constituents of a Balance Sheet

2.7. The Balance Sheet is a listing of asset and liability account balances as at the year-end and classified into two broad heads: Assets and Liabilities.

2.8. Asset: An asset is a resource controlled by an organization because of past events from which future economic benefits or service potential is expected to flow. Assets can be further classified into

- Fixed Assets - These are assets, which are normally used for providing services, and are of a long-term nature i.e. not to be disposed off within a year; E.g. Land, Buildings, Roads, Vehicles etc. Fixed assets are further classified as:
 - Immovable properties consist of properties, which cannot be relocated; and
 - Moveable properties consist of properties, which can be relocated;
- Investments – These comprises of financial assets resulting from investments of cash surpluses.
- Current Assets- These are assets of a short-term nature, which belong to the ULB and can generally be used or benefit availed within a short period. e.g. Cash, Bank Balance, Receivables because of property tax, etc.

2.9. Liabilities: A liability is an obligation of the ULB arising from past events, the settlement of which the ULB expects to result in an outflow of resources. Liabilities can be further classified into

- Long Term Liabilities - Those liabilities which the organization expects to mature after a period of more than 1 year. E.g. Loans from Financial Institutions or from Government, payable after 5 years or more (say).
- Short Term Liabilities - Liabilities repayable within a short period, i.e. generally within a year. e.g. Amount Payable to Creditors, Earnest Money Deposits, Revenue received in advance etc.

3.0 Steps to Prepare the Opening Balance Sheet

3.1. In this state level accounting manual, laid down the guidelines for preparation of opening/first Balance Sheet for the ULBs. The opening/first balance sheet forms the base for switching over from the single entry bookkeeping to double entry bookkeeping and from cash-based accounting to accrual-based accounting. The preparation of the opening balance sheet requires determination of balances of fixed assets, current assets, dues and liabilities to outsiders, etc. Thus, after the preparation of the opening balance sheet, conversion from cash based accounting to accrual based accounting will take place. The guidelines, which follows subsequently provides detailed framework that would assist the ULBs in collecting information necessary for preparation of the opening Balance Sheets.

3.2. As mentioned earlier, generally the ULBs do not have adequate “base information” to prepare a balance sheet. Hence, they must be carry out the whole process of identifying assets and liabilities of the ULB, and then valuing them in order to reflect them in the balance sheet. In this context, the two principles that shall guide the preparation process shall be rigour and simplicity. Rigour in the sense, that no asset or liability must be left out of the records (i.e. at least quantitatively, all assets and liabilities must be included in the forms for the purpose). In addition, ULBs maintain simplicity in the sense that valuation of assets and liabilities must follow simple and practical methods. Although the accounting policy says that fixed assets shall be valued at ‘historical cost’ i.e. at the value originally paid for it, in practice, these rates may not be available readily. This is especially so in case of older ULBs where assets were acquired some 50 or even 100 years ago. In light of this, a simple method of valuation should be adopted so that the objective of having a Balance Sheet is achieved, and at the same time, a comprehensive and rigorous listing of assets and liabilities is prepared for the use of the ULB.

3.3. The steps the ULBs need to follow in order to prepare the Opening Balance Sheet are updating, verification, and compilation as stated below.

3.4. UPDATING – This step includes:

- a. Updating of past records and registers up to the date of the opening balance sheet;
- b. Identification of Assets and Liabilities; and
- c. Collection of data to prepare the complete list of assets and liabilities;

3.5. VERIFICATION – This step includes:

- a. Physical verification of immovable and moveable assets, and physical verification of stores, inventories, cash, and investments as on a particular date;
- b. Valuation of Assets and Liabilities, in cases where values are not available from the books and records;
- c. Cross-checking with original/source document, to the extent possible; and

- d. Obtain third party certificates (like from banks, post-offices, employees) to confirm balances;

3.6. COMPILATION – This step includes:

- a. Compilation of figures from various records, registers, and formats so filled in;
- b. Preparation of Opening Balance Sheet with the required disclosures;
- c. Obtaining certificates from a Firm of Chartered Accountants or the Chief Municipal Auditor (as the Government decides), authenticating the opening Balance Sheet; and
- d. Approval by board of councilors;

3.7. Forming an Inter-Departmental Team: It is important to note that the task of providing information about assets and liabilities concerns the ULB only even while receiving external technical assistance. No other external person will be in a position to identify the assets and liabilities of the ULB as only the ULB will know where these items are. Hence, the ULB must be very committed before starting the exercise of preparing the Opening Balance Sheet.

3.8. It is recommended that an inter-departmental team be prepared consisting of members of all major departments of the ULB, who shall be jointly responsible for filling up the data forms and submitting them to the ULB. The chief executive officer of the ULB shall be finally responsible for the preparation and presentation of this information shall chair this team.

3.9. ULBs may consider forming separate departmental teams for different types of asset. Like for road network assets, the Engineering Department can collect the relevant information ward wise and then collate it to the department level, before submitting it to the accounts department.

3.10. Identification of Assets and liabilities: At this stage, the effort would be to try to identify those items, which would be a part of the opening balance sheet. The first task to be undertaken is identification of assets and liabilities. Physical assets are spread over the entire ULB and an effort will be required by the ULB in identifying all assets both over and under the ground. Based on this identification, the external agency will undertake their task of physical verification.

3.11. The engineering and accounts departments will do identification based on their records, physical verification, books of accounts and geographical information system (GIS). The ULB can also take the assistance of the corporators and other departments in its effort for identification of assets. Identification of assets will include listing of all material assets of the ULB including land, buildings, roads, water and sewerage assets, etc. It will also include listing and defining the condition and location of assets. This would be done by scrutiny of the available records and registers. Reliance shall also be placed on records available in every department like the estate department, the accounts department, the revenue collections department, and the other departments maintaining records, which are pertinent to the opening balance sheet. Further, it will also be useful at this stage to gather information from outside sources if required. At this stage itself, an effort should be made to gather documentary evidence of the ownership, existence, and condition of the item. Such documents would be in the form of receipts, agreements, *challans*, plans, register extracts, etc.

3.12. Physical Verification of Assets: It is highly likely that owing to paucity of records and documents there would be a need for physical verification of the actual items

to be included in the opening balance sheet. These items would be generally in the nature of fixed assets (both moveable and immovable), tangible current assets (like cash, inventories, stores, tools), and investments (like scripts of fixed deposits, shares, bonds, etc.). This the ULB will do to ensure that items belonging to the ULB are not left out from the opening balance sheet nor should items be incorrectly included. Further, the nature of certain assets is such that an inspection would be required to determine their condition, quantum, and location.

3.13. ULBs need to do a physical verification only of material items. Items, which are material e.g. 20% of items having 80% of value and high in value (replacement cost, say above Rs. 50,000/-) will be physically verified. The external agency shall use a representative sample and conduct physical verification. ULBs can use GIS maps for physical verification to the extent available.

3.14. In cases where a normal check and physical verification is possible, the external agency, if involved, shall take proactive steps in ensuring that a physical verification is conducted. The ULB and the external agency should keep a record of all assets physically verified.

4.0 Guidelines for Preparing the Opening Balance Sheet

4.1. Common Guidelines

4.1.1. All assets, which are under the ownership and permissive possession of the ULB, will be accounted for. Similarly, all liabilities to be paid will also be brought in the books. In case of Hospitals and schools, if the asset is under a separate legal entity, then it would not form a part of the ULB's balance sheet;

4.1.2. The separate legal entity includes hospitals, dispensaries, schools, maternity centres, nursing home formed as a society, trust, co-operative society, or a company formed under section 25 of the Companies Act, 1956;

4.1.3. The mere maintenance of a register should not be taken as sufficient for arriving at the balance. The ULB will have to check the authenticity of all the entries. All entries shall be cross checked with source documents before its compilation in the balance sheet.

4.1.4. Assets constructed/ purchased by some other agency/ Government and handed over to the ULB shall be accounted for based on the ownership of the asset. If the ownership remains with the other agency, then it will not be recognized as an asset in the books of the ULB. If there has been a transfer of ownership without any consideration, then the asset shall be valued at Re. 1/- and recognized in the opening balance sheet. The balance sheet shall contain disclosure in the form of Notes with respect to following:-

- i. Assets, which are in ULB's possession and derive economic benefits, but the ownership of which does not vest in it e.g. market constructed by Urban Administration and Development Department and handed over to the ULB with a right to collect rent, title deed not being executed.
- ii. The assets which are handed over to the ULB, but the title deed has not been handed over e.g. assets purchased/constructed by PWD, CPWD, etc., and handed over to the ULB for use and maintenance.
- iii. Receivables from taxes, etc. not collected due to litigation.
- iv. In case Demand and Collection Register is not updated or prepared, the ULB will have to prepare it and assess the amount of arrears.

- 4.1.5. Revenue shall be recognized only when it is measurable and there is reasonable certainty of collection. If the levy of any income or user charge is in dispute and any legal case is pending against it, it shall not be taken as the income of the ULBs.
- 4.1.6. The details of such Court cases and the amount if measurable shall be disclosed in the Notes to Accounts.
- 4.1.7. Revaluation of assets is not intended at the time of preparing the opening balance sheet. The external agency, assisting the ULB shall not consider revaluation mode for the purpose of opening balance sheet and valuation shall be done based on actual price paid/payable.
- 4.1.8. Principle of conservatism shall be followed while preparing the opening balance sheet.
- 4.1.9. All the figures shall be in Indian Rupees rounded up to one rupee.
- 4.1.10. In many situations, construction of an asset may be by an externally controlled government agency. Such constructions are out of government grants with pre-conditions that the asset so constructed would be immediately handed over to the ULB. In such a situation, then the whole of the capital cost of the asset as well as the grant should be shown in the books of accounts of the said ULB on transfer of the asset.

4.2. Valuation Of Assets – General Guidelines

- 4.2.1. Valuation of fixed assets will be done as per the following order of preference. Refer the rates of depreciation annexed later (Annex IV).
- 4.2.2. If both the cost and date of purchase/construction is available/ascertainable, then original cost less depreciation.
- 4.2.3. If cost is not available/ascertainable but the date of construction/ purchase is available:
 - 4.2.3.1. If the asset has outlived its estimated useful life, then it will be valued at Re. 1/-. The internal engineers of the ULB will do estimation of useful life.
 - 4.2.3.2. In case of buildings, if the building has not outlived its useful life, then valuation will be done based on per sq. feet rate or plinth area rate of that year. The Municipal Engineering Department or any competent Government Authority will issue an order specifying the plinth area rate or per sq feet rate to standardize the valuation. The internal engineers will conduct the exercise of estimation of value and provide it to the accounts department. The value so obtained would be depreciated to arrive at depreciated value as on April 1, 20XX.
 - 4.2.3.3. In case Standard Plinth area or per sq foot rate is not available, current replacement cost based on the recent plinth area rate or per sq. foot rate as prescribed above This will be deflated till the year of construction based on wholesale price index (index rates are provided in Annexure I) and then depreciated.
 - 4.2.3.4. For other assets, current replacement cost will be used. This will be deflated till the year of construction/ purchase based on wholesale price index (index rates are provided in Annexure I) and then depreciated.

Current rates from other manufacturers can be taken e.g. in case of vehicles.

4.2.4. 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.

4.2.5. In case of land where the original documents are not available, valuation can be ascertained from relevant records of the Land Revenue Department or transaction value of a similar plot in the similar area around the estimated year of transaction.

4.3. Fixed Assets: Fixed assets in the case of ULBs can broadly be classified into the following categories:

4.3.1. Land and Buildings

- Land
- Buildings

4.3.2. Statues and heritage assets

- Statues and valuable works of art and antiquities
- Heritage Buildings

4.3.3. Infrastructure assets

- Roads and Pavements
- Bridges, culverts and flyovers
- Subways and causeways
- Sewerage and Drainage
- Waterways
- Water supply and reservoirs
- Deep tube wells
- Parks and playgrounds
- Street light posts and Public Lighting

4.3.4. Equipments

- Plant and Machinery
- Vehicles
- Office and other equipments
- Furniture and fixtures

4.3.5. Livestock

4.3.6. Intangibles

- Software license fees

4.4. Valuation of fixed assets

4.4.1. General rules

4.4.1.1. Record fixed assets at cost. Cost is the amount of cash or cash equivalent paid or fair value of other consideration given to acquire an asset at the time of its acquisition or construction. All normal expenditure for making an item of asset ready for its intended use is capitalized. It also includes ancillary and necessary charges to place the asset in its intended location and condition for use e.g. freight and transportation charges, site preparation expenditure, professional fees and legal claim directly attributable to asset acquisition. Razing and removal cost (less salvage value) of structures located on land purchased as a building site are added to the cost.

4.4.1.2. For assets having useful life of more than 20 years, the residual value shall be considered as Re. 1/- for the purpose of preparation of

Opening Balance Sheet as on 1 April, 20XX, in case the original cost cannot be ascertained.

- 4.4.2.** Repairs, renovation and replacements, should be capitalized only if such expenditure increases the capacity or operating efficiency, or extends the useful economic life of the asset. In case of buildings, improvements causing major changes in the existing structure will be capitalized.

4.4.3. Specific Rules concerning Fixed Assets

- 4.4.3.1. Parks and Playgrounds** shall be capitalized under two categories, viz. -

- Land pertaining to Parks and Playgrounds including the cost of development of land shall be booked under 'Land';
- Other amenities of the Parks and Playgrounds should be capitalized under the sub-head "Parks and Playgrounds" under the head "Infrastructure Assets;" and
- However, any building/ structures/ plant etc. constructed/ installed in the Parks and Playgrounds and used for other purposes should not be booked under the sub-head 'Parks and Playgrounds'. The same should be booked under the appropriate heads/ sub-heads of assets.

- 4.4.3.2. Land:** If the ULBs are maintaining details with regard to land, then the ULB must use such details for preparing the opening balance sheet.

- All the land under the ownership or permissive possession of the ULB will form a part of the Opening Balance Sheet.
- Leasehold lands acquired by the ULB are taken as a part of assets at a total value payable as lease charges over the entire lease period and amortized equally over the lease period.
- The information kept by the ULBs in the register of lands needs to be verified and cross checked from the books of accounts, records, and agreement to authenticate and substantiate the information kept in the land register. The information needs to be cross-verified specially with regard to the date of purchase, cost of purchase and mode of purchase.
- If the ULB failed to maintain and update the land register, then the external agency/the-departmental team shall conduct physical verification of all lands. The ULB will provide all technical assistance for conducting the physical verification. The GIS and records with the engineering department will give the details of all lands within the jurisdiction of the ULB.

- 4.4.3.2.1.** The following recognition criteria shall be applied to arrive at the value of the lands.

4.4.3.2.2. Land acquired through purchase

The land will be recorded at the purchase price paid/payable and other incidental costs such as registration charges incurred to bring the asset to its present location and condition.

4.4.3.2.3. Lands acquired through compulsory acquisition

The land will be recorded at the total compensation paid/ payable for the acquisition of the land. If the amount of compensation were in dispute, then the amount that will be recorded would be based on documentary proof. The extra amount, if determinable

that may be payable will be shown as contingent liabilities and will be added to the cost of land when it is finally paid to the previous owner.

4.4.3.2.4. Land acquired against non-payment of taxes

The cost to be booked will be the unpaid amount of taxes after it has been finalized.

4.4.3.2.5. Land acquired free of cost or donated land

If the land has been acquired by ULB free of cost from government/individuals or has been donated to the ULB, then such lands would be recorded at nominal value of Re. 1/-. However, any developmental work done should be capitalized at cost.

4.4.3.2.6. Vested government lands

Where the ownership of the lands has not been transferred in favour of the ULB, but the land is in the permissive possession of the ULB, such lands should be included in the Register of Land with Re. 1/- as its value. However, there should be a clear mention in the register that in case the Government takes back the land at any point of time in future, reversal of entry shall be made in the Register of Lands. Cost of developing such lands, is any, should be booked under the sub-head 'Land'.

4.4.3.2.7. Land improvement

Original cost of any improvement to land such as land development and land filling will be capitalized as part of the cost of the land.

4.4.3.2.8. Land acquired through government grants

If the ULB has purchased land from the government grants, then the cost of the land will be shown at, gross value i.e. cost paid/ payable or as determined according to the above guidelines. The grant received will be shown separately as a liability.

4.4.3.3. Buildings: In the case of ULBs, the term “buildings” shall include office buildings, school buildings, public conveniences, hospitals, dispensaries, maternity and child welfare centres, shopping complex, town hall buildings, community centres, staff quarters, rest house, milk dairy, workshop buildings, fire stations, stores building, covered taxi stands, covered parking areas, bus stands amongst others. The specific guidelines in this regard follows below:

4.4.3.3.1. Buildings purchased

The purchase cost of the building shall include the purchase price cost, incidental costs such as registration charges, and other costs incurred to bring the asset to its present location and condition.

4.4.3.3.2. Building constructed

If the building has been constructed, then the cost of the building will be taken as the cost of construction. This can be obtained from Register of Works, if available.

4.4.3.3.3. Grants received in respect of buildings

If any grant has been received by the ULB for construction or purchase of the building, then the cost of the building will be taken as gross amount and the grant will be shown separately as a Source of Fund in the opening balance sheet. The cost of building and the amount of grant would be reduced proportionately each year by the amount of depreciation.

4.4.3.4. Statues and Heritage Assets: Statues and valuable works of art and antiquities will be valued at the original cost and no depreciation shall be charged thereon.

4.4.3.4.1. In case, however, the original cost is not available or the items have been gifted to the ULB by some other person/ authorities, the value should be taken at Re. 1/-.

4.4.3.4.2. Heritage buildings declared through Gazette Notification should be booked under this head and should be valued at book value/cost of the material date. No depreciation should be charged on such buildings. In case, however the book value /cost of the material date is not available or the items have been gifted to the ULB by some other person/ authorities, the value should be taken at Re. 1/-. Material date in this case would be the date of Gazette Notification.

4.4.3.5. Infrastructure assets: Infrastructure assets: Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage system, water and sewerage systems, dams, Deep tube wells, Parks and Playgrounds, Street Light Posts etc.

4.4.3.5.1. Infrastructure assets are classified as follows:

- Roads and pavements;
- Bridges, culverts and flyovers;
- Subways and causeways;
- Sewerage and drainage;
- Waterways;
- Water supply and reservoirs;
- Deep tube-wells;
- Parks and Playgrounds; and
- Street light posts and Public Lighting;

4.4.3.5.2. Details for infrastructural assets if available in the records, then cost of land shall not be taken here. However, it will be included in the valuation of lands. Only the cost of construction of infrastructure assets will be considered here.

4.4.3.5.3. If the details are not available, then the ULB must value the same while following the general valuation guidelines.

4.4.3.6. Plant and Machinery: The cost of plant and machinery will include, besides purchase price, costs such as site preparation costs and installation costs. "Plant and Machinery" will include plants, conservancy or watering carts, road rollers, earth moving vehicles, ladder, scale weights, water treatment plants, sewerage treatment plants, etc. Plant and machineries will be valued at cost less depreciation.

4.4.3.7. Vehicles: Vehicles include carts, hand rickshaws, animal drawn carts, three wheelers, four wheelers, and conservancy vehicles. Vehicles will be valued at cost less depreciation.

4.4.3.8. Office and other equipment: This will include all office and other equipments e.g. computers, photocopies, telephone, fax, fans, electrical equipments, air-conditioners, etc. Office and other equipments will be valued at cost less depreciation.

4.4.3.9. Furniture and fixtures: This will include tables, chairs, fittings, etc., and they will be valued at cost less depreciation.

4.4.3.10. Livestock: Livestock will be valued at cost.

4.4.3.11. Intangible assets e.g. Software license fees: Intangible assets in ULBs will generally be in the nature of expenditure on software. The ULB will assess the expenditure made in development or purchase of the intangible asset in the last 5 years and capitalize it as fixed asset. In case the intangible asset has been provided free of cost by another Government department, it will not be shown in the balance sheet.

4.5. Depreciation: Depreciation will be provided on all assets except land, on a Straight Line Method. The rate of depreciation will be determined in the following order of preference:

4.5.1. 100% depreciation will be proportionately written off over the useful life of the depreciable assets. However, the last year's proportionate amount of depreciation should be reduced by Re. 1/-, which shall remain in the books of accounts as the 'residual value' of the asset.

4.5.2. Useful life of the asset will be estimated as set out in the Annexure IV to this guidelines.

4.5.3. 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.

4.5.4. Purchase or construction of assets that have been done out of grants have been shown at gross value and the corresponding grant as a liability. An amount proportionate to the depreciation of the fixed asset should be deducted from the grant as well.

4.6. Capital Works in Progress: For the purpose of opening balance sheet, capital work-in-progress represents that value of incomplete works as on the opening balance sheet date.

4.6.1. The information with regard to capital work in progress can be obtained from the Register of Works, if maintained by the ULB. If the register of works is not maintained, then such details be collated from the Measurement Book (MB). Based on the MB, the engineer prepares a bill and sends it to the accounts department, after necessary approvals, for payment. For the purpose of opening Balance sheet, the ULB will value the CWIP based on the gross amount of bill sent to the accounts department until 31 March 20XX.

4.6.2. In addition to the above, the valuation team will also consider all bills till April, 20XX that pertains to works taken up prior to 31 March, however, bills were submitted later, or bills approved later.

4.6.3. Borrowing cost for CWIP will also be capitalized.

4.6.4. The assets, which have been commissioned and put to use before 31 March 20XX, shall not be considered as capital work in progress, but they be booked under the respective heads of fixed assets.

4.6.5. The certificate that the asset has been put to use, shall be obtained from the Engineering department of the ULB.

4.6.6. While valuing the CWIP, the ULB shall ensure that no maintenance expenses have been included in the Capital work in-progress.

4.7. Long-Term Investments: Long term investments are the investments which are held by the ULBs for more than one year. Before, incorporating the balances in the

opening Balance Sheet the ULB will ensure a 100% physical verification of the original certificates and documents.

4.7.1. Cost of investments will include acquisition charges such as fees, brokerage, and duties.

4.7.2. Long-term investments will be valued at cost.

4.8. Current Assets: Current assets in the case of ULBs consist of the following:

- Cash in hand;
- Cash at bank;
- Stores and spares;
- Prepaid expenses;
- Arrears of property tax;
- Arrears of all other taxes, licenses, and fees;
- Interest on investments;
- Interest on bank deposits;
- Interest on loans and advances;
- Recoverable deposits, and
- Receivables against Deposit works;

4.9. Cash in hand: If there is any balance of cash left with the cashier (including any petty cash) as on 31 March 20XX, the same would be reflected from the Cash Book. The balance of cash as per the cashbook may be considered for the opening Balance Sheet.

4.10. Cash at bank: Cash at bank consists of balance (a) with all banks and (b) at treasury. These two will be shown separately in the balance sheet.

4.10.1. The balance as per cashbook will appear in the balance sheet.

4.10.2. The difference between the cashbook and the bank statements will be reconciled by ULBs.

4.10.3. A disclosure shall be made in the Notes to Accounts with regard to the following:

- The duration for which the bank reconciliation statements are pending;
- Items in the bank reconciliation, which are either pending for a long period (i.e. exceeding six months) or of high value (i.e. above Rs. 50,000/-, rupees Fifty Thousand Only).

4.11. Stores and spares: Details with regard to stores and spares are maintained in register of stores and spares, which is maintained by the stores section.

4.11.1. The ULB will prepare an updated list of items along with their quantity, value and date of purchase. In some cases, there will need to segregate items, which are although a part of stores, but should not have been a part thereof e.g. vehicles. These will be classified in the appropriate account.

4.11.2. A list containing items, which have expired or are not in a condition to be used will be taken out from the list. The confirmation of the condemned or expired items is to be taken in the form of a certificate from the stores/engineering section.

4.11.3. Items which are in good condition will be then divided into two categories i.e. Category A and Category B

- Category "A" items, which have 80% of value and are 20% in number.
- Category "B" items, which have 20% of value and are 80% in number.

The analysis will be done based on unit cost of the item.

4.11.4. Items in category A will be physically verified to the extent of 100%.

4.11.5. Stores and spares will be valued at cost. In determination of cost, FIFO method of costing will be used.

- 4.11.6.** The cost of inventories should comprise all cost of purchase and cost of conversion incurred to bring the asset to its present location and condition.
- 4.12. Prepaid expenses:** Under the existing accounting system, no records are available for prepaid expenses. Expenses that have been paid in advance and relates to a period after 31 March 20XX should be recognized as prepaid expenses.
- 4.13. Arrears of property tax:** Assessment department determines the total amount of property tax expected to be collected during the year. The collection is the responsibility of the Tax Collection department.
- 4.13.1.** The total amount of property tax in arrears is ascertainable from the "Demand Collection Balance Register."
- 4.13.2.** Ageing will be done for the arrears of property tax and will be shown in the Balance Sheet as Notes to Accounts. Ageing in the following slabs will be done i.e. below 3 years, 3-5 years, 5-10 years, 10-15 years and above 15 years.
- 4.13.3.** Arrears of sick and closed industries will be provided for 100% as provision.
- 4.14. Arrears of all other taxes, licenses, and fees:** This will include all other receivable other than property tax. This includes rent from municipal shops and markets, water charges and tax, advertisement tax, other fees, licenses, etc. Water tax and rent from municipal properties will be accounted for on accrual basis. All other forms of income will be accounted on cash basis.
- 4.14.1.** The total amount of dues is ascertainable from the Demand Collection Balance register maintained separately for each type of revenue.
- 4.14.2.** Provision will be made similar to that followed for property tax in case of water charge and rental income.
- 4.15. Interest on investments:** Interest on investments accrued and due as on 1 April 20XX will be determined on accrual basis.
- 4.16. Interest on bank deposits:** Interest on bank accounts and deposits accrued and due as on 1 April 20XX will be determined on accrual basis.
- 4.17. Interest on loans and advances:** Interest on loans and accrued and due as on 1 April 20XX will be determined on accrual basis.
- 4.18. Recoverable deposits:** The ULB may have kept deposits with third parties, with the Government, or with any other person. Based on documentary evidence and if it is classified as a deposit, it will be shown as recoverable deposits and booked as current asset.
- 4.19. Receivables against Deposit works:** If the amount expensed by ULB, is more than the amount received against the deposit works, it will be shown under this head. The actual value as per the books of account shall be taken.
- 4.20. Loans and Advances:** Loans and advances can be in the nature of:
- Advances to staff
 - Advance to contractors and suppliers
 - Material cost recoverable from contractors
- 4.20.1.** 100% physical verification of documents will be done to ascertain the amount and name of party.

4.20.2. The closing balance of advance is ascertainable from the "Advance Ledger", which is the advance ledger is maintained separately for employees, contractors and suppliers.

4.20.3. Advances to staff

4.20.3.1. All unadjusted advances to staff e.g. house building advance, festival advance, will be determined on actual basis.

4.20.3.2. No provision shall be made to the unadjusted advances to staff. An annexure would be attached to the balance sheet showing the individual person-wise break-up of various advances given under different heads.

4.20.4. Advance to contractors and suppliers: Advance given to contractors and suppliers for goods and services will be accounted on actual basis.

4.20.5. Material cost recoverable from contractors: Sometimes the ULB may have provided materials to contractors for construction purposes. This would have been provided from the stores. The value of materials issued, if recoverable from the contractor, will be shown as cost recoverable.

4.21. Current Investments: Current investments are investments that are readily realizable and not intended to be held for more than one year.

4.21.1. The ULB will do a 100% physical verification of the original certificates.

4.21.2. Valuation will be done at cost.

4.22. Short-Term Borrowings: Short-term borrowings are those, which are due for not more than one year as at the date of balance sheet.

4.22.1. The amount of outstanding loans can be ascertained from the existing records of the ULB.

4.22.2. Short-term borrowing will be bifurcated as secured and unsecured, if any.

4.22.3. The ULB will ascertain the actual amount outstanding through confirmation of balance with the creditor and also by verifying through original documents

4.22.4. In case an amount had been received as loan, but has not still been waived off by the Government, the same will still figure in the balance sheet as a liability.

4.22.5. Interest accrued and due on these loans will be included here. Calculation of interest payable should be due on accrual basis

4.23. Current Liabilities: Current liabilities will constitute the following:

- Bank overdraft;
- Security deposit/ Retention money/ Earnest money from contractors and suppliers;
- Deposit works;
- Other deposits;
- Advance collection of taxes and non-taxes;
- Income tax deducted payable;
- Sales tax deducted payable;
- Interest accrued but not due on loans;
- Unpaid salary and other employee related benefits;
- Unpaid electricity bills;
- Unpaid bills of suppliers and contractors;
- Payable to Government agencies; and
- Recoveries from staff-payable;

4.24. Bank overdraft: Bank overdraft will be verified with either the bank statement or a bank balance certificate.

4.25. Security deposit/ Retention money/ Earnest money from contractors and suppliers: Security deposit/ Retention money/ Earnest money is ascertainable from the deposit ledger, maintained by the ULB

4.25.1. This amount will be ascertained/ cross-checked from the original documents.

4.25.2. Deposits received but not encased will not be considered.

4.26. Deposit Works: Deposit works shall include the amount received from persons specifically for the construction of works. The deposit works are generally received from MPLADS, MLA funds, for specific works. The un-utilized or the balance amount of these grants will be shown under this head. If the amount is received for the construction of a specific asset for ULB, then the CWIP/ Asset would be shown in the books of account of ULB.

4.27. Other deposits: Other deposits will be ascertained from original documents.

4.28. Advance collection of taxes and non-taxes: In some cases, there may be advance collection of taxes and non-taxes like license fees, i.e. money collected by the ULB before the due date.

4.28.1. The respective departments from the various registers that they prepare will provide the amount. The team preparing the balance sheet will check the receipts from original documents and verify the register entries.

4.28.2. While checking advance collection, it has to be ensured that there are zero arrears because of both principal and interest. In case there is a balance, the advance collection will have to be adjusted with arrears first.

4.28.3. Only in case of zero arrears will an advance collection be booked, this will be calculated on individual basis.

4.29. Income tax deducted payable: Income tax deducted from payments and not deposited with the Government will be accounted here.

4.29.1. In case payments are regular, then the payment for March, which would have been done in April, will be taken as a liability.

4.29.2. In case payments are not regular and there exists a default in payment, then a reconciliation of deduction with payments to Government will have to be done to find out actual arrears including interest. The team will do reconciliation to find out an accurate balance.

4.30. Sales tax deducted payable: Sales tax deducted from payments and not deposited with the Government will be accounted here.

4.30.1. In case payments are regular, then the payment for March, which would have been done in April, will be taken as a liability.

4.30.2. In case payments are not regular and there exists a default in payment, then a reconciliation of deduction with payments to Government will have to be done to find out actual arrears including interest and penalty. The team will do reconciliation as is required to find out an accurate balance.

4.31. Interest accrued but not due on loans: Interest on borrowings, which have, although accrued but is not due will be accounted here. The team will have to determine the amount based on original documents.

4.32. Unpaid salary and other employee related benefits: Any unpaid salary or employee related benefit, which is, payable will be covered here.

4.33. Unpaid electricity bills: Based on original bills and documents, unpaid bills of electricity will be booked as a liability.

- 4.34. Unpaid bills of suppliers and contractors:** The team will have to do a full checking of all unpaid bills due as on 1 April 20XX and the same will be determined on accrual basis and account for it. Approved bills may also be lying in other departments. The team must consider the same.
- 4.35. Payable to Government agencies:** Some amounts may be payable to other Government agencies for which a bill may also not have been received. These will be enquired and checked with all departments to ascertain if any payments are pending with other Government agencies, which may have been pending for a long time e.g. unpaid water charges, electricity charges to SEB
- 4.36. Recoveries from staff-payable:** Certain deductions are made from staff salaries e.g. provident fund, income tax, recurring deposit, insurance premium, which are to be deposited with the concerned authorities. It may so happen that the ULB has defaulted on one or more occasions. This amount, which is payable will have to be booked as a liability. A reconciliation of deduction with payments to the concerned authorities will have to be done to find out actual arrears.
- 4.37. Provisions:** The provision made against tax and non-tax receivables, will not affect the opening/ closing balances of the Demand and Collection register and all such registers for the purpose of recovery of dues from the concerned parties. Provisioning in accounts does not amount to waiver of the demand from the concerned party. The ULB should not decrease its efforts in collection of arrears.
- 4.37.1.** Provision related to arrears in property tax, water tax and rent from municipal properties will be accounted here.
- 4.37.2.** Any other present obligation that may arise because of past events, which can be reliably estimated based on experience and will result in an outflow of resources, will be provided for.
- 4.38. Balances of Government Grants:** Balances of all specific government grants will be shown specifically under this head. Balance of Government Grant can also be ascertained from the respective Treasury. The team on a test check basis can confirm the balance with the Treasury.
- 4.38.1.** Excess of government grant over the cost of a fixed asset, will be shown separately as "Excess of grant over asset value".
- 4.38.2.** Purchase or construction of assets that have been done out of grants have been shown at gross value and the corresponding grant as a liability. An amount proportionate to the depreciation of the fixed asset should be deducted from the grant as well.
- 4.39. Long-Term Borrowings:** Borrowings in the nature of long term and that are repayable after one year and that are not a part of short term borrowings, will constitute long-term borrowings.
- 4.39.1.** The team will need to go through all original papers to determine the exact liability on account of long term borrowings.
- 4.40. Municipal General Fund:** The difference of all assets and liabilities will be the opening balance of Municipal General Fund. This will be determined as a balancing figure in the balance sheet. In case of liabilities exceeding the assets, the balance will be shown as "Capital Deficit" under Application of funds.
- 4.41. Contingent Liabilities:** Contingent liabilities will appear as a note to the balance sheet. Some instances of contingent liabilities are stated below,

4.41.1. In case of compulsory acquisition of land, if the amount payable is under litigation, the extra amount that could be paid, will be identified as contingent liabilities.

4.41.2. In case of any other legal cases that may be pending in any of the courts in the country or abroad and may have a financial impact on the ULB, an appropriate amount of compensation for these cases will be disclosed as contingent liabilities, if ascertainable. Otherwise, a fact of it should be disclosed.

4.41.3. Any other obligation, which is a result of past activities, which cannot be reliably estimated and outflow of economic resources is contingent to the happening/ non-happening of certain activities.

4.42. Capital Commitments: Capital Commitments will appear as a note to the balance sheet. In the case of value of work sanctioned, estimate approved and all formalities have been completed but work has not commenced, –such cases will form a part of capital commitment. Estimated amount of contracts remaining to be executed on capital accounts and not provided for will form part of capital commitments.

4.43. Retirement Benefits: Retirement benefits will not be accounted for at this stage. This can be taken up by the ULB as a subsequent exercise. Here only the actual amount ascertained of an employee who has retired/ left the organization and payable to him will be accounted for.

5.0 Forms and Formats

5.1. After the review and physical verification, the data needs to be arranged item-wise with the requisite supporting documents. While collecting and collating the information, the ULB must use the given formats (given in Annexure II) and consider the guidelines provided in the previous volume.

5.2. The table below may be used for easy reference:

Information Concerns	Refer Guidelines (as outlined above)	Use Form (for collection of information)
Land	Paragraph 4.4.3.2	Annex II – 1
Building	Paragraph 4.4.3.3	Annex II – 2
Statues and Heritage Assets	Paragraph 4.4.3.4	Annex II - 2A
Roads, streets, lanes, and footpaths	Paragraph 4.4.3.5	Annex II – 3
Bridges, culverts, flyovers, subways and causeways	Paragraph 4.4.3.5	Annex II – 4
Drains including underground drains	Paragraph 4.4.3.5	Annex II – 5

Information Concerns	Refer Guidelines (as outlined above)	Use Form (for collection of information)
Water Works Distribution	Paragraph 4.4.3.5	Annex II – 6
Public Lighting System	Paragraph 4.4.3.5	Annex II – 7
Parks, Playgrounds, Lakes, and Ponds	Paragraph 4.4.3.1	Annex II – 8
Capital Work-in-Progress	Paragraph 4.6	Annex II – 9
Plant and Machinery (including machinery of Water Work and Drainage)	Paragraph 4.4.3.6	Annex II – 10
Vehicles	Paragraph 4.4.3.7	Annex II – 11
Furniture and Fixtures	Paragraph 4.4.3.9	Annex II – 12
Office Equipments	Paragraph 4.4.3.8	Annex II – 13
Other Equipments	Paragraph 4.4.3.8	Annex II – 14
Live Stock	Paragraph 4.4.3.10	Annex II – 15
Computers and Intangible assets (software)	Paragraph 4.4.3.6 and 4.4.3.11	Annex II - 15 A
Investments	Paragraph 4.7 and 4.21	Annex II – 16
Cash Balance	Paragraph 4.9	Annex II – 17
Bank Balance	Paragraph 4.10	Annex II – 18
Details of Advances paid to suppliers / contractors	Paragraph 4.20	Annex II – 19
Details of Loans & Advances to employees	Paragraph 4.20	Annex II – 20
Receivables (including Taxes, Water charges, Rent etc)	Paragraph 4.13 and 4.14	Annex II – 21
Grants Receivable	Paragraph 4.18	Annex II – 22
Department - wise	Paragraph 4.11	Annex II – 23

Information Concerns	Refer Guidelines (as outlined above)	Use Form (for collection of information)
Inventory		
Consolidated Inventory	Paragraph 4.11	Annex II - 23 A
Details of Deposits made	Paragraph 4.18 and 4.19	Annex II – 24
Loans Payable	Paragraph 4.22 and 4.39	Annex II – 25
Unutilized Grants	Paragraph 4.38	Annex II - 22 A
Retirement Benefits Due	Paragraph 4.32 and 4.43	Annex II – 26
Reserve Funds	Paragraph 4.40	Annex II – 27
Details of Deposits received	Paragraph 4.26	Annex II – 28
Bills and other payables details	Paragraph 4.34	Annex II - 29
Earnest Money Dues	Paragraph 4.25	Annex II – 30
Security Deposits	Paragraph 4.25	Annex II – 31
Other Deposits	Paragraph 4.27	Annex II – 32
Outstanding Bills	Paragraph 4.33 and 4.35	Annex II – 33
Income-Tax deducted payable	Paragraph 4.29	Annex II – 34
Sales Tax deducted Payable	Paragraph 4.30	Annex II – 35

5.3. Format of Opening Balance Sheet: The format for preparation of balance sheet has been attached as an Annexure III to these guidelines. The annexure has the format of vertical balance sheet with supporting schedules.

Annex I: Index Rates for Deflation

For arriving at the Deflated Standard Cost, the following inflation index may be referred:

Financial Year	Inflation Index
1981-82	100 (Base Year)
1982-83	109
1983-84	116
1984-85	125
1985-86	133
1986-87	140
1987-88	150
1988-89	161
1989-90	172
1990-91	182
1991-92	199
1992-93	223
1993-94	244
1994-95	259
1995-96	281
1996-97	305
1997-98	331
1998-99	351
1999-00	389
2000-01	406
2001-02	426
2002-03	447
2003-04	463
2004-05	480
2005-06	497

Annex II: Formats for Compiling Opening Balance Sheet information

Annexure II - 1

**Name of the ULB :
LAND DETAILS as on 01.04.06**

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.)	No. of Trees on the Land	Remarks
								Date	Cost (Rs.)								
1	2	3	4	5	6	7	8	9	10	11 (7+10)	12	13	14	15	16	17	18
													See Note				

Notes :

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.

1. Each plot of land should be identified separately.
2. Specify if land is industrial / agricultural / residential in Column 2.
3. Draw a sketch / boundary for each plot of land and annex it to the form.
4. Mention whether encroached, vested, freehold or leasehold.

Name of the ULB :

BUILDING DETAILS as on 01.04.06

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.)	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
				Length	Breadth	Height								Date	Cost (Rs.)									
1	2	3	4	5	6	7	8	9	10	11	12	13	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 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 .

Name of the ULB :

DETAILS of STATUES & HERITAGE ASSETS as on 01.04.06

Sl. No.	Description of the Statues & Heritage Assets	Location	Survey no. of the land where the statue/heritage is located	Dimension of the structure			Area of the land on which structure is located (acre / sq. m.)	In case of the structure constructed by the ULB, specify the date of construction	Cost of acquisition / construction (Rs.)	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.)	Give reference of the available title documents	Remarks
				Length	Breadth	Height					Date	Cost (Rs.)			
1	2	3	4	5	6	7	8	9	10	11	12	13	14 (10+13)	15	16

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 .

Name of the ULB :

ROAD, STREET, LANE AND FOOTPATHS DETAILS as on 01.04.06[illegible]

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.

Name of the ULB :

BRIDGES, CULVERTS, FLYOVERS, SUBWAYS AND CAUSEWAYS DETAILS as on 01.04.06

[illegible]

Notes :

The commercial establishment annexed to the structures, if any should be included in the Building Schedule.

Annexure II - 6

[illegible]

1. In column 2, list down the water distribution asset details ward-wise.
2. Details of pipes, water storage tanks and transmission pipes should be provided here.

Name of the ULB :

PUBLIC LIGHTING SYSTEM DETAILS as on 01.04.06

Sr. No.	Name of the road/ Location	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

Notes :

Specify the details ward-wise.

Annexure II - 8

Name of the ULB :

LAKES AND PONDS DETAILS as on 01.04.06

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 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

Notes :

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.

Name of the ULB :

CAPITAL WORK IN PROGRESS DETAILS as on 01.04.06

Sr. No.	Name of the project	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	Estimated date of completion of the project	Present Status of the Project	Remarks
1	2	3	4	5	6	7	8	9	10

Annexure II - 11

Name of the ULB :

VEHICLES DETAILS as on 01.04.06

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, et
- 2. In column 2, also specify the vehicle number.

Name of the ULB :

FURNITURE AND FIXTURES DETAILS as on 01.04.06

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 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.

Name of the ULB :

LIVESTOCK DETAILS as on 01.04.06

Sr. No.	Specify location of the animal	Description of the animal	Specify number of animals	Specify amount paid for acquisition (Rs.)	Date of acquisition	From whom acquired	Mode of acquisition	Give reference of the available title documents	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.

Department: _____

This is to certify that the information given above is true and correct and no other information is left.

Signature

Name of ULB: _____

MOVEABLE ASSETS - Computer (Software)

Department:

[illegible]

Name of the ULB :

INVESTMENT DETAILS as on 01.04.06

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

Notes :

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.

Name of the ULB :

BANK BALANCES AS ON 01.04.06

Sr. No.	Name of the Bank and Branch	Bank Account number	Specify the purpose for which the bank account is maintained	Balance as per General Cash Book (Rs.)	Closing Balance as on 31.03.06	Remarks
1	2	3	4	5	6	7

Name of the ULB :

DETAILS OF ADVANCES PAID TO SUPPLIERS / CONTRACTORS AS ON 01.04.06

Sr. No.	Specify name of the department in respect of which advance is paid	Name of the Supplier / Contractor to whom advance has been paid	Date when the advance is paid	Amount outstanding (Rs.)	Remarks
1	2	3	4	5	6

Note :

This list should be prepared department-wise.

Name of the ULB :

DETAILS OF ADVANCES TO EMPLOYEES AS ON 01.04.06 (GENERAL Format)

Sr. No.	Specify name of the department in respect of which advance is given	Name of the Employee to whom advance has been paid	Nature of advance	Date when the advance is paid	Amount of Advance Sanctioned (Rs.)	Amount of advance outstanding (Rs.)	Remarks
1	2	3	4	5	6	7	8

Note :

This list should be prepared department-wise.

This list should be prepared separately for each type of advance as shown below

LOANS AND ADVANCES - Festival Advance									
SL No.	Employee Name	PF ID/ Employment ID	Department working as on 31.03.06	Type of Security	Amount Due as on 31.03.06	Loan Details			
						Date of Sanction	Amount Sanction	Sanctioned By	Terms of Loan/ EMI

LOANS AND ADVANCES - House Building Loan									
SL No.	Employee Name	PF ID/ Employment ID	Department working as on 31.03.06	Type of Security	Amount Due as on 31.03.06	Loan Details			
						Date of Sanction	Amount Sanction	Sanctioned By	Terms of Loan/ EMI

LOANS AND ADVANCES - Medical Advance									
SL No.	Employee Name	PF ID/ Employment ID	Department working as on 31.03.06	Type of Security	Amount Due as on 31.03.06	Loan Details			
						Date of Sanction	Amount Sanction	Sanctioned By	Terms of Loan/ EMI

LOANS AND ADVANCES - Pay Advance									
SL No.	Employee Name	PF ID/ Employment ID	Department working as on 31.03.06	Type of Security	Amount Due as on 31.03.06	Loan Details			
						Date of Sanction	Amount Sanction	Sanctioned By	Terms of Loan/ EMI

LOANS AND ADVANCES - Any Other Advance									
SL No.	Employee Name	PF ID/ Employment ID	Department working as on 31.03.06	Type of Loan/ Advance	Amount Due as on 31.03.06	Loan Details			
						Date of Sanction	Amount Sanction	Sanctioned By	Terms of Loan/ EMI

RECEIVABLES - Market

Market Supervisor -			Rent Collector -				
Identification No / Type	Market Name	Traders No.	Traders Name and Address	Due as on 31/03/2006	Due as on 31/03/2005	Due as on 31/03/2004	Due as on 31/03/2003

RECEIVABLES - Licence

Miscellaneous Sarkar -			Asst. Licence Inspector -				
Licensee No	Type of Business (Trade Name)	Licensee Name	Place of Trade	Due as on 31/03/2006	Due as on 31/03/2005	Due as on 31/03/2004	Due as on 31/03/2003

RECEIVABLES - Other

Assessee No / Other No	Name and Address	Due as on 31/03/2006	Period of Dues		
			31/03/05	31/03/04	31/03/03

Name of the ULB :

GRANTS RECEIVABLE DETAILS AS ON 01.04.06

Sr. No.	Name of the Grant	Government sanction order no. specifying the amount of Grant receivable	Specify the year for which Grant to be received	Specify the amount of Grant due as per order of State Government (Rs.)	Remarks
1	2	3	4	5	6

Name of the ULB :

UNUTILISED GRANTS DETAILS AS ON 01.04.06

Sr. No.	Name of the Grant	Government sanction order no. specifying the amount of Grant received	Total amount of Grant received (Rs.)	Balance amount of Grant to be spent (Rs.)	Specify if the time for the utilisation of the Grant has lapsed (Rs.)	Remarks
1	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 ULB :

INVENTORY DETAILS AS ON 01.04.06Stores Held with any Department (If purchased individually)
NAME OF DEPARTMENT-.....

Sr. No.	Name of Article	Code of Article (if any)	Quantity in Stock	Rate at which valued (under FIFO method)	Value of the inventory	Date of Purchase	Expected Life	Remarks
1	2	3	4	5	6	7	8	9

Statement Of Physical Stock

Stores: Electrical Store

Stores In Charge:

Location: _

Room No.

SL NO.	Item Name	Count as per Physical Verification as on	As per Stores Ledger				Difference between Physical & Book Balance	Rate as per FIFO method	Value for the purpose of Balance Sheet
			Opening Balance as on 01/04/06	Received between 01/04/06 to	Issued between 01/04/06 to	Book Balance as on			

Statement Of Physical Stock

Stores: General Store (Stationery)

Stores In Charge:

Location: _

Room No.

SL NO.	Item Name	Count as per Physical Verification as on	As per Stores Ledger				Difference between Physical & Book Balance	Rate as per FIFO method	Value for the purpose of Balance Sheet
			Opening Balance as on 01/04/06	Received between 01/04/06 to	Issued between 01/04/06 to	Book Balance as on			

Statement Of Physical Stock

Stores: General Store (Conservancy)

Stores In Charge:

Location: _

Room No.

SL NO.	Item Name	Count as per Physical Verification as on	As per Stores Ledger				Difference between Physical & Book Balance	Rate as per FIFO method	Value for the purpose of Balance Sheet
			Opening Balance as on 01/04/06	Received between 01/04/06 to	Issued between 01/04/06 to	Book Balance as on			

Name of the ULB :

INVENTORY DETAILS AS ON 01.04.06

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.

Name of the ULB :

DETAILS OF OTHER DEPOSITS MADE BY THE CORPORATION / COUNCIL AS ON 01.04.06

Sr. No.	Description of the Deposits made by the Corporation/ Council	Amount of Deposit (Rs.)	Specify whether interest is receivable on deposit made, (Yes/No)	If yes, specify the amount of interest earned from the date of last receipt to cut off date	Remarks
1	2	3	4	5	6

Name of the ULB :

DETAILS OF LOANS TAKEN AS ON 01.04.06

Sr. No.	Name of Sanctioning Govt. / Govt. Authority	Loan Tenure	Date of Credit/Re ceipt of Loan	Date of Repayment of Loan	Amount of Loan Sanctioned	Rate of Interest (%)	Date of Interest becoming due	Date of last Interest paid	Balance of Loan Outstanding as on 31.03.06	Interest due as on 31.03.06		Total Interest due as on 31.03.06 (Rs.)	Total Amount Payable as on 31.03.06 (Rs.)	Remarks
										Simple (Rs.)	Penal (Rs.)			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Note :

Interest due (both simple as well as penal) on the pending loans are to be worked out and furnished.

Name of the ULB :

RESERVE FUND DETAILS AS ON 01.04.06

Sr. No.	Name of the reserve fund	Balance to the credit of reserve fund as on cut-off date (Rs.)	Remarks
1	2	3	4

Name of the ULB :

DETAILS OF OTHER DEPOSITS RECEIVED AS ON 01.04.06

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.

Name of the ULB :

BILLS & OTHER PAYABLES DETAILS AS ON 01.04.06

Sr. No.	Name of the supplier / contractor	Bill No.	Date of Bill Passed	Specify nature of payables*	Amount payable (Rs.)	Deductions e.g. TDS, Sales Tax	Specify name of the department procuring the material or incurring the expenditure	Remarks
1	2	3	4	5	6	7	8	9

Note :

* 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.

Name of the ULB :

DETAILS OF EARNEST MONEY DEPOSITS AS ON 01.04.06

Sr. No.	Name of the work	Identification No. of Deposit (if any)	Amount of Earnest Money (Rs.)	Date of Receipt of Earnest Money	Date of Opening of Tender	Amount of Deposit Due as on Balance Sheet Date (Rs.)	Date of Refund of Earnest Money	Remarks
1	2	3	4	5	6	7	8	9

Name of the ULB :

DETAILS OF SECURITY DEPOSITS AS ON 01.04.06

Sr. No.	Identification No. of Deposit (if any)	Nature of Deposit	Duration of Deposit	Year in which Paid/ Deducted	Balance of Deposit due as on Balance Sheet Date (Rs.)	Amount of Deposit expected to be refunded in next accounting period (Rs.)	Remarks
1	2	3	4	5	6	7	8

Name of the ULB :

DETAILS OF OTHER DEPOSITS AS ON 01.04.06DETAILS OF RETENTION MONEY AS ON 01.04.06

Sr. No.	Name of the work	Identification No. of Deposit (if any)	Amount of Retention Money (Rs.)	Date of Receipt of Retention Money	Purpose	Amount of Deposit Due as on Balance Sheet Date (Rs.)	Date of Refund of Retention Money	Remarks
1	2	3	4	5	6	7	8	9

DETAILS OF INITIAL SECURITY DEPOSIT AS ON 01.04.06

Sr. No.	Name of the work	Identification No. of Deposit (if any)	Amount of ISD (Rs.)	Date of Receipt of ISD	Purpose	Amount of Deposit Due as on Balance Sheet Date (Rs.)	Date of Refund of ISD	Remarks
1	2	3	4	5	6	7	8	9

DETAILS OF ROYALTY AS ON 01.04.06

Sr. No.	Name of the work	Identification No. of Deposit (if any)	Amount of Royalty (Rs.)	Date of Receipt of Royalty	Purpose	Amount of Deposit Due as on Balance Sheet Date (Rs.)	Date of Refund of Royalty	Remarks
1	2	3	4	5	6	7	8	9

Name of the ULB :

DETAILS OF OUTSTANDING AS ON 01.04.06DETAILS OF TELEPHONE BILLS OUTSTANDING AS ON 01.04.06

Sr. No.	Telephone No.	Place	Bill Amount (Rs.)	Bill Date	Date of Payment	Amount Paid (Rs.)	Remarks
1	2	3	4	5	6	7	8

DETAILS OF RENT OUTSTANDING AS ON 01.04.06

Sr. No.	Premises Details	Place	Bill Amount	Bill Date	Date of Payment	Amount Paid	Remarks
1	2	3	4	5	6	7	8

DETAILS OF ELECTRICITY BILLS OUTSTANDING AS ON 01.04.06

Sr. No.	Premises Details	Place	Bill Amount	Bill Date	Date of Payment	Amount Paid	Remarks
1	2	3	4	5	6	7	8

DETAILS OF CAR HIRE CHARGES OUTSTANDING AS ON 01.04.06

Sr. No.	Car No.	Place	Bill Amount	Bill Date	Date of Payment	Amount Paid	Remarks
1	2	3	4	5	6	7	8

DETAILS OF OTHER BILLS OUTSTANDING AS ON 01.04.06

Sr. No.	Details	Place	Bill Amount	Bill Date	Date of Payment	Amount Paid	Remarks
1	2	3	4	5	6	7	8

Annexure II - 34

Name of the ULB :

**DETAILS OF STATUTORY DUES INCOME TAX DEDUCTED AT SOURCE UNDER SEC.
203 OF THE INCOME TAX ACT, 1961 AS ON 01.04.06**

Month (Opening Balance as on Opening Day of Accounting Period)	Gross Amount of Bill Passed (Rs.)	Net Amount Paid (Rs.)	Amount of Income Tax Deducted (Rs.)	Amount Deposited in Central Govt. Account (Rs.)	Date & Challan No. of Deposit of Tax in Central Govt. A/c	Name of Bank & Branch where Tax Deposited	Remarks
1	2	3	4	5	6	7	8

*TDS on Contractors payable in the Government Treasury as on Balance Sheet Date = (3-4)

Use separate format for TDS u/s 192 (TDS on Salary), u/s 194C (TDS on Contract Payments), u/s 194I (TDS on Rent), u/s 194J (TDS on Professional Services)

Name of the ULB :

**DETAILS OF STATUTORY DUES UNDER SALES TAX LAW DEDUCTED AT SOURCE AS
ON 01.04.06**

Month (Opening Balance as on Opening Day of Accounting Period)	Gross Amount of Bill Passed (Rs.)	Net Amount Paid (Rs.)	Amount of Sales Tax Deducted (Rs.)	Amount Deposited in Central Govt. Account (Rs.)	Date & Challan No. of Deposit of Tax in Central Govt. A/c	Name of Bank & Branch where Tax Deposited	Remarks
1	2	3	4	5	6	7	8

Use separate format for Central Sales Tax and State VAT

Annex III: Formats of Opening Balance Sheet and Schedules

FORMAT OF OPENING BALANCE SHEET
OPENING BALANCE SHEET OF _____ MUNICIPAL CORPORATION / MUNICIPALITY
OF AS ON _____

Particulars	Schedule No.	<i>Figures in Rupees</i>		
		Amount	Amount	Amount
SOURCES OF FUNDS				
Reserves and Surplus				
Municipal (General) Fund	B-1			x
Earmarked Funds	B-2			x
Reserves	B-3			x
Grants, Contributions for Specific Purpose	B-4			
Loans				
Secured loans	B-5		x	
Unsecured loans	B-6		x	x
TOTAL OF SOURCES OF FUNDS				xxx
APPLICATION OF FUNDS				
Fixed Assets including Statues & Heritage Assets	B-11			
Gross Block		x		
Less: Accumulated Depreciation		x		
Net Block		x	x	
Capital work-in-progress			x	x
Investments				
Investment - General Fund	B-12		x	
Investment - Other Funds	B-13		x	x
Current assets, loans & advances				
Stock in hand (Inventories)	B-14		x	
Sundry Debtors (Receivables)	B-15			
Gross amount outstanding		x		
Less: Accumulated provision against bad and doubtful receivables		x	x	
Prepaid expenses	B-16		x	
Cash and Bank Balances	B-17		x	
Loans, advances and deposits	B-18		x	
Total of Current Assets (A)			xx	
Current Liabilities and Provisions				
Deposits received	B-7		x	
Deposit works	B-8		x	
Other liabilities (Sundry Creditors)	B-9		x	
Provisions	B-10		x	
Total of Current Liabilities (B)			xx	
Working Capital (Current Assets less Current liabilities i.e. A - B)				x
Other Assets	B-19			x
Miscellaneous Expenditure (to the extent not written off)	B-20			x
Capital Deficit				x
TOTAL OF APPLICATION OF FUNDS				xxx
Notes to the Balance Sheet				

Schedule B-1: Municipal (General) Fund	
Particular	Opening Balance
	Rs.
1	2
Municipal Fund	
Total Municipal Fund	

Schedule B-2: Earmarked Funds							
Special Funds/ Sinking Fund/ Trust or Agency Fund							
Particular	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	Special Fund 5	Special Fund 6	Special Fund 7
Code No.							
Net Balance at the year end							

Schedule B-3: Reserves	
Particulars	Balance at the end of the current year (Rs.)
1	2
Capital Reserve	
Grant against fixed assets	
Borrowing Redemption Reserve	
Special Funds (Utilised)	
Statutory Reserve	
General Reserve	
Revaluation Reserve	
Total Reserve funds	

Schedule B-4: Grants & Contribution for Specific Purpose							
Amount in Rs.							
Particulars	Grants from Central Government	Grants from Central Government	Grants from Other Government Agencies	Grants from Financial Institutions	Grants from Welfare Bodies	Grants from International Organisations	Others
Code No.							
Net Balance at the year end							

Schedule B-5: Secured Loans	
Particulars	Current Year Amounts (Rs.)
1	2
Loans from Central Government	
Loans from State government	
Loans from Govt. bodies	
Associations	
Loans from international	
Loans from banks & financial institutions	
Other Term Loans	
Bonds & debentures	
Other Loans	
Total Secured Loans	

Schedule B-6: Secured Loans	
Particulars	Current Year Amounts (Rs.)
1	2
Loans from Central Government	
Loans from State government	
Loans from Govt. bodies	
Associations	
Loans from international agencies	
Loans from banks & other financial institutions	
Other Term Loans	
Bonds & debentures	
Other Loans	
Total Un-Secured Loans	

Schedule B-7: Deposits Received	
Particulars	Current Year Amounts (Rs.)
1	2
From Contractors	
From Revenues	
From staff	
From Others	
Total deposits received	

Schedule B-8: Deposits work	
Particulars	Balance Outstanding at the end of the current year Amount (Rs.)
1	2
Civil Works	
Electrical works	
Others	
Total of deposit works	

Schedule B-9: Other Liabilities (Sundry Creditors)	
Particulars	Current Year Amounts (Rs.)
1	2
Creditors	
Employee Liabilities	
Interest Accrued and Due	
Recoveries Payable	
Government Dues Payable	
Refunds Payable	
Advance Collection of Revenues	
Others	
Total Other liabilities (Sundry Creditors)	

Schedule B-10: Provisions	
Particulars	Current Year Amounts (Rs.)
1	2
Provision for Expenses	
Provision for Interest	
Provision for Other Assets	
Total Provisions	

Schedule B-11: Fixed Assets			
Particulars	Gross Block Cost at the End of the year	Accumulated Depreciation Total at the end of the year	Net Block at the end of the year
1	2	3	4
Land			
Buildings			
Statues and Heritage Assets			
Statues and valuable works of arts and antiquities			
Heritage buildings			
Infrastructure Assets			
Parks and Playgrounds			
Roads and Bridges			
Sewerage and			
Water ways			
Public Lighting			
Other assets			
Plants & Machinery			
Vehicles			
Office & other Equipment			
Furniture, fixtures, fittings and electrical appliances			
Other fixed assets			
Total			
Capital Work-in-progress			

Schedule B-12: Investments -General Funds			
Particulars	With Whom Invested	Face Values (Rs.)	Current Year Cost (Rs.)
1	2	3	4
Central Government Securities			
State Government Securities			
Debentures and Bonds			
Preference Shares			
Equity Shares			
Units of Mutual Funds			
Other Investments			
Total of Investments-General Funds			

Schedule B-13: Investments - Other Funds			
Particulars	With Whom Invested	Face Values (Rs.)	Current Year Cost (Rs.)
1	2	3	4
Central Government Securities			
State Government Securities			
Debentures and Bonds			
Preference Shares			
Equity Shares			
Units of Mutual Funds			
Other Investments			
Total of Investment-Other Funds			

Schedule B-14: Stock in Hand (Inventories)	
Particulars	Current Year Amounts (Rs.)
1	2
Stores	
Loose Tool	
Others	
Total Stock in hand	

Schedule B-15: Sundry Debtors (Receivables)			
Particulars	Gross Amount (Rs.)	Provision for Outstanding revenues (Rs.)	Net Amount (Rs.)
1	2	3	4=2-3
Receivables for Property Taxes			
Less than 3 years *			
3 years to 5 years *			
5 years to 10 years*			
10 years to 15 years*			
More than 15 years*			
Sub total			
Net Receivables of Property Taxes			
Receivable of Other Taxes			
Less than 3 years*			
3 years to 5 years *			
5 years to 10 years*			
10 years to 15 years*			
More than 15 years*			
Sub- total			
Net Receivables of Other Taxes			
Receivables for Fees User Charges			
Less than 3 years*			
3 years to 5 years *			
5 years to 10 years*			
10 years to 15 years*			
More than 15 years*			
Sub total			
Receivables from Other Sources			
Less than 3 years*			
3 years to 5 years *			
5 years to 10 years*			
10 years to 15 years*			
More than 15 years*			
Sub total			
Total of Sundry Debtors (Receivables)			

Schedule B-16 : Prepaid Expenses	
Particulars	Current Year Amounts (Rs.)
1	2
Establishment	
Administrative	
Operations & Maintenance	
Total Prepaid expenses	

Schedule B-17 : Cash & Bank Balances	
Particulars	Current Year Amounts (Rs.)
1	2
Cash	
Balance with Bank Municipal Funds	
Nationalised Banks	
Other Scheduled Banks	
Scheduled Co-operative Banks	
Post Office	
Treasury	
Sub-total	
Balance with Bank — Special Funds	
Nationalised Banks	
Other Scheduled Banks	
Scheduled Co-operative Banks	
Post Office	
Treasury	
Sub-total	
Balance with Bank — Grant Funds	
Nationalised Banks	
Other Scheduled Banks	
Scheduled Co-operative Banks	
Post Office	
Treasury	
Sub-total	
Total Cash and Bank balances	

Schedule B-18 : Loans, advances and deposits	
Particulars	Balance outstanding at the end of the year (Rs.)
1	2
Loans and advances to employees	
Loans to Others	
Advance to Suppliers and Contractors	
Advance to Others	
Deposit with External Agencies	
Other Current Assets	
Sub Total	
Total Loans, advances and deposits	

Schedule B-19 : Others Assets	
Particulars	Current Year Amount (Rs.)
1	2
Deposit Works	
Other asset control accounts	
Total Other Assets	

Schedule B-20 : Miscellaneous Expenditure (to the extent not written off)	
Particulars	Current Year Amount (Rs.)
1	2
Loan Issue Expenses Deferred	
Discount on Issue of Loans	
Deferred Revenue Expenses	
Others	
Total Miscellaneous expenditure	

Annexure IV: Estimated Life of Assets

The following are the recommended life of assets for adopting the straight-line method of depreciation in ULBs in Orissa:

Type of Assets	Life of the asset
Land	Nil
Land with Structures	20/30 yrs
Landfill sites – Dumping ground	20 yrs (for structure)
Building	
Class I structure	30 yrs
Class II structure	20 yrs
Water Supply System	
Pipelines	10 yrs
Pumps & Motors	10 yrs
Water Reservoir	40 yrs
Drainage & sewerage Network	10 yrs
Roads Network	10 yrs
Mastic	
Concrete	
Bitumen	
Others	
Road over Bridges (ROB)	
Road under Bridges (RUB)	
Subways, Causeways, Culverts	10 yrs
Office equipment	10 yrs
Plant & Machinery	10 yrs
Computers	3 yrs
Street Lighting System	10 yrs
Furniture	
Office	20 yrs
School & Hospitals	10 yrs
Park	10 yrs
Road	10 yrs
Heavy Vehicles	10 yrs
Light Vehicles	10 yrs
Earth Moving Vehicles	10 yrs
Carts	5 yrs

Volume III

Significant Accounting Principles

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Significant Accounting Principles

1.0 Introduction

This volume discusses the significant accounting principles that ULBs of the State of Orissa will follow while accounting for transactions.

- 1.1. Purpose, Status, Scope and Applicability: The Accounting Principles sets out the concepts that would underlie the recording of financial transaction by an Urban Local Body in the State of Orissa. These principles would be applicable for all Urban Local Body in the State of Orissa and may be applied *mutatis mutandis*.
- 1.2. These principles would come into force from the day of2006, the day on which the principles have been officially adopted by the Government of Orissa. These principles would be applicable within the State of Orissa.
- 1.3. The purpose of the principles is to:
 - (a) assist the accountants of the urban local bodies to record accounting transactions and in dealing with topics that have yet to be adopted as a part of the Financial Rules for the ULB in the State;
 - (b) assist the preparers of the financial statements in applying the rules required for the purpose of the preparation of financial statements;
 - (c) assist the Housing and Urban Development Authority to develop, modify, and annul any financial and accounting rules set for or to be set for the ULB in Orissa;
 - (d) assist the auditors in forming an opinion as to whether the Financial Statements prepared by the ULB conform within these principles and the enabling legislation (Act and Rules) governing the ULBs in the state of Orissa;
 - (e) assist the users of financial statements in interpreting the information contained in financial statements;
- 1.4. The Housing and Urban Development Authority under the Ministry of Urban Development, Government of Orissa, recognizes that in a limited number of cases there may be a conflict between the instant principles and that to be adopted by the local body while preparing its financial statements. If the effect of deviation from the accounting principles 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 demonstrable. In case any principles are not covered in the principles adopted then the principles, set in OMAM may be followed *mutatis mutandis*.

- 1.5. The principles is concerned with the preparation of the General Purpose Financial Statements, where such financial statements are prepared and presented at least annually and are directed to a common information needs of a wide range of users. The financial statements would form part of the process of financial reporting and a complete set of financial statements would normally include a balance sheet, a statement of income and expenses, a statement of receipts and payments account and those notes and other statements and explanatory material that are an integral part of the financial statements. They may also include supplementary schedules and information based on or derived from, and expected to be read with such statements. Financial statements do not, however, include such items as reports by the Mayor, the Standing Committees, the Municipal Commissioner, discussion and analysis by management and similar items that may be included in a financial or annual report.
- 1.6. To ensure proper understanding of financial statements, listed above, it is necessary that all significant accounting principles adopted in the preparation and presentation of financial statements should be disclosed. Such disclosure should form part of the financial statements. It is advised to disclose all the principles in one place instead of being scattered over several statements, schedules, and notes for ensuring easy understanding of the reader.
- 1.7. Any change in accounting principles, as set in here, which has a material effect should be disclosed. The amount by which any item in the financial statements is affected by such change should also be disclosed to the extent ascertainable. Likewise any change in the accounting principles which has no material effect on the financial statements for the current period but it 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.
- 1.8. Disclosure of accounting principles or of changes therein cannot remedy a wrong or inappropriate treatment of the item in the accounts.

2.0 Basic Assumptions

1. In view of the uncertainty attached to future events, profits or gains a ULB cannot anticipate but recognize events only when realized though not necessarily in cash. Provision is made for all known liabilities and losses even though the amount cannot be determined with certainty and represents only a best estimate in the light of available information.
2. The accounting treatment and presentation in financial statements of transactions and events should be governed by their substance and not merely by the legal form.
3. Financial statements should disclose all material items, i.e., items, the knowledge of which might influence the decisions of the user of the financial statements.
4. In order to meet the objectives set by the Government of India, financial statements of urban local bodies would be prepared on the accrual basis of accounting following double entry principles of accounting. Under this basis, the effects of transactions and other events are recognized when they occur (and not as cash or a cash equivalent are received or paid) and they are recorded in the accounting records and reported in the financial statements of the periods to which they relate.
5. The financial statements would normally be prepared on the assumption that an urban local body is a going entity and will continue in its service operation for the

near future. Hence, it is assumed that the urban local body has neither the intention nor the need to liquidate or curtail materially the scale of its service operations.

6. In order to achieve comparability of the financial statements of an urban local body through time, the accounting principles as set here should be followed consistently from one period to another; a change in accounting principles only in certain exceptional circumstances should be disclosed separately.
7. To be reliable, information must represent faithfully the transactions and other events either it purports to represent or could reasonably be expected to represent.
8. To be reliable, the information contained in financial statements must be neutral, i.e., free from bias. It is not neutral if the selection or presentation of information has influenced the making of a decision or judgment in order to achieve a predetermined result or outcome.

3.0 Income from Property and Other Taxes

1. Revenue in respect of Property and Other Taxes shall be recognized in the period in which it becomes due and demand is ascertainable.
2. In case of new or changes in assessments, it can be accrued in the month in which the demand is served.
3. Interest element and Penalties, if any, in demand shall be reckoned only on receipt.
4. Revenue in respect of notice fee, warrant fee, and other fees charged shall be recognized when the bills for the same are served.
5. Revenue in respect of Property Transfer Charges shall be recognized on actual receipt.
6. Collections to be made on behalf of State Government i.e., state education cess, employment guarantee cess and library 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."
7. The liability towards dues to State Government for collections on its behalf shall be recognized as and when they are collected.
8. Revenue in respect of Rebate from State Government for collection made on their behalf shall be recognized at the rates prescribed by the State Government at the time of creating the liability to the State Government.
9. In respect of the demand outstanding beyond two (2) years, provision shall be made on the amount in arrear, 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%);

10. While making provision for receivables as stated above, the relevant proportion "State Govt. Cesses / levies in Property Taxes - Control account" shall also be provided by debiting to a separate account.
11. Any additional provisioning if required would be provided on the amount due and would be shown as expenditure. If any dues are finally treated as irrecoverable and have to be written off then amount of provision created against such dues would be written back during the year and shall be recognized as income.
12. Refunds and remissions of taxes for the current year shall be adjusted against income and if they pertain to previous years then they shall be treated as prior period items.
13. Write-offs of taxes shall be adjusted against the provisions made and to that, extent the recoverable is reduced.
14. Demands raised with retrospective effect will be treated as prior period income to the extent it pertains to earlier years.
15. Part-payments received in respect of Property and Other Tax levies shall be adjusted as per applicable Rules of Property Tax Assessment.
16. Wherever self-assessment of taxes is prevalent, income can be accrued based on records available with the local body when it becomes due as per the provisions of the respective municipal Acts. Further, changes arising out of self-assessment will be treated as 'Change in Demand' and will be accounted accordingly.

4.0 Income from Cess

1. Revenue in respect of collection of Cess Income with Returns (on filing of returns by the dealers) shall be recognized on actual receipt.
2. Revenue in respect of Cess Income on Assessment shall be recognized in the period in which they become due, i.e., when the demand is raised.
3. Revenue in respect of Cess Registration Fee, Interest, and Penalties levied on assessment shall be recognized on actual receipt.
4. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the ULB 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%);
5. 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 ULB.
6. Refunds and remissions of cess 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.
7. Write-offs of cess shall be adjusted against the provisions made and to that, extent recoverable is reduced.

8. Any subsequent collection or recovery against 'Receivables of Cess Income', which were already written off shall be recognized as a 'Prior Period Income'.
9. Demands raised with retrospective effect will be treated as prior period income to the extent they pertain to earlier years.

5.0 Income from Water Supply

1. Revenue in respect of Water Tax, Water Benefit Tax, Water Supply Charges, Water Meter Rent, Sewerage charge, Disposal charges shall be recognized in the period in which they become due, i.e., when the bills are raised. It is to be noted that the water tax and the related taxes may also be included in the bill raised for the property tax.
2. Revenue in respect of notice fee, warrant fee, and other fees shall be recognized when the bills for the same are served.
3. Revenue in respect of connection charges for water supply shall be recognized on actual receipt.
4. Revenue in respect of water tanker charges and "road damage recovery charges" and penalties shall be recognized on actual receipt.
5. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the ULB 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:
 - i. Outstanding for more than 2 year but not exceeding 3 years: 25%;
 - ii. Outstanding for more than 3 years but not exceeding 4 years: 50%. (Additional 25%);
 - iii. Outstanding for more than 4 years but not exceeding 5 years: 75% (Additional 25%);
 - iv. Outstanding for more than 5 years: 100% (Additional 25%);
 - If water tax demand is raised separately, the taxes and charges shall be provided as follows:
 - i. Outstanding for more than 2 year but not exceeding 3 years: 50%;
 - ii. Outstanding for more than 3 years: 100% (additional 50%);
6. 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 ULB.
7. Refunds and remissions of taxes for the current year shall be adjusted against the income and if pertain to previous years then they shall be treated as prior period item.
8. Write-offs of taxes shall be adjusted against the provisions made and to that, extent recoverable is reduced.
9. Any subsequent collection or recovery of 'Receivables of Water Supply Income' which were already written off shall be recognized as a 'Prior Period Income'.

6.0 Assigned Revenues

1. Assigned revenues like Entertainment Tax, Duty/Surcharge on transfer of Immovable properties shall be accounted during the year only upon actual collection. However, at year-end alone, these shall be accrued if sanction order (or proceedings) is passed and the amount is ascertained.
2. Based on the review of recoverable position of the 'Receivables of Assigned Revenues', the amount of outstanding assigned revenues to be provided or written off shall be ascertained and accounted accordingly on obtaining the relevant approval.

7.0 Rentals, Fees and Other Sources of income

1. Revenue in respect of Advertisement rights shall be accrued either based on Demand or based on the contract.
2. Other specific sources of income:
 - Principles for revenue recognition from Sale of goods (manufactured items by ULB, scrap items, horticulture and dairy products):
 - i. Cash on delivery sales: When any goods are sold by an ULB it is to be recognized on cash basis
 - ii. Real estate sales: Revenue is normally recognized when legal title passes to the purchaser.
 - iii. Sale of scrap arising from the disposal of stores materials would be considered in the accounts on cash basis, i.e. based on actual receipt.
 - Principles for revenue recognition for user fees and charges for services rendered
 - i. Processing of court cases: Revenue from the processing of court cases (when ULBs are also administering Appellate Tribunals) can be recognized based on actual receipt.
 - ii. Admission fees: Revenue from artistic performances, banquets and other special events is to be recognized when the event takes place.
 - iii. Royalties: Royalties and fees are paid for the use of an ULB's assets, such as trademarks, patents, space, leased assets, which are normally recognized in accordance with the terms of the agreement. Such royalties and fees would be considered on the due basis, subject to specific conditions in the agreement.
 - iv. Franchisee fees/hire charges: Such fees are to be recognized as revenue on the accrual basis that reflects the purpose for which the fees are charged.
 - Principles for recognition of Donations received by an ULB:
 - i. All cash donations should be recognized as income on an actual basis.
 - ii. All donations in kind, if comprising of properties, would be considered as an asset of the ULB and would be valued at a nominal value as the circumstances may expect (may be at Re. 1/-).
3. Renewable licenses are those, which are granted by the government to give privilege of engaging in a regulated activity. Often such licenses are granted in the first year to the person to be engaged in the activity and renewed every year

thereafter, until such person cancels. Cancellation will be for reasons like death of the person, discontinuance of the activity etc. In this case, license income to be recognized on accrual basis, i.e. recognized whenever it is due, provided the person had not informed of cancellation prior to issue of the demand.

4. Non-Renewable (one-time) licenses are those, which the government issues to citizens for the privilege of engaging in a regulated activity, which is non-repetitive. Revenue from such licenses should be recognized on cash basis.
5. Revenues in respect of Profession Tax on Organizations/entities shall be accrued in the year in which the demand is raised.
6. Rental Income from the provision of housing/otherwise is recognized as the income is earned with the terms of the tenancy agreement.
7. Other income, in respect of which demand is ascertainable and can be raised in regular course of operations of the ULB, shall be recognized in the period in which they become due, i.e., when the bills are raised.
8. 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 ULB, shall be recognized on actual receipt.
9. Revenue in respect of notice fee, warrant fee, and other fees shall be recognized when the bills for the same are served.
10. Interest element and penalties, if any, in demand shall be reckoned only on receipt.
11. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of ULB in the demand, based on the following provisioning norms:
 - Outstanding for more than 2 year but not exceeding 3 years: 50%; and
 - Outstanding for more than 3 years: 100% (additional 50%);
12. 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 ULB.
13. Refunds and 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.
14. Write-offs of Other Incomes shall be adjusted against the provisions made and to that, extent recoverable is reduced.
15. Any subsequent collection or recovery against "Receivables of Rental, Fees, and Other Incomes" which were already written off shall be recognized as a prior period income.

8.0 Public Works

1. The cost of fixed assets shall include cost incurred/money spent in acquiring or installing or constructing fixed assets, interest on borrowings attributable to acquisition or construction of qualifying fixed assets up to the date of

commissioning of the assets, and other incidental expenses incurred up to that date.

2. Any addition to or improvement to a fixed assets that results in increasing the utility or capacity or useful life of the asset shall be capitalized and included in the cost of the 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 a year shall be charged off.
3. Assets under erection/installation on existing projects and capital expenditures on new projects (including advances for capital works and project stores) shall be shown as "Capital Work-in-Progress."
4. 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.
5. Deposits received under deposit works shall be treated as a liability till such time as the projects for which the money is received is completed. Upon completion of the projects, the cost incurred against it shall be reduced from the liability.
6. Revenues (percentage charges) in respect of deposit works shall be accrued along with expenditure of Deposit works.

9.0 Stores

1. Expenditure in respect of material, equipment, etc., procured shall be recognized on accrual basis, i.e., on admission of bill by the ULB in relation to materials, equipment, etc., delivered.
2. Accounting of goods received and accepted and no bills received as of the cut-off date shall be accounted based on purchase orders.
3. The stock lying at the period-end shall be valued at cost following the first in first out (FIFO) method.
4. Revenue in respect of disposal of material shall be recognized on actual receipt.
5. Finished goods and work- in progress related to production for sale will be 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.

10.0 Employee Related Transactions

1. Expenses on Salaries and other allowances shall be recognized as and when they are due for payment (i.e. at the month end).
2. Statutory deductions from salaries including those for income tax, profession tax, provident fund contribution, etc., shall be recognized as liability in the same period in which the corresponding salary is recognized as expense.
3. Formation of trusts shall be considered for management of provident funds. However, it will be the responsibility of the ULB to form the trusts and meet the shortfall of the fund if any.

4. Provident funds money shall be invested as per the guidelines applicable to any employee provident fund.
5. Separate Funds may also be formed for meeting the pension and other retirement benefits including Gratuity and Leave encashment.
6. Contribution due towards Pension and other retirement benefit funds shall be recognized as an expense and a liability. The State Government should define the rate of contribution. One basis could be the rate generally prescribed for state government employees on deputation. Actuarial valuation has not been considered due to practical limitations of the ULBs. If an ULB wants to make an actuarial valuation, the applicable laws of the State of Orissa can guide this.
7. Interest receivable on loans given to employees shall be recognized as revenue at the end of the period in which these have accrued.
8. 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.
9. If death occurs before settlement, then such loans and advances can be written off, if appropriate administrative sanctions are there. Irrecoverable amount would be written off, provided the retirement dues are not sufficient for adjustment and the advance is not backed by any security from the borrower-employee. Then such write offs would be treated as loss. Any waiver of dues from employees under any special circumstances is considered as a loss.
10. Bonus, ex-gratia, overtime allowance, other allowances, and reimbursements to employees shall be recognized as an expense as and when they are due for payment.

11.0 Health and Sanitation

1. Revenue in respect of the following shall be recognized on actual receipts:
 - Hospital fees, maternity homes fees, diagnostic centre fees and dispensaries fees
 - Hospital training fees
 - Rent and/or hire charges in respect of ambulance, hearse, suction unit, and meat van, and road roller
 - Sale of fertilizers and waste, sale of animals and sale of scrap.
2. Renewable Licenses (under this head) are those, which are granted by the government to give privilege of engaging in a regulated activity. Often such licenses are granted in the first year to the person engaged in the activity and renewed every year thereafter, until such person cancels the license. Cancellation may be for reasons like death of the person, discontinuance of the activity etc. In this case, the license income to be recognized on accrual basis, i.e. recognized whenever it is due, provided the person had not informed of cancellation prior to issue of the demand.
3. Non-Renewable (one time) Licenses (under this head) are those, which are issued to citizens for the privilege of engaging in a regulated and non-repetitive activity. Revenue from such licenses should be recognized on cash basis.

4. Revenue in respect of rent of equipment provided to contractors, which is deducted from their bills, shall be recognized as and when the deductions are made.
5. All revenue expenditures incurred shall be recognized on admission of the bills for payment by the ULB.
6. Provision shall be made at the year-end for all bills received up to a cut off date (say 30th of April of the next financial year).

12.0 Other Revenue Expenditure

1. Other revenue expenditures shall be treated as expenditures in the period in which they are incurred.
2. Provisions for all accrued expenses shall be made at the year-end for all bills received up to 30th April of the next financial year or till finalization of accounts, whichever is earlier.
3. 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 expenditure for the period in which its benefit arises and/or services are received.
4. 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.

13.0 Grants

1. General Grants, which are of a revenue nature, shall be recognized as income on actual receipt.
2. Grants towards revenue expenditure, received prior to the incurrence of the expenditure, shall be treated as a liability until such time that the expenditure is incurred.
3. Grants received or receivable in respect of specific revenue expenditure shall be recognized as income in the accounting period in which the corresponding revenue expenditure is charged to the Income and Expenditure Account.
4. 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.
5. 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 ULB, shall be treated as a liability until 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.
6. Grants in the form of non-monetary assets (such as fixed assets given at a concessional rate) shall be accounted for based on 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 1).

7. 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.

14.0 Borrowings or Loans Received

1. Interest expenditure on loans shall be recognized on accrual basis.
2. 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.
3. 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 Account.
4. The expenses incurred while issuing debentures or bonds (Issue Expenses) 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 expenses outstanding during the year shall be written-off and charged to the Income and Expenditure Account as expense of the year when this happens. However, all other expenses in respect of raising loans other than those considered, as issue expenses shall be expensed off in the year in which they are incurred.

15.0 Special Funds

1. Special Funds shall be treated as a liability on their creation.
2. 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.
3. 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.
4. 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).

16.0 Investments

1. Investment shall be recognized at cost of investment. The cost of investment shall include cost incurred in acquiring investment and other incidental expenses incurred for its acquisition.
2. 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.

3. Short-term investments shall be carried at their cost or market value (if quoted) whichever is lower.
4. Interest on investments shall be recognized as and when due. At period-ends, interest shall be accrued proportionately.
5. Dividend on investments shall be recognized on actual receipt.
6. Profit/loss, if any, arising on disposal of investment (net of selling expense such as commission, brokerage, etc) from the Municipal Fund shall be recognized in the year when such disposal takes place.
7. 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 expense 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. However, interest or gains from an investment made from grants received as reimbursements, shall be credited to Municipal/General fund of the ULB instead of the Grant account.

17.0 Fixed Assets

1. All Fixed Assets shall be carried at cost less accumulated depreciation.
2. 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 expenses incurred up to that month.
3. Fixed Assets which are under creation or construction as on the reporting date, and there is a possibility that the same would be completed in the next accounting or reporting period should be considered as "Capital Work in Progress".
4. If any advances are given for such creation or acquisition, the same would not be considered as an asset or capital work in progress, but to be treated as an "Advance for Assets".
5. 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.
6. 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/-.
7. All assets costing less than Rs. 5,000 (Rupees Five thousands) would be expensed/charged to Income & Expenditure Account in the year of purchase.
8. 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 is charged to Income and Expenditure accounts.

9. Revaluation of a class of assets shall not result in the net book value of that class being greater than the recoverable amount of the assets of that class.
10. Revaluation reserve shall be reduced by transfer of equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.
11. The method of allocating depreciation over the useful life of the asset would be straight line method where the historical cost or any other value of the asset is divided by the useful life of the asset to arrive at an equated annual depreciation to be charged on the asset every year. (An illustrative list on the life of the assets annexed in Volume II)
12. 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.
13. 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.
14. Depreciation would be provided on all fixed assets except on those which are non-depreciable (like land, water body) and those, which are yet, complete and yet not put to use (i.e. those, which are capital work in progress, and those, which are abandoned before completion).
15. Assets recorded in the register but not physically available shall be written off after a specified period as defined by the State/Municipal act or rules governing the ULBs. The authority levels for the respective State / Municipal act or rule shall also define authorizing the write off. However, the specified period shall not exceed five years.
16. The intangible fixed assets (like software, patents, copyrights, licenses etc.) may be recorded in the financial statements at cost of acquisition, including any import duties and other taxes and any directly attributable expenditure on making the asset ready for use. Any subsequent expenditure (of capital nature) on the intangibles after its acquisition would be included as a part of the cost of the intangible. All intangible assets should be amortized over the period of its normal use or for a period of 5 years.

18.0 Lease and Hire Purchase

1. Leases can be of two types – finance lease and operating lease. In a finance lease, the lessor transfers substantially all the risks and rewards incident to ownership of an asset. An operating lease is a lease other than a finance lease.
2. When an ULB (as a lessee) have obtained an asset on lease, effecting the lease agreement as a **finance lease**, then it have assumed all the risks and rewards incident to ownership.
 - a. In case of finance leases, the ULB would recognize the lease both as an asset and a liability;
 - b. The lease item would be recognized as an asset at the cost value of the lease as per agreement or at any value as agreed between the lessor and the lessee;

- c. The principal amount payable on the lease, equivalent to the asset value only would be shown as a liability;
 - d. Amount of lease payments would be apportioned between the finance charge and the principal repayment;
 - e. The principal repayment would reduce the lease liability and the finance charges would be considered as an expense; and
 - f. The leased asset would be subject to normal depreciation like that considered for other assets in the same category, when they are not leased.
3. When an ULB (as a lessor) have granted an asset on lease, effecting the lease agreement as a **finance lease**, then it have relinquished all the risks and rewards incident to ownership.
 - a. The ULB as a lessor would consider the lease in the balance sheet as receivable at the agreed value and recognize the transaction of relinquishing the rights as a disposal of asset, so held or as a sale of properties.
 - b. Of the lease payments received, the ULB should recognize the finance income on a systematic and rational basis and recognize the same as an income for the year
 - c. No depreciation can be provided by the ULB (as a lessor) when the lease is of a finance lease.
4. When an ULB (as a lessee) have obtained an asset on lease, effecting the lease agreement as a **operating lease**, then it have not assumed all the risks and rewards incident to ownership, as all such risks are still with the lessor.
 - a. All lease payments should be recognized as an expense;
 - b. No distinction between principal repayment and finance charges to be made; and
 - c. No depreciation to be provided on assets held under operating leases.
5. When an ULB (as a lessor) have granted an asset on lease, effecting the lease agreement as a operating lease, then it have not relinquished all the risks and rewards incident to ownership.
 - a. All leased assets under an operating lease would be recognized as an asset, still owned by the ULB, under the group fixed assets, but need to be separately disclosed;
 - b. Lease Income should be recognized in the statement of Income & Expenditure on accrual basis; and
 - c. Depreciation to be provided on the leased assets in the same manner as provided for any asset of that class under direct control of the ULB.
6. Hire purchase in the books of ULB (when a buyer)
 - a. The purchase price shall be capitalized as the cost of fixed assets;
 - b. 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;
 - c. 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; and
 - d. The depreciation principle for assets purchased under HP should be consistent with that for owned assets.
7. Hire purchase in the books of the ULB (when a seller)
 - a. The sale price (including the interest portion) shall be accounted as receivable from HP agreement;

- b. HP installments shall be apportioned between the interest income and the reduction of the principal amount receivable (the finance income to be allocated so as to produce a constant periodic rate of interest on the remaining balance of the receivable);
- c. 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 finance charge

19.0 Loans

1. 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.
2. Interest/penal interest earned on loans given out of specific fund/grant shall be directly credited to the specific fund/grant account.
3. Provision against bad and doubtful loans shall be made according to the provisioning principle of the ULB based on norms or guidelines issued by the state government in this regard.
4. 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 ULB.
5. 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.

20.0 Addition / Merger of Local Bodies for up-gradation

1. The financial statements of the merging local bodies shall be consolidated at the cut-off dates under the pooling of interest method. The assets, liabilities, reserves, and fund balances of the merging local bodies are recorded at their existing carrying amounts. However, it must be ensured that accounting principles adopted for preparation of financial statements of merging local bodies should be same.
2. The financial statements prepared on consolidation shall disclose
 - i. Names of the local bodies merged;
 - ii. Authority under which the merger has taken place;
 - iii. Effective date of merger; and
 - iv. Principles adopted for consolidation.
3. All Inter Unit Transactions shall be recorded on cost basis and no mark up shall be included in Inter Unit Transactions.
4. At the year-end, the inter-unit accounts are knocked off / adjusted in the consolidated accounts of the ULB.

21.0 Inter Unit Transactions

1. All Inter Unit Transactions shall be recorded on cost basis and no mark up shall be included in Inter Unit Transactions.
2. At the year-end, the inter-unit accounts are knocked off/adjusted in the consolidated accounts of the ULB.

22.0 Municipal School Board

1. Fees and fines received from primary schools shall be recognized on actual receipt.
2. Contribution receivable from other local bodies/municipalities shall be recognized in the period in which they become due.

23.0 Transport Undertaking

1. Revenue in respect of ticket charges and monthly passes shall be recognized on actual receipt.
2. The liability towards dues to the State Government for collections on its behalf, i.e., Child Welfare Surcharge, shall be recognized as and when it is collected.
3. Revenue in respect of Rebate from State Government for collection made on their behalf, i.e., Child Welfare Surcharge, shall be recognized at the rates prescribed by the State Government on creating the liability to the State Government.

Volume IV

Chart of Accounts And Codes of Accounts

VOLUME CONTENTS

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- 9.0 Detailed Chart of Accounts and Codes**

Chart of Accounts And Codes of Accounts

1.0 Introduction

- 1.1. A Chart of Accounts is a system of classification applied to financial transaction. With this system, one can get answers to the following questions:
 - a) What is the basic nature of the transaction? How the transaction is linked to the key parameters of financial operations?
 - b) Which aspect of the entities financial position does this transaction has an impact on?
 - c) Where did the money for the transaction come from? Moreover, what was it used for?
 - d) Who was responsible, and who is accountable for this transaction?
 - e) If the transaction affected any particular geographical location, than what was that location?
 - f) What is the link between this transaction and the basic tasks that the entity is supposed to perform?
- 1.2. In theory, any chart of accounts should be able to provide answers to all the above questions. In practice many chart of accounts do not. There are two reasons for this. First, not all charts of accounts have the same degree of precision, and second over time, definitions become blurred and though the complexity of operations of an entity may increase, the Chart of Accounts may remain relatively simplistic, and therefore answers to all the questions may not be there.
- 1.3. In case of Orissa, the ULBs of the State is accounting and budgeting while using codes, which the ULB did not arrange logically. Since then the complexity of operations has increased and to keep pace with the changes, especially after the adoption of the National Municipal Accounting Manual to develop the Orissa Municipal Accounting Manual and accepting funds under JNNURM, there arose a need to adopt an accounting system with codified account heads.

- 1.4. Moreover, the administrative principles behind the model of financial management as well as accounts keeping have shifted from a centralized set to a more decentralized one in response to the growth of the city itself. In addition, the ULBs of Orissa is now ready to implement a modern computerized accounting system, which will be in place for a number of years in the future.
- 1.5. While constructing the logic of the CoA the basic factors kept in mind are:
 - a. The less the human intervention at the counter/operation level, the better;
 - b. The closer the CoA is to the budget objectives, the better; and
 - c. The various provisions of the Orissa Municipal Corporation Act, 2003;

2.0 Segments of the CoA

- 2.1. The Chart of Accounts designed for the ULBs of Orissa will provide the logical structure for budgeting, recording, and reporting of financial transactions of each ULB.
- 2.2. The chart of accounts as envisaged for the ULBs of the state of Orissa may have the following major segments:
 - a. Fund Segment;
 - b. Function and Functionary Segment; and
 - c. Accounts Segment;

3.0 Fund Segment

- 3.1. Funds are instituted for achieving certain objectives. For e.g. in some States there may be dedicated Water and Sewerage Fund and income from these services (taxes and charges) is kept in this fund and expenditure are also met out of the fund. It is true in the case of municipal corporations of Orissa guided by the Orissa Municipal Corporation Act, 2003. 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, ULBs may have special funds to meet specific objectives. All civic functions/activities carried out by the ULB are from either the municipal fund or the funds allocated to the corporator out of the municipal fund. Some special funds are there, which are meant for the employees of the ULB. For the time being, classification of these funds is into three broad fund categories. These are numbered from 0 to 9. Under each broad category of fund, there are certain sub-funds. Until now, the ULBs were classifying all activities under the Municipal Fund, and hence, it was not possible to specify the detailed activities of the ULB. For this reason the municipal fund have been classified further into sub-funds. Each such sub-fund has a one-digit code within the main activity. Thus, each specific fund comprises of two digits. The funds are illustrated below:

Major Activity		Minor Activity		Remarks
Primary Code	Description	Code	Description	
1	Municipal Fund	0	General Account	As per Sec 147 (2) (e) of the OMC Act, 2003
		1	Water Supply, Sewerage and Drainage Account	As per Sec 147 (2) (a) of the OMC Act, 2003
		2	Road Development and Maintenance Account	As per Sec 147 (2) (b) of the OMC Act, 2003
		3	Bustee Services Account	As per Sec 147 (2) (c) of the OMC Act, 2003
		4	Commercial Projects Account	As per Sec 147 (2) (d) of the OMC Act, 2003
		5	Solid Waste Management Account	Proposed
		6	Environment Management Account	Proposed
		7	Blank	
		8	Blank	
4	Corporator Fund	0	Ward Development Activity	
8	Employee Fund	0	Pension Fund	If the ULB is maintaining and managing provident funds
		1	Gratuity & Leave Salary Fund	
		2	Provident Fund	
		3	Blank	
		4	Blank	

Note: The fund segment will be applicable for only those ULBs governed by the Orissa Municipal Corporation Act, 2003. The fund segment will not be applicable for ULBs covered by Orissa Municipalities Act, 1950. In addition, those ULBs, which will use fund segments, will do so once there is complete migration to the DEAS.

4.0 Function and Functionary Segment

4.1. Under the present system of the ULB, various departments/sections are actually responsible for all the transactions that do take place. Each ULB demands for the ULBs income and incur expenses through their departmental setup. These departments are responsible for discharging the functions and become the responsibility center for the assigned functions. The Function and Functionary Segment represents this. Each sub – segment within this segment typically represent the operational structure within the Corporation. This segment will help in the internal control of the Corporation. The values for Functionary

Segment have been classified according to the functionality of various departments.

- 4.2. The question that might arise for the necessity to create this functionary segment is "Who is responsible, and who is accountable for this transaction?" The answer lies in "identifying the department, which is responsible."
- 4.3. The segment has three components. The first component specifies the major group of the function. Two-digit codes represent this component. The group component is further classified into a function code, also of two-digit. The functionary code follows the function code. The functionary code is also of two digits. The total code-length is of six digits. Below, given is an illustration of the segment:

Function				Functionary	
Group Code	Description	Function Code	Description	Code	Description
10	General Administration	00	Consolidated - General Administration Municipal Authorities	00	Consolidated - General Administration
				01	Mayors' Office
				02	Chairman's Office
				03	Deputy Mayors' Office
				04	Members Mayor-in-Council's Office
				05	Municipal Accounts Committee
				06	Zone Committees
				07	Ward Committees
				08	Blank
				09	Blank
				10	Blank
		02	Administration Function	01	Municipal Commissioner's Office
				02	Municipal Secretary
				03	Addl. Commissioners' Office
				04	Chief of Finance & Accounts
				05	Chief Municipal Auditor
				06	Chief Municipal Engineer
				07	Chief Health Officer
				08	Chief Law Officer

5.0 Accounts Code

- 5.1. The Code of an account head shall be numeric and shall be 7 digits. A 7-digit code is suggested to give flexibility to add new codes in the future. The code is structured into:

- Major Head Code;
- Minor Head Code; and
- Detailed Head Code;

5.2. Major Head code (3-digits)

5.2.1. The first digit of the Major Head Code shall indicate the nature or type of the account. The first digit shall be assigned one of the following numbers depending on the nature of the account:

- '1' shall denote an account relating to 'Revenue Income'
- '2' shall denote an account relating to 'Revenue Expenditures'
- '3' shall denote an account relating to 'Capital Receipts & Liabilities'
- '4' shall denote an account relating to 'Capital Expenditures & Assets'

5.2.2. The next 2 digits of the Major Head Code shall denote the group codes for the various head of accounts. For example,

- Code 110 shall denote 'Tax Revenue' related accounts
- Code 210 shall denote 'Establishment Expenses' related accounts
- Code 350 shall denote 'Other Liabilities' related accounts
- Code 410 shall denote 'Fixed Assets' related accounts

5.3. Minor head code (2-digits)

5.3.1. The Minor Head Code shall be of 2 digits. An item covered by a Minor Head Code is a subset of the Major Head Code. Thus, it shall be necessary to refer the Minor Head Code in conjunction with the associated Major Head Code. The Minor Head Codes provide further details of transactions in respect of the associated Major Head Code. For example,

- Under the Major Head Code 110 relating to 'Tax Revenue', the Minor Head Code 01 shall denote 'Property Tax';
- Under the Major Head Code 210 relating to 'Establishment Expenses', the Minor Head Code 10 shall denote Salaries & Allowances;

5.3.2. It is to be noted that the schedules to financial statements of a ULB are drawn at minor head codes of account and hence this is a mandatory level of information. Minor codes provided in the manual are mandatory. The ULBs can make additions to minor codes as per the logic provided in this document.

5.4. Detailed head code (2-digits)

5.4.1. The Detailed Head Code shall be of 2 digits. An item covered by a Detailed Head Code is a subset of the Minor Head Code. Thus, it shall be necessary to refer the Detailed Head Code in conjunction with the associated Minor Head Code. The Detailed Head Codes provide further details of transactions in respect of the associated Minor Head Code. For example,

- Under the Minor Head Code of Account 11001 covering Property Tax, the Detailed Head Code 01 shall denote 'Property Tax from Residential Properties'.

5.4.2. Thus, under the Minor Head Code of Account 11001 in respect of 'Tax Revenues from Property Tax', the Detailed Head Code 01 shall represent

‘Property Tax from Residential Properties’. The Account Code for this will be 1100101.

5.4.3. Below, given is an illustration of the segment, particularly the “revenue income” segment:

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
1	Revenue Income	10	Tax Revenue	01	Property Tax	00	Consolidated Property Tax
				02	Water Tax	01	Property Tax on Building
						02	Property Tax on Land
						03	Service Charges in lieu of Property Tax
						04	Property Tax on Other Properties
						05	Consolidated Tax
						06	Town Development Cess
						07	Education Cess
						00	Consolidated Water Tax
						01	Metered Water - Domestic Supply
						02	Metered Water - Commercial Supply
						03	Bulk Supply of filtered water
						04	Bulk Supply of unfiltered water
				03	Sewerage Tax	00	Consolidated Sewerage Tax
				04	Conservancy/La trine Tax	00	Consolidated Conservancy Tax
				05	Lighting Tax	00	Consolidated Lighting Tax
				06	Education Tax	00	Consolidated Education Tax
				07	Vehicle Tax	00	Consolidated Vehicle Tax
				08	Tax on Animals	00	Consolidated Tax on Animals
				09	Electricity Tax	00	Consolidated Electricity Tax
				10	Professional Tax	00	Consolidated Professional Tax
				11	Advertisement Tax	00	Consolidated Advertisement Tax

5.5. **Secondary Account Codes:** Each ULB would decide upon its secondary account code, like code for sundry creditors, code for sundry debtors, bank codes, etc,

6.0 Detailed Chart of Accounts and Codes**6.1. Chart and Codes for Funds****ORISSA MUNICIPAL ACCOUNTING MANUAL****Proposed Fund Heads and Code
Code Length = 2 (Two)**

Major Activity		Minor Activity		Remarks
Primary Code	Description	Code	Description	
1	Municipal Fund	0	General Account	As per Sec 147 (2) (e) of the OMC Act, 2003
		1	Water Supply, Sewerage and Drainage Account	As per Sec 147 (2) (a) of the OMC Act, 2003
		2	Road Development and Maintenance Account	As per Sec 147 (2) (b) of the OMC Act, 2003
		3	Bustee Services Account	As per Sec 147 (2) (c) of the OMC Act, 2003
		4	Commercial Projects Account	As per Sec 147 (2) (d) of the OMC Act, 2003
		5	Solid Waste Management Account	Proposed
		6	Environment Management Account	Proposed
		7	<i>Blank</i>	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Proposed Fund Heads and Code Code Length = 2 (Two)

Major Activity		Minor Activity		Remarks
Primary Code	Description	Code	Description	
		8	Blank	If the ULB is maintaining and managing provident funds
4	Corporator Fund	0	Ward Development Activity	
8	Employee Fund	0	Pension Fund	
		1	Gratuity & Leave Salary Fund	
			Provident Fund	
		2		
		3	Blank	
		4	Blank	
		5	Blank	

6.2. Chart and Codes for Functions and Functionary

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes
Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
10	General Administration	00	Consolidated - General Administration	00	Consolidated - General Administration	General Account
		01	Municipal Authorities	01	Mayors' Office	
				02	Chairman's Office	
				03	Deputy Mayors' Office	
				04	Members Mayor-in-Council's Office	
				05	Municipal Accounts Committee	
				06	Zone Committees	
				07	Ward Committees	
				08	<i>Blank</i>	
				09	<i>Blank</i>	
				10	<i>Blank</i>	
	Administration Function	02	Administration Function	01	Municipal Commissioner's Office	
				02	Municipal Secretary	
				03	Addl. Commissioners' Office	
				04	Chief of Finance & Accounts	
				05	Chief Municipal Auditor	
				06	Chief Municipal Engineer	
				07	Chief Health Officer	
				08	Chief Law Officer	
				09	Chief Vigilance Officer	

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Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				10	Nodal Officer under RTI	
				11	Blank	
				12	Blank	
				13	Blank.....	
		03	Revenue Function	01	Property Tax Section	
				02	Export Tax Section	
				03	Water Tax Section	
				04	Show Tax Section	
				05	Advertisement Tax Section	
				06	Professional Tax Section	
				07	Other Taxes Section	
				08	Licenses & Other User Charges Section	
				09	Blank	
				10	Blank.....	
		04	Finance, Accounts & Audit	01	Budget & Financial Management Section	
				02	Accounts Section	
				03	Loans & Advance section	
				04	Cash & Treasury Section	
				05	Payments Section	
				06	Internal Audit Section	
				07	Account Records Section	
				08	Blank	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				09	Blank	
				10	Blank.....	
		05	Personnel	01	Salary Section	
				02	Terminal Benefit Section	
				03	Personnel Records Section	
				04	Capacity Building & Training	
				05	Blank	
				06	Blank.....	
		06	E-Governance	01	Hardware & Network management Section	
				02	Software Management Section	
				03	Call Centers	
				04	GIS Mapping Section	
				05	MIS Section	
				06	Blank	
				07	Blank	
				08	Blank.....	
		07	Central Stores	01	Materials Handling Section	
				02	Materials Quality Control Section	
				03	Blank	
				04	Blank.....	
		08	Central Workshops	01	Manufacturing Section	
				02	Materials Handling Section	
				03	Blank	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				04	Blank.....	
		09	Law Administration	01	Litigations & Trial Section	
				02	Settlements, Enforcement & Assessment Section	
				03	Blank	
				04	Blank.....	
		10	Estate	01	Surveys, Valuation, and maintenance of Properties Section	
				02	Maps & Plans Section	
				03	Blank	
				04	Blank.....	
15	Planning & Regulations	00	Consolidated	00	Planning & Regulation Department	General Account/Environment Management Account
		11	City and Town Planning	01	Urban Architecture Section	
				02	Urban Planning Section	
				03	City Infrastructure Development Section (Projects)	
				04	Blank	
				05	Blank.....	
				06	Blank	
		12	Building Regulation	01	Building & Plan Sanction Section	
				02	Monitoring & Vigilance Section	
				03	Blank	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				04	<i>Blank.....</i>	
		13	Economic & Physical Planning	01	Spatial Data Collection & Analysis Section	
				02	Census, Research & Development, Statistical Analysis Section	
				03	Micro-Planning Section	
				04	<i>Blank</i>	
				05	<i>Blank.....</i>	
		14	Encroachment Removal	01	Encroachment Monitoring Section	
				02	Encroachment Removal Section	
				03	<i>Blank</i>	
		15	<i>Blank</i>		<i>Blank</i>	
		16	<i>Blank.....</i>		<i>Blank</i>	
20	Public Works	00	Consolidated	00	Public Works (Engineering) Department	Road Development and Maintenance Account
		21	Roads and Pavements	01	Arterial Roads Section	
				02	Minor Roads Section	
				03	Pathways and Footpaths Section	
				04	<i>Blank</i>	
				05	<i>Blank.....</i>	
		22	Bridges and Flyovers	01	Construction & Maintenance Section	
				02	<i>Blank.....</i>	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
		23	Subways and Causeways	01	Blank	
				02	Blank.....	
		24	Public Lighting	01	Street Lights Section	
				02	Markets and other Corporation Building Lights section	
				03	Electric Crematorium & Burning Ghats Section	
				04	Parks and Squares Lights Section	
				05	Blank	
				06	Blank	
				07	Blank.....	
		25	Storm Water Drains	01	Drainage Pumping Station	
				02	Rain and Storm Water Management Section	
				03	Blank	
				04	Blank.....	
		26	Traffic Signals	01	Construction & Maintenance Section	
				02	Inspection section	
				03	Blank	
				04	Blank	
				05	Blank.....	
		27	Blank			
		28	Blank			

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
25	Health	00	Consolidated	00	Health Department	General Account
		31	Public Health	01	Public Health Information Section	
				02	Immunization and Vaccination Section	
				03	Regulation of Factories/Trade Section	
				04	Destruction of Stray Animals	
				05	Floating Health Services Section (e.g. Polio Drops)	
				06	Blank	
				07	Blank.....	
		32	Epidemic and Vector Control	01	Epidemiological Services Section	
				02	Vector (malaria) Control Section	
				03	Restraint of Infection Section	
				04	Blank	
				05	Blank.....	
		33	Family Planning	01	Public Awareness/Campaign Section	
				02	Family Planning Workers Section	
				03	Blank	
				04	Blank	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				05	Blank.....	
		34	Primary Health Care	01	Child Care Section	
				02	Women Care Section	
				03	Dispensaries and Mobile Van Section	
				04	Blank	
				05	Blank.....	
		35	Hospital Services	01	Hospitals & Clinics	
				02	Maternity Homes	
				03	Blank	
				04	Blank.....	
		36	Burial and Cremations	01	Burning Ghats/Crematorium Section	
				02	Burial Grounds Section	
				03	Blank	
				04	Blank.....	
		37	Vital Statistics	01	Birth Registration Section	
				02	Death registration Section	
				03	Population Census Section	
				04	Blank	
				05	Blank.....	
		38	Prevention of Food Adulteration	01	Inspection, Monitoring and Prosecution Section	
				02	Laboratory and Test Section	
				03	Blank	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				04	<i>Blank.....</i>	
		39	Ambulance / Hearse services	01	Ambulance Service Section	
				02	Hearse Services Section	
				03	<i>Blank</i>	
				04	<i>Blank.....</i>	
30	Sanitation and Solid Waste Management	00	Consolidated	00	Sanitation and Solid Waste Management Department	Solid Waste Management Account
		41	Solid Waste Management	01	Removal & Collection of Solid Waste (Domestic) Section	
				02	Removal & Collection of Solid Waste (Industrial) Section	
				03	Removal & Collection of Solid Waste (Bio-Medical) Section	
				04	Landfill Sites Management Section	
				05	Street Watering & Cleaning Section	
				06	<i>Blank</i>	
				07	<i>Blank</i>	
				08	<i>Blank.....</i>	
		42	Public Toilets	01	Pay & Use Toilets	
				02	<i>Blank</i>	
				03	<i>Blank</i>	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				04	Blank.....	
		43	Veterinary Services	01	Treatment of Cattle (Cows, Sheep, etc.) Section	
				02	Blank	
				03	Blank	
				04	Blank.....	
		44	Cattle Pounding	01	Blank	
				02	Blank	
				03	Blank	
				04	Blank.....	
		45	Blank			
35	Civic Amenities - Water Supply	00	Consolidated	00	Civic Amenities - Water Supply Department	Water Supply, Sewerage and Drainage Account
		51	Water Supply	01	Water Treatment Plant Section	
				02	Water Pumping Station Section	
				03	Water Distribution (House Connection) Section	
				04	Water Distribution (Industrial Connection) Section	
				05	Water Distribution (Supply by Tankers) Section	
				06	Blank	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				07	<i>Blank.....</i>	
40	Civic Amenities - Public Convenience	00	Consolidated	00	Civic Amenities - Public Convenience Department	Water Supply, Sewerage and Drainage Account
		52	Sewerage	01	Maintenance of House Sewer Connection Section	
				02	Surface Drain Maintenance Section	
				03	Underground Drain Maintenance Section	
				04	<i>Blank</i>	
				05	<i>Blank.....</i>	
		53	Fire services	01	Fire Tenders Maintenance Section	Water Supply, Sewerage and Drainage Account
				02	Fire Brigade Section	
				03	<i>Blank</i>	
				04	<i>Blank.....</i>	
		54	Heritage, Arts & Culture	01	Maintenance of Heritage Property Section	General Account
				02	Maintenance of Cultural Centers Section	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				03	Maintenance of reading Rooms & Libraries Section	
				04	Blank	
				05	Blank.....	
		55	Community/Marriage Centres	01	Maintenance of Community/Marriage Halls	Commercial Projects Account
				02	Blank	
				03	Blank	
				04	Blank	
				05	Blank.....	
		56	Amusement & Museums	01	Maintenance of Amusement Centers Section	Commercial Projects Account
				02	Maintenance of Fair Grounds Section	
				03	Maintenance of Museum Section	
				04	Blank	
				05	Blank.....	
		57	Car Parking	01	Day Parking Monitoring Section	Commercial Projects Account
				02	Night Parking Monitoring Section	
				03	Blank	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				04	Blank.....	
		58	Municipal Markets	01	Maintenance of Municipal Markets Section	Commercial Projects Account
				02	Rent Collection Section	
				03	Blank	
				04	Blank.....	
		59	Slaughter Houses	01	Inspection & Maintenance Section	Commercial Projects Account
				02	Blank	
				03	Blank	
				04	Blank	
45	Urban Forestry	00	Consolidated	00	Urban Forestry Department	General Account/Environment Management Account
		61	Parks and Gardens	01	Maintenance of Parks/Garden/traffic Island Section	
				02	Maintenance of Nurseries/Horticulture Section	
				03	Blank	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				04	<i>Blank.....</i>	
		62	Play Grounds	01	Maintenance of Open space Section	
				02	<i>Blank</i>	
				03	<i>Blank.....</i>	
		63	Lakes and Ponds	01	Maintenance of Water Bodies Section	
				02	<i>Blank</i>	
				03	<i>Blank.....</i>	
		64	Environment Conservation	01	Pollution Control Section	
				02	Energy Control/Audit Section	
				03	<i>Blank</i>	
		65	Zoos	01	Maintenance of Zoo's Section	
				02	<i>Blank</i>	
		66	<i>Blank</i>			
		67	<i>Blank</i>			
50	Urban Poverty Alleviation & Social Welfare	00	Consolidated	00	Urban Poverty Alleviation & Social Welfare Section	Bustee Services Account
		71	Social Welfare	01	Community Engineering Section	
				02	Community Awareness Section	
				03	Maintenance of Citizen Service Centre Section	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
				04	Blank	
		72	Slum Improvement	01	Maintenance of Basic Infrastructure at Slums' Section	
				02	Maintenance of Health at Slums' Section	
				03	Blank	
				04	Blank	
				05	Blank.....	
		73	Urban Poverty Alleviation	01	Blank	
				02	Blank	
				03	Blank.....	
		74	Education	01	Primary Education Section	
				02	Secondary Education Section	
				03	Management of Mid-Day Meals Section	
				04	Blank	
				05	Blank.....	
		75	Blank		Blank	
		76	Blank.....		Blank.....	
55	Other Functions	00	Consolidated	00	Miscellaneous Department	General Account

ORISSA MUNICIPAL ACCOUNTING MANUAL

Functions and Functionary Codes Code Length = 6 (Six)

Function				Functionary		Responsible to manage the Fund
Group Code	Description	Function Code	Description	Code	Description	
		81	Electricity	01	Maintenance of Power Stations/Power Houses Section	
				02	Maintenance of Electricity Networks section	
				03	Blank	
		82	Transportation	01	Maintenance of Transport Vehicle Section	
				02	Maintenance of Conservancy Vehicle Section	
				03	Maintenance of Passenger Vehicle Section	
				04	Blank	
				05	Blank.....	
		83	Public Private Partnership	01	Project Evaluation Section	Commercial Projects Account
				02	Project Monitoring Section	
				03	Blank	
		84	Blank	01		

6.3. Charts and Codes for Revenue Income

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income
Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
1	Revenue Income	10	Tax Revenue	01	Property Tax	00	Consolidated Property Tax
						01	Property Tax on Building
						02	Property Tax on Land
						03	Service Charges in lieu of Property Tax
						04	Property Tax on Other Properties
						05	Consolidated Tax
						06	Town Development Cess
						07	Education Cess
				02	Water Tax	00	Consolidated Water Tax
						01	Metered Water - Domestic Supply
						02	Metered Water - Commercial Supply
						03	Bulk Supply of filtered water
						04	Bulk Supply of unfiltered water
				03	Sewerage Tax	00	Consolidated Sewerage Tax
				04	Conservancy/Latrine Tax	00	Consolidated Conservancy Tax
				05	Lighting Tax	00	Consolidated Lighting Tax
				06	Education Tax	00	Consolidated Education Tax
				07	Vehicle Tax	00	Consolidated Vehicle Tax

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				08	Tax on Animals	00	Consolidated Tax on Animals
				09	Electricity Tax	00	Consolidated Electricity Tax
				10	Professional Tax	00	Consolidated Professional Tax
				11	Advertisement Tax	00	Consolidated Advertisement Tax
						01	Advt Tax - Land Hoardings
						02	Advt Tax - Bus Shelters
						03	Advt Tax - Neon Stands & Shops
						04	Advt Tax - Hoardings on Private Land
						05	Advt Tax - On Public Toilets
						06	Advt Tax - Traffic Signals, Police Booths, Police Umbrella
						07	Advt Tax - Footpath, Railing & Posts
						08	Advt Tax - On Railings of Tree Guards
						09	Advt Tax - On Others
				12	Pilgrimage Tax	00	Consolidated Pilgrimage Tax
				13	Export Tax	00	Consolidated Export Tax
				51	Octroi & Toll	00	Consolidated Octroi & Toll
				80	Others Taxes	00	Consolidated Other Taxes
						01	Development Tax
						02	Toll Tax
						03	Entertainment Tax
						04	Tax on Carriage and Carts

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
1	Revenue Income	20	Assigned Revenues & Compensation	10	Taxes & Duties Collected by Other Governments	00	Consolidated Taxes & Duties Collected by Other Governments
						01	Entertainment Tax/Public Resort
						02	Duty on transfer of Properties
						03	Penalty imposed by Courts
						04	Mining Royalty
						05	Professional Tax
				20	Compensation in lieu of Taxes & Duties	00	Consolidated Compensation in lieu of Taxes & Duties
						01	Compensation in lieu of Octroi
						02	Compensation in lieu of Pilgrim Tax
						03	Other Compensation
				30	Compensation in lieu of Concessions	00	Consolidated Compensation in lieu of Concessions
1	Revenue Income	30	Rental Income from Municipal Properties	10	Rent from Civic Amenities	00	Consolidated Rent from Civic Amenities
						01	Rent from Markets
						02	Rent from Shopping Complexes
						03	Rent from Community Halls
						04	Rent from Stadium

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income

Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						05	Rent from Yatri Niwas
						06	Rent from Kalyan Mandap
				20	Rent from Office Buildings	00	Consolidated Rent from Office Buildings
				30	Rent from Guest Houses	00	Consolidated Rent Guest Houses
						01	Rent from Working Women Hostel
				40	Rent from lease of lands	00	Consolidated Rent from Lease of lands
				80	Other rents	00	Consolidated Other rents
						01	Lease Rentals
1	Revenue Income	40	Fees & User Charges	10	Empanelment & Registration Charges	00	Consolidated Empanelment & Registration Charges
						01	Fees from empanelment of Contractors (undertaking public works)
						02	Colony empanelment and inspection fees
				11	Licensing Fees	00	Consolidated Licensing Fees
						01	Trade license fees
						02	License fees
						03	License fees from Dangerous/Offensive Trade
						04	Licensing fees from hawkers (u/s 307)

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						05	Washer men license fees
						06	Shop licensing fees
						07	Fees from Casual Vendors
						08	Licensing fees (Staff Quarters)
						09	Fees for Projections/erections
						10	Plumbing licensing fees
						11	<i>Ghat</i> & Boat licensing fees
						12	Licensing fees from pounding houses
						13	Licensing fees from slaughter houses
						14	Licensing fees from butchers & traders of meat
						15	Licensing fees from trading of meat & flesh
						16	Licensing Fees from Bar
						17	Fees from leasing of ponds
						18	<i>Rickshaw</i> licensing fees
						19	Income from providers of telephony services
				12	Fees for Grant of Permit	00	Consolidated Fees for Grant of Permit
						01	Fees from sanction of building plans

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income

Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				13	Fees for Certificate or Extract	00	Consolidated Fees for Certificate or Extract
						01	Fees from copies of plan
						02	Birth & Death Registration Fees (Vital Statistics)
				14	Development Charges	00	Consolidated Development Charges
						01	Development Charges
						02	Betterment Charges
						03	Demolition Charges
				15	Regularization Fees	00	Consolidated Regularization Fees
						01	Encroachment fees
						02	Agreement fees
						03	Building construction regularization fees
				20	Penalties and Fines	00	Consolidated Penalties and Fines
						01	Property Tax
						02	Water tax
						03	Rents
						04	Others
				40	Other Fees	00	Consolidated Other Fees
						01	Advertisement fees
						02	Cattle pounding fees
						03	Education fees
						04	Sports fees

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						05	Property transfer charges
						06	Notice fees
						07	Warrant fees
						08	Drain connection charges
						09	Electricity supply fees
						10	Delay fees
						11	Application fees
						12	Miscellaneous fees
				50	User Charges	00	Consolidated User Charges
						01	Litter & debris collection charges
						02	Septic tank cleaning charges
						03	Ambulance charges
						04	Examination Charges (Tests, x-rays, ultra sound)
						05	Funeral Van (Hearse) charges
						06	Sewerage cleaning charges
						07	Pay & Use toilets
						08	Parking fees (On contract)
						09	Water supply
						10	Charges for supply of water by tankers
						11	Rent of water meter
						12	Sale of water for industrial / commercial use

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income

Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				60	Entry Fees	00	Consolidated Entry Fees
						01	User charges from swimming pool
				70	Service / Administrative Charges	00	Consolidated Service / Administrative Charges
						01	Charges as a percentage on deposit works
						02	Recovery charges for damages to roads
						03	Stacking charges
						04	Service charges
				80	Other Charges	00	Consolidated Other Charges
1	Revenue Income	50	Sale & Hire Charges	10	Sale of Products	00	Consolidated Sale of Products
						01	Sale of garbage & rubbish
						02	Sale of trees
						03	Sale of fruits
						04	Sale of grass
						05	Sale of nursery plants
						06	Sale of flowers
						07	Sale of Water by Water-Tankers
				11	Sale of Forms & Publications	00	Consolidated Sale of Forms & Publications
						01	Sale of tender papers

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						02	Sale of ration card & other forms
				12	Sale of stores & scrap	00	Consolidated Sale of stores & scrap
						01	Obsolete Stores
						02	Obsolete Assets
				30	Sale of Others	00	Consolidated Sale of Others
						01	Sale of old newspapers
				40	Hire Charges for Vehicles	00	Consolidated Hire Charges for Vehicles
				41	Hire Charges on Equipments	00	Consolidated Hire Charges on Equipments
						01	Hire charges on road rollers
						02	Hire charges on Tools & Equipments (Excavator, Tipper, etc.)
1	Revenue Income	60	Revenue Grants, Contribution and Subsidies	10	Revenue Grants	00	Consolidated Revenue Grants
						01	From State Government
						02	From Central Government
						03	From Other Organizations
				20	Re-imbursement of expenses	00	Consolidated Re-imbursement of expenses
						01	From State Government

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						02	From Central Government
						03	From Other Organizations
				30	Contribution towards schemes	00	Consolidated Contribution towards schemes
						01	From State Government
						02	From Central Government
						03	From Other Organizations
1	Revenue Income	70	Income from Investments	10	Interest	00	Consolidated interest
						01	Fixed deposits
						02	Government Securities
						03	Post Office Savings
				20	Dividend	00	Consolidated Dividend
				30	Income from projects taken up on commercial basis	00	Consolidated Income from projects taken up on commercial basis
				40	Profit on Sale of Investments	00	Consolidated Profit on Sale of Investments
						01	Municipal Funds
				80	Others	00	Consolidated Other Income from Investments
						01	Gain from Exchange Fluctuation

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income

Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
1	Revenue Income	71	Interest Earned	10	Interest from Bank Accounts	00	Consolidated Interest from Bank Accounts
				20	Interest on Loans and advances to Employees	00	Consolidated Interest on Loans and advances to Employees
						01	Interest on House Building Loans
						02	Interest on Vehicle Loans
						03	Interest on Computer Loans
						04	Interest on Food / Grain Loans
						05	Interest on Other Loans
				30	Interest on loans to others	00	Consolidated Interest on loans to others
				80	Other Interest	00	Consolidated Other Interest
						01	Interest from other receivables
						02	Interest on Hire Purchase
1	Revenue Income	80	Other Income	10	Deposits Forfeited	00	Consolidated Deposits Forfeited
				11	Lapsed Deposits	00	Consolidated Lapsed Deposits
						01	Contractors & Suppliers
						02	Rent
						03	Others
				20	Insurance Claim Recovery	00	Consolidated Insurance Claim Recovery
				30	Profit on Disposal of Fixed assets	00	Consolidated Profit on Disposal of Fixed assets

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income

Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				40	Recovery from Employees	00	Consolidated Recovery from Employees
				50	Unclaimed Refund Payable/ Liabilities Written Back	00	Consolidated Unclaimed Refund Payable/ Liabilities Written Back
						01	Lapsed / Stale Cheque
				60	Excess Provisions written back	00	Consolidated Excess Provisions written back
						01	Property Tax
						02	Water Supply
						03	Advertisement Tax
						04	Rent
				80	Miscellaneous Income	00	Consolidated Miscellaneous Income
						01	Penalty on Contractors
1	Revenue Income	85	Prior Period	00	Income	00	Consolidated Prior Period Income
				10	Taxes	01	Property & Other taxes
				20	Other - Revenues	01	Water Supply
				30	Recovery of revenues written off	01	All types of Income
				40	Other Income	01	Other Income

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Income Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
1	Revenue Income	90	Transfer from Funds	10	General Account	00	Transfer from General Account
				20	Water Supply, Sewerage and Drainage Account	00	Transfer from Water Supply, Sewerage and Drainage Account
				30	Road Development and Maintenance Account	00	Transfer from Road Development and Maintenance Account
				40	Bustee Services Account	00	Transfer from Bustee Services Account
				50	Commercial Projects Account	00	Transfer from Commercial Projects Account
				60	Solid Waste Management Account	00	Transfer from Solid Waste Management Account
				70	Environment Management Account	00	Transfer from Environment Management Account
1	Revenue Income	91	Transfer from Corporator Fund	10	Ward/Zone Development	00	Consolidated transfer from Corporator Fund
1	Revenue Income	92	Transfer from Employee Fund	10	Pension Fund	00	Transfer from Pension Fund
				20	Gratuity & Leave Salary Fund	00	Transfer from Gratuity & Leave Salary Fund
				30	Provident Fund	00	Transfer from Provident Fund

6.4. Charts and Codes for Revenue Expenditure

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure
Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
2	Revenue Expenditure	10	Establishment Expenses	10	Salaries, Wages and Bonus	00	Consolidated Salaries, Wages and Bonus
						01	Salaries & Allowances - Officers
						02	Salaries & Allowances - Staff
						03	Wages
						04	Bonus & Ex-Gratia
				20	Benefits and Allowances	00	Consolidated Benefits and Allowances
						01	Remuneration & Fees - Corporators, Mayor and Mayor-in-Council, etc.
						02	Remuneration & Fees - Officers & Staff
						03	Leave Travel Concession
						04	Medical Allowance
						05	Uniform Allowance
						06	Compensation to Staff
						07	Staff welfare expenses
						08	Staff training expenses
				30	Pension	00	Consolidated Pension
						01	Pension / Family Pension
						02	Contribution for deficit in Pension

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
							Fund
				40	Other Terminal & Retirement Benefits	00	Consolidated Other Terminal & Retirement Benefits
						01	Death cum Retirement Benefit
						02	Retirement Gratuity
						03	Provident Fund Contribution
						04	Contribution for deficit in Provident Fund
2	Revenue Expenditure	20	Administrative Expenses	10	Rent, Rates and Taxes	00	Consolidated Rent, Rates and Taxes
						01	Office building
						02	Others
				11	Office Maintenance	00	Consolidated Office Maintenance
						01	Electricity charges
						02	Security expenses
				12	Communication Expenses	00	Consolidated Communication Expenses
						01	Telephone expenses
						02	Fax expenses
						03	Postage expenses
				20	Books & Periodicals	00	Consolidated Books & Periodicals
						01	Magazines
						02	Newspapers
				21	Printing and Stationery	00	Consolidated Printing and

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
							Stationery
						01	Printing expenses
						02	Stationery
						03	Computer stationery and consumables
				30	Traveling & Conveyance	00	Consolidated Traveling & Conveyance
						01	Traveling and Vehicle expenses
						02	Fuel, Petrol and Diesel
						03	Hire & Conveyance expenses
				40	Insurance	00	Consolidated Insurance Expenses
				50	Audit Fees	00	Consolidated Audit Fees
				51	Legal Expenses	00	Consolidated Legal Expenses
						01	Legal Fees
						02	Cost recoveries of tax revenue
						03	Cost of suits / compromises
				52	Professional and Other Fees	00	Consolidated Professional and Other Fees
						01	Architects' fee
						02	Technical fees
						03	Consultancy fees
				60	Advertisement and Publicity	00	Consolidated Advertisement and Publicity
						01	Guest entertainment expenses
						02	Advertisement expenses

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						03	Exhibition expenses
				61	Membership & subscriptions	00	Consolidated Membership & subscriptions
				80	Other Administrative Expenses	00	Consolidated Other Administrative Expenses
						01	Expenses for Meeting of Corporation / MMIC
						02	Miscellaneous expenses
2	Revenue Expenditure	30	Operations & Maintenance	10	Power & Fuel	00	Consolidated Power & Fuel
				20	Bulk Purchases	00	Consolidated Bulk Purchases
						01	Water expenses
						02	Electricity expenses
				30	Consumption of Stores	00	Consolidated Consumption of Stores
				40	Hire Charges	00	Consolidated Hire Charges
						01	Hire Charges of machineries
				50	Repairs & maintenance - Infrastructure Assets	00	Consolidated Repairs & maintenance -Infrastructure Assets
						01	Roads & Bridges
						02	Flyovers
						03	Water supply & Drains
						04	Street Lighting System

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						05	Storm Water Drains
						06	Traffic signals
				51	Repairs & maintenance - Civic Amenities	00	Consolidated Repairs & maintenance -Civic Amenities
						01	Parks, Nurseries & Gardens
						02	Lakes & Ponds
						03	Playgrounds & Stadium
						04	Swimming Pool
						05	Parking Lots
						06	Markets & Complexes
						07	Public Toilets
						08	Street Lights
						09	Play materials
						10	Fire Tender Engines
				52	Repairs & maintenance - Buildings	00	Consolidated Repairs & maintenance -Buildings
						01	Office Buildings
						02	Residential Buildings
				53	Repairs & maintenance - Vehicles	00	Consolidated Repairs & maintenance -Vehicles
				59	Repairs & maintenance - Others	00	Consolidated Repairs & maintenance -Others
						01	Furniture & Fixture
						02	Electrical Appliances

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						03	Office Equipments
						04	Survey & Drawing Equipments
						05	Other fixed assets
				80	Other operating & maintenance expenses	00	Consolidated Other operating & maintenance expenses
						01	Water Purification charges
						02	Testing & Inspection charges
						03	Garbage & Clearance expenses
						04	Cleaning by private agencies (outsourced)
						05	Water Tankers
2	Revenue Expenditure	40	Interest & Finance Charges	10	Interest on Loans from Central Government	00	Consolidated Interest on Loans from Central Government
				20	Interest on Loans from State Government	00	Consolidated Interest on Loans from State Government
				30	Interest on Loans from Government Bodies & associations	00	Consolidated Interest on Loans from Government Bodies & associations
				40	Interest on Loans from International Agencies	00	Consolidated Interest on Loans from International Agencies
				50	Interest on Loans from Banks & Other Financial Institutions	00	Consolidated Interest on Loans from Banks & Other Financial Institutions
				60	Other Interest	00	Consolidated Other Interest

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				70	Bank Charges	00	Consolidated Bank Charges
				80	Other Finance Expenses	00	Consolidated Other Finance Expenses
						01	Discount on Early / Prompt Payments
						02	Others
2	Revenue Expenditure	50	Programme Expenses	10	Election Expenses	00	Consolidated Election Expenses
				20	Own Programme	00	Consolidated Own Programme
				30	Share in programme of others	00	Consolidated Share in programme of others
2	Revenue Expenditure	60	Revenue Grants, Contribution and Subsidies	10	Grants	00	Consolidated Grants
				20	Contributions	00	Consolidated Contributions
				30	Subsidies	00	Consolidated Subsidies
2	Revenue Expenditure	70	Provisions and Write off	10	Provisions for Doubtful receivables	00	Consolidated Provisions for Doubtful receivables
						01	Property & Other taxes
						02	Fees & User Charges - Water Supply
						03	Rent

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				20	Provision for other Assets	00	Consolidated Provision for other Assets
						01	Store items
						02	Fixed assets
						03	Investments
				30	Revenues written off	00	Consolidated Revenues written off
						01	Property Tax
						02	Assigned Revenues
						03	Grants
						04	Other Income
				40	Assets written off	00	Consolidated Assets written off
						01	Store items
						02	Fixed assets
						03	Loss in exchange fluctuation
				50	Miscellaneous Expense written off	00	Consolidated Miscellaneous Expense written off
						01	Debentures & Bond issue expenses
				90	Tax Remission & Refunds	00	Consolidated Tax Remission & Refunds
						01	Property Tax
						02	Other Tax
				91	Fees Remission and Refund	00	Consolidated Fees Remission and Refund
						01	Water supply

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
2	Revenue Expenditure	71	Miscellaneous Expenses	10	Loss on disposal of Assets	00	Consolidated Loss on disposal of Assets
				20	Loss on disposal of Investments	00	Consolidated Loss on disposal of Investments
				80	Other Miscellaneous Expenses	00	Consolidated Other Miscellaneous Expenses
2	Revenue Expenditure	72	Depreciation	20	Buildings	00	Consolidated Depreciation on Buildings
				30	Roads & Bridges	00	Consolidated Depreciation on Roads & Bridges
				31	Sewerage and Drainage	00	Consolidated Depreciation on Sewerage and Drainage
				32	Waterways	00	Consolidated Depreciation on Waterways
				33	Public Lighting System	00	Consolidated Depreciation on Public Lighting System
				40	Plant & machinery	00	Consolidated Depreciation on Plant & machinery
				50	Vehicles	00	Consolidated Depreciation on Vehicles
				60	Office & Other Equipments	00	Consolidated Depreciation on Office & Other Equipments

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				70	Furniture, Fixtures, Fittings and Electrical Appliances	00	Consolidated Depreciation on Furniture, Fixtures, Fittings and Electrical Appliances
				80	Other Fixed Assets (please specify)	00	Consolidated Depreciation on Other Fixed Assets
2	Revenue Expenditure	85	Prior Period	00	Expenses	00	Consolidated Prior Period Expenses
				50	Refund of Taxes	01	Property & Other taxes
				60	Refund of Other - Revenues	01	Water Supply
						02	Rent
				80	Other Expenses	01	Other Expenses
2	Revenue Expenditure	90	Transfer to Activity Funds	10	General Account	00	Transfer to General Account
				20	Water Supply, Sewerage and Drainage Account	00	Transfer to Water Supply, Sewerage and Drainage Account
				30	Road Development and Maintenance Account	00	Transfer to Road Development and Maintenance Account
				40	Bustee Services Account	00	Transfer to Bustee Services Account
				50	Commercial Projects Account	00	Transfer to Commercial Projects Account

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Revenue Expenditure Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				60	Solid Waste Management Account	00	Transfer to Solid Waste Management Account
				70	Environment Management Account	00	Transfer to Environment Management Account
2	Revenue Expenditure	91	Transfer to Corporator Fund	10	Ward/Zone Development	00	Consolidated transfer to Corporator Fund
2	Revenue Expenditure	92	Transfer to Employee Fund	10	Pension Fund	00	Transfer to Pension Fund
				20	Gratuity & Leave Salary Fund	00	Transfer to Gratuity & Leave Salary Fund
				30	Provident Fund	00	Transfer to Provident Fund

6.5. Charts and Codes for Capital Receipts and Liabilities

ORISSA MUNICIPAL ACCOUNTING MANUAL**Account Heads - Capital Receipts and Liabilities**
Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
3	Capital Receipts & Liabilities	10	Municipal (General) Fund	10	Municipal Fund	00	Consolidated Municipal Fund
						01	Closing Balance
						02	Adjustments to Opening Balance Sheet
3	Capital Receipts & Liabilities	11	Earmarked Funds	90	Excess of Income over Expenditure	00	
3	Capital Receipts & Liabilities	11	Earmarked Funds	10	Special Funds (Specify each Fund type)	00	Consolidated Special Funds (Specify each Fund name)
				50	Sinking Funds (Specify each Fund Type)	00	Consolidated Sinking Funds (Specify each Fund Name)
				70	Trust or Agency Funds (Specify each Fund Type)	00	Consolidated Trust or Agency Funds (Specify each Fund Name)
3	Capital Receipts & Liabilities	12	Reserve Funds	10	Capital Contribution	00	Consolidated Capital Contribution
				11	Capital Reserve	00	Consolidated Capital Reserve
				20	Borrowing Redemption reserve	00	Consolidated Borrowing Redemption reserve
				30	Special Funds (Utilized)	00	Consolidated Special Funds (Utilized)

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Receipts and Liabilities Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
3	Capital Receipts & Liabilities	20	Grants , Contribution for specific purposes	40	Statutory Reserve	00	Consolidated Statutory Reserve
				50	General Reserve	00	Consolidated General Reserve
				60	Revaluation Reserve	00	Consolidated Revaluation Reserve
				10	Central Government	00	Consolidated Grants from Central Government
				20	State Government	00	Consolidated Grants from State Government
						01	Grants from Central Finance Commission
						02	Grants from State Finance Commission
						03	Grants for Road Development
						04	National Slum Development Programme (NSDP)
						05	MPLAD/MLA funds
						06	Grants for Drinking Water programme
						07	Basic Minimum Programme
						08	VAMBAY
						09	SJSRY
						10	National Family Welfare Programme
						11	State Insurance Scheme
						12	Mid-Day Meal Program

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Receipts and Liabilities Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
3	Capital Receipts & Liabilities	30	Secured Loans			13	Remuneration to Teachers
						14	Relief for Unemployed
						15	Other Grants
				30	Grants from other government agencies	00	Consolidated Grants from other government agencies
				40	Financial Institutions	00	Consolidated Grants from Financial Institutions
				50	Welfare Bodies	00	Consolidated Grants from Welfare Bodies
				60	International Organizations	00	Consolidated Grants from International Organizations
				80	Others	00	Consolidated Grants from Others
				10	Loans from Central Government	00	Consolidated Loans from Central Government
				20	Loans from State Government	00	Consolidated Loans from State Government
				30	Loans from Government Bodies & Association	00	Consolidated Loans from Government Bodies & Association
				40	Loans from International Agencies	00	Consolidated Loans from International Agencies
				50	Loans from Banks & Other Financial Institutions	00	Consolidated Loans from Banks & Other Financial Institutions
				60	Other Term Loans	00	Consolidated Term Loans

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Receipts and Liabilities Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
3	Capital Receipts & Liabilities	31	Unsecured Loans	70	Bonds & Debentures	00	Consolidated Bonds & Debentures Issued
				80	Other Loans	00	Consolidated Other Loans
				10	Loans from Central Government	00	Consolidated Loans from Central Government
				20	Loans from State Government	00	Consolidated Loans from State Government
				30	Loans from Government Bodies & Association	00	Consolidated Loans from Government Bodies & Association
				40	Loans from International Agencies	00	Consolidated Loans from International Agencies
				50	Loans from Banks & Other Financial Institutions	00	Consolidated Loans from Banks & Other Financial Institutions
				60	Other Term Loans	00	Consolidated Term Loans
				70	Bonds & Debentures	00	Consolidated Bonds & Debentures Issued
				80	Other Loans	00	Consolidated Other Loans
3	Capital Receipts & Liabilities	40	Deposits Received	10	From Contractors/Suppliers	00	Consolidated Deposits received from Contractors/Suppliers
						01	Earnest Deposit - Municipal Fund
						02	Security Deposit - Municipal Fund
						03	Earnest Deposit - Special

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Receipts and Liabilities Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
3	Capital Receipts & Liabilities	41	Deposit works	20	Deposits - Revenues	04	Contribution
							Security Deposit - Special Contribution
						05	Earnest Deposit - Special Fund
						06	Security Deposit - Special Fund
						00	Consolidated Deposits - Revenues
				30	From Staff	01	Water Deposits
						02	Rent Deposits
						00	Consolidated deposits from Staff
						00	Consolidated deposits from Others
3	Capital Receipts & Liabilities	50	Other Liabilities	10	Creditors	00	Consolidated deposit works (civil)
						00	Consolidated deposit works (electrical)
						00	Consolidated deposit works (Others)
				20	Electrical works	00	Consolidated deposit works (civil)
						00	Consolidated deposit works (electrical)
						00	Consolidated deposit works (Others)
3	Capital Receipts & Liabilities	50	Other Liabilities	10	Creditors	00	Consolidated Creditors
						01	Suppliers Control Account
						02	Contractors Control Account
						03	Expenses Payable
						04	Payables against special funds
				20	Electrical works		
3	Capital Receipts & Liabilities	50	Other Liabilities	10	Creditors		
				20	Electrical works		

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Receipts and Liabilities Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						05	Payables against specific grants
						06	Payables against deposit works
						07	Contractors Advance Control Account
						08	Contractors Advance Control Account - Specific Contribution
						09	Contractors Advance Control Account - Special Funds
						10	Payables against Scheme Expenses
				11	Employee liabilities	00	Consolidated Employee liabilities
						01	Salary Payable (staff and officers)
						02	Wages Payable (labourers)
						03	Unpaid salaries
						04	Provident Fund Payable
						05	Pension Liabilities
						06	Welfare Funds Liability
						07	Leave Salary payable
				12	Interest Accrued and due	00	Consolidated Interest on Loans
				20	Recoveries payable	00	Consolidated Recoveries payable
						01	P.F. Deductions
						02	Insurance Premium Deductions
						03	Deduction for other Organization/Societies
						04	Service Tax Deductions

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Receipts and Liabilities Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
						05	Profession Tax Deduction
						06	TDS - Employees
						07	Deduction for Works Contract Tax
						08	Trade Tax Deduction
						09	TDS - Contractors
						10	TDS - Special Contribution
						11	Works Contract Tax - Special Contribution
						12	TDS - Special Funds
						13	Works Contract Tax - Special Fund
						14	TDS - Scheme Expenses
						15	Other Deductions
				30	Government Dues payable	00	Consolidated Government dues payable
						01	Education Cess payable
						02	Court Attachment fees payable
				40	Refunds payable	00	Consolidated Refunds payable
						01	Property & Other Taxes
						02	Water supply related refunds payable
						03	Rent - Refunds Payable
						04	Refunds of excess receipt against sale of attached properties
						05	Refunds of other income
						06	Refunds of contribution liability

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Receipts and Liabilities Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				41	Advance Collection of Revenues	07	Deposit Civil Works
						00	Consolidated Advance Collection of Revenues
						01	Advance Receipts - Property & Other Taxes
						02	Advance Receipts - Water supply
						03	Advance Receipts - Rent
						04	Advance Receipts - License Fees
						05	Advance Receipts - Advertisement Fees
						06	Advance Receipts - Other Revenues
				80	Miscellaneous Liabilities	00	Consolidated Miscellaneous Liabilities
						01	Stale Cheques
						02	Compensation Payable
						03	Hire Purchase Payable
						04	Interest Receivable Control Account - Hire Purchase
				90	Sale Proceeds	00	Consolidated Sale Proceeds
						01	Assets
						02	Investments
						03	Stores
						04	Attached properties
							Note: These accounts will have zero balance at the year-end.

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Receipts and Liabilities Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
3	Capital Receipts & Liabilities	60	Provisions	10	Provisions for Expenses	00	Consolidated Provision for Expenses
				20	Provision for Interest	00	Consolidated Interest Accrued but not Due
				30	Provision for Other Assets	00	Consolidated Provision for other Assets
						01	Stores
						02	Investments

6.6. Charts and Codes for Capital Expenditure and Assets

ORISSA MUNICIPAL ACCOUNTING MANUAL**Account Heads - Capital Expenditure and Assets****Code Length = 7 (Seven)**

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	10	Fixed Assets	10	Land	00	Consolidated Land
						01	Land
						02	Grounds
						03	Parks & Gardens
				20	Buildings	04	Stadiums
						00	Consolidated Building
						01	Office Buildings
						02	Community Building
						03	Market Building
				30	Roads & Bridges	04	Hospital Building
						00	Consolidated Roads & Bridges
						01	Concrete Roads
						02	Metalled Roads (Bitumen)
				31	Sewerage and Drainage	03	Other Roads
						04	Bridges & Flyovers
						00	Consolidated Sewerage & Drainage
						01	Underground Drains
						02	Open Drains

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				32	Waterways	00	Consolidated water ways
						01	Bore well
						02	Open Wells
						03	Water Reservoirs
						04	Others
				33	Public Lighting	00	Consolidated Public Lighting
						01	Lamp posts
						02	Transformer
						03	Others
				40	Plant & Machinery	00	Consolidated Plant & machinery
				50	Vehicles	00	Consolidated Vehicles
						01	Motor Car
						02	Jeep
						03	Bus
						04	Trucks
						05	Tankers
						06	Cranes
						07	Ambulances
						08	Fire Tenders
				60	Office & Other Equipments	00	Consolidated Office & Other Equipments
						01	Air Conditioners
						02	Computers
						03	Faxes

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	11	Accumulated Depreciation	70	Furniture, Fixtures, Fittings and Electrical Appliances	04	Photo-copiers
						05	Refrigerators
						06	Water Coolers
						07	Others
						00	Consolidated Furniture & Appliances
						01	Chairs
						02	Tables
						03	Almirah
						04	Cupboards
						05	Fans
				80	Other Fixed Assets	06	Electrical Fittings
						07	Others
						00	Consolidated Other Fixed Assets
				90	Assets under Disposal	00	Consolidated Assets under disposal
						00	Consolidated Assets under disposal
				20	Buildings	00	Consolidated Accumulated Depreciation on Buildings
				30	Roads & Bridges	00	Consolidated Accumulated Depreciation on Roads & Bridges

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				31	Sewerage and Drainage	00	Consolidated Accumulated Depreciation on Sewerage and Drainage
				32	Waterways	00	Consolidated Accumulated Depreciation on Waterways
				33	Public Lighting	00	Consolidated Accumulated Depreciation on Public Lighting System
				40	Plant & machinery	00	Consolidated Accumulated Depreciation on Plant & machinery
				50	Vehicles	00	Consolidated Accumulated Depreciation on Vehicles
				60	Office & Other Equipments	00	Consolidated Accumulated Depreciation on Office & Other Equipments
				70	Furniture, Fixtures, Fittings and Electrical Appliances	00	Consolidated Accumulated Depreciation on Furniture, Fixtures, Fittings and Electrical Appliances
				80	Other Fixed Assets	00	Consolidated Accumulated Depreciation on Other Fixed Assets

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	12	Capital Work -in - progress	10	Assets out of Specific Grants	00	Consolidated Assets out of Specific Grants
				20	Assets out of Special funds	00	Consolidated Assets out of Special funds
				30	Assets out of Specific Schemes	00	Consolidated Assets out of Specific Schemes
				40	Assets out of Own Resources	00	Consolidated Assets out of Own Resources
4	Capital Expenditure & Assets	20	Investments - General Fund	10	Central Government Securities	00	Consolidated investments in Central Government Securities
				20	State Government Securities	00	Consolidated investments in State Government Securities
				30	Debentures and Bonds	00	Consolidated investments in Debentures and Bonds
				40	Preference Shares	00	Consolidated investments in Preference Shares
				50	Equity Shares	00	Consolidated investments in Equity Shares
				60	Units of Mutual Funds	00	Consolidated investments in Units of Mutual Funds
				80	Other Investments	00	Consolidated investments in Other Investments

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	21	Investments -Other Funds	90	Accumulated Provision	00	Consolidated Accumulated Provision
				10	Central Government Securities	00	Consolidated investments in Central Government Securities
				20	State Government Securities	00	Consolidated investments in State Government Securities
				30	Debentures and Bonds	00	Consolidated investments in Debentures and Bonds
				40	Preference Shares	00	Consolidated investments in Preference Shares
				50	Equity Shares	00	Consolidated investments in Equity Shares
				60	Units of Mutual Funds	00	Consolidated investments in Units of Mutual Funds
				80	Other Investments	00	Consolidated investments in Other Investments
				90	Accumulated Provision	00	Consolidated Accumulated Provision
4	Capital Expenditure & Assets	30	Stock - in-hand	10	Stores	01	Opening Stock
						02	Closing Stock

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	31	Sundry Debtors (Receivables)	20	Loose Tools	03	Purchases
				80	Others	00	Consolidated Loose tools
						00	Consolidated other stores
				10	Receivables for Property Taxes		
						00	Consolidated Receivables for Property Taxes
						01	Property Tax Receivable - Current Year
						02	Property Tax Receivable - Year 1
						03	Property Tax Receivable - Year 2
						04	Property Tax Receivable - Year 3
						05	Property Tax Receivable - Year 4
						06	Property Tax Receivable - Year 5
						07	Property Tax Receivable - Others
				19	Receivable for Other Taxes	00	Consolidated Receivable for other Taxes
						01	Other Tax Receivable - Current Year
						02	Other Tax Receivable - Year 1
						03	Other Tax Receivable - Year 2

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				30	Receivable for Fees & User Charges	04	Other Tax Receivable - Year 3
						05	Other Tax Receivable - Others
						00	Consolidated Receivable for fees & user charges
						01	Water Supply Receivable - Current Year
						02	Water Supply Receivable - Year 1
						03	Water Supply Receivable - Year 2
						04	Water Supply Receivable - Year 3
						05	Water Supply Receivable - Others
						06	License Fees Receivable - Current Year
						07	License Fees Receivable - Year 1
						08	License Fees Receivable - Year 2
						09	License Fees Receivable - Year 3
						10	License Fees Receivable - Others
						11	Advertisement Fees Receivable - Current Year

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				40	Receivable from other sources	12	Advertisement Fees Receivable - Year 1
						13	Advertisement Fees Receivable - Year 2
						14	Advertisement Fees Receivable - Year 3
						15	Advertisement Fees Receivable - Others
						00	Consolidated Receivable from other sources
						01	Rent Receivable - Current Year
						02	Rent Receivable - Year 1
						03	Rent Receivable - Year 2
						04	Rent Receivable - Year 3
						05	Rent Receivable - Others
						06	Lease Rentals
						07	Interest Earned
						08	Interest Accrued but not due - Municipal Fund
						09	Interest Accrued but not due - Specific Contribution
						10	Interest Accrued but not due - Special Funds
						11	Interest from Employees

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	32	Accumulated Provisions against Debtors (Receivables)	50	Receivable from Government	00	Consolidated Receivable from Government
				80	Receivables - Control accounts	01	Grants
						02	Assigned Revenue
						00	Consolidated Receivables Control Account
						01	Property Tax
						02	Water Supply
						03	Rent
						04	License Fees
						05	Advertisement Fees
				10	Provision for outstanding Property Taxes	00	Consolidated Provision for outstanding Property Taxes
				11	Provision for outstanding Water Taxes	00	Consolidated Provision for outstanding Water Taxes
				12	Provision for outstanding Other Taxes	00	Consolidated Provision for outstanding Other Taxes
				30	Provision for outstanding Fees & User Charges	00	Consolidated Provision for outstanding Fees & User Charges
				40	Provision for outstanding other	00	Consolidated Provision for outstanding other receivable

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets
Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	40	Pre-paid Expenses		receivable		
						01	Rent
						02	License Fees
						03	Advertisement Fees
4	Capital Expenditure & Assets	50	Cash and Bank balance	10	Establishment	00	Consolidated prepaid - Establishment
				20	Administration	00	Consolidated prepaid - Administration
				30	Operations & Maintenance	00	Consolidated prepaid - Operations & Maintenance
				10	Cash	00	Consolidated Cash (all places)
						01	Cash in hand (head office)
						02	Cash in hand (Zone Offices)
				20	Balance with Bank - Municipal Fund	00	Consolidated Bank Balances - Municipal Fund (all places)
				21	Nationalized Banks	01	Main Bank Account
						02	Other Account
				22	Other Scheduled Banks	00	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
				23	Scheduled Cooperative Banks	00	
				24	Post Office	00	
				40	Balance with Bank - Special Fund	00	Consolidated Bank Balances - Special Fund (all places)
				41	Nationalized Banks	01	Special Fund Bank A/c - 1
						02	Special Fund Bank A/c - 2
						03	Loan Repayment Fund Bank Account
				42	Other Scheduled Banks	00	
				43	Scheduled Cooperative Banks	00	
				44	Post Office	00	
				60	Balance with Bank - Grant Fund	00	Consolidated Bank Balances - Grant Fund (all places)
				61	Nationalized Banks	01	Grants Bank Account - I
						02	Grants Bank Account - 2
				62	Other Scheduled Banks	00	
				63	Scheduled Cooperative Banks	00	
				64	Post Office	00	

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	60	Loans, Advances and Deposits	10	Loans and advances to employees	00	Consolidated Loans & Advances to Employees
						01	House Building Advance
						02	Advance for Vehicle Purchase
						03	Advance for Computer Purchase
						04	Advance for Festivals
						05	Advances for food/ration
				20	Employee Provident Fund Loans	06	Miscellaneous Advances
						00	Consolidated Employee Provident Fund Loans
						00	Consolidated Loans to Others
				30	Loans to Others	00	Consolidated Advance to Suppliers and contractors
				40	Advance to Suppliers and contractors	00	Consolidated Advance to Suppliers and contractors
				50	Advance to others	01	Public Works/Assets
						02	Stores/Materials supply
						03	Material Advances to Contractors
						04	Specific Grants
						05	Special Funds
						06	Others
						00	Consolidated Advances to others
						01	Permanent Advances
						02	Advance against Grants

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	61	Accumulated Provisions against Loans, Advances and Deposits	60	Deposits with External Agencies	03	Advance against Schemes
						00	Consolidated Deposits with External Agencies
						01	Electricity Deposits
						02	Telephone Deposits
						03	Other Deposits
				80	Other current assets	00	Consolidated Other Current assets
						01	Interest Receivable on Loans & Advances
						02	Hire Purchase Installments
						03	Scheme Expenses
						04	Others
4	Capital Expenditure & Assets	61	Accumulated Provisions against Loans, Advances and Deposits	10	Loans to Others	00	Consolidated Accumulated Provisions on Loans to Others
4	Capital Expenditure & Assets	70	Other Assets	20	Advances	00	Consolidated Accumulated Provisions on Advances
4	Capital Expenditure & Assets	70	Other Assets	30	Deposits	00	Consolidated Accumulated Provisions on Deposits
4	Capital Expenditure & Assets	70	Other Assets	10	Deposit Works - Expenditure	00	Consolidated Deposit Works - Expenditure

ORISSA MUNICIPAL ACCOUNTING MANUAL

Account Heads - Capital Expenditure and Assets Code Length = 7 (Seven)

Major Heads				Minor Heads		Detailed Heads	
Primary Code	Description	Secondary Code	Description	Code	Description	Code	Description
4	Capital Expenditure & Assets	80	Miscellaneous Expenditure to be written off			01	Civil
						02	Electrical
						03	Others
				30	Interest Control Payable	00	Consolidated Interest Control payable
						01	Hire Purchase
				10	Loan Issue Expenses	00	Consolidated Loan Issue Expenses
				20	Discount on Issue of Loans	00	Consolidated Discount on Issue of loans
				30	Others	00	Consolidated Other expenses written off

Volume V

Books of Accounts And Accounting Procedures

VOLUME CONTENTS

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2.0 Books of Accounts

3.0 Accounting Documents

4.0 Other Registers and Forms

5.0 Forms and Formats

6.0 General Accounting Procedures (Under Manual Accounting Environment)

Books of Accounts And Accounting Procedures

1.0 Introduction

This volume discusses the books of accounts that each ULB of the State of Orissa will maintain to account for transactions under the double entry accounting system while following the accrual-based accounting.

2.0 Books Of Accounts

The books of accounts shall be maintained separately for each financial year as prescribed in this manual. The ULBs of the State of Orissa shall follow the various books and registers as prescribed by the Orissa Municipal Accounting Manual. The description of the various books and their formats is given in this volume.

2.1. The following are the primary books of accounts that shall be maintained at the ULB:

2.1.1. Cash Book (Form ACNT-1) shall be the book of original entry for recording transactions involving cash and/or bank. The Cash Book may also be referred to as the Cash and Bank Book. The Cash Book has two sides, viz., "Receipt" and "Payment." All collections on behalf of the ULBs shall be recorded on the "Receipt" side and all payments shall be recorded on the "Payment" side. Separate Cash Books shall be maintained in respect of each bank account. In addition, separate cashbooks shall be maintained for each type of fund. Designated Bank Accounts may be operated for deposit of collections pertaining to Property and Other Taxes, Octroi, Water Supply, Cess, Public Works, Special Funds etc., as has been provided in the applicable rules and regulations.

2.1.2. Journal Book (Form ACNT-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 and 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.

2.1.3. Ledger (Form ACNT-3) shall be the book that shall contain 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 ACNT-2) or which is recorded on the 'Payment' side of the Cash Book (Form ACNT-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 shall be posted on the 'Credit' side of the Ledger. Each entry in the Cash 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.

3.0 Accounting Documents

3.1. Vouchers prepared at the ULBs shall form the base documents for recording the transactions in the Books of Original Entry. The vouchers shall be numbered serially. The accounting documents to be prepared by the ULBs are described below:

- 3.1.1. Cash/Bank Receipt Voucher (Form ACNT-4) shall be the document prepared for recording receipt entries in the Cash 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.
- 3.1.2. Cash / Bank Payment Voucher (Form ACNT-5) shall be the document prepared for recording payment entries in the Cash Book. ***Separate series of numbers shall be maintained for cash transactions and for each bank account**.* For example, the Bank Payment Vouchers in respect of Bank Account M and N may have the series BPV-M-1 onwards and BPV-N-1 onwards respectively.
- 3.1.3. Contra Voucher (Form ACNT-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.
- 3.1.4. Journal Voucher (Form ACNT-7) shall be the document prepared for recording entries in the Journal Book. These entries would not involve any cash / bank related transactions.

4.0 Other Registers/Forms

4.1. The specific books of accounts, forms, and registers to be maintained at the various departments of the ULB can be designed later, depending on the extent of computerization, however, following the rules and regulations governing them. Some of the other general registers and forms which shall be required to be maintained are provided in the table below:

Table: Other General Registers and Forms

Sr. No.	Name of the Form	Form Number
1	Receipt	ACNT-8
2	Receipt Register	ACNT-9

Sr. No.	Name of the Form	Form Number
3	Statement on Status of Cheque Received	ACNT- 10
4	Collection Register	ACNT- 11
5	Summary of Daily Collection	ACNT- 12
6	Register of Bills for Payment	ACNT- 13
7	Payment Order	ACNT-14
8	Cheque Issue Register	ACNT- 15
9	Register of Advance	ACNT- 16
10	Register of Permanent Advance	ACNT- 17
11	Deposit Register	ACNT- 18
12	Summary Statement of Deposits Adjusted	ACNT- 19
13	Demand Register	ACNT-20
14	Bill for Municipal Dues	ACNT-21
15	Summary Statement of Bills Raised	ACNT-22
16	Register of Notice Fee, Warrant Fee, Other Fees	ACNT-23
17	Summary Statement of Notice Fee, Warrant Fee, Other Fees	ACNT-24
18	Register of Refunds, Remissions and Write-offs	ACNT-25
20	Summary Statement of Refunds and Remissions	ACNT-26
21	Summary Statement of Write-Offs	ACNT-27
22	Statement of Outstanding Liability for Expenses	ACNT-28
23	Documents Control Register/Stock Account of Receipt/Cheque	ACNT-29
24	Register of Immovable Property	ACNT-30
25	Register of Movable Property	ACNT-31
26	Register of Land	ACNT-32
27	Function-wise Income Subsidiary Ledger	ACNT-33
28	Function-wise Expense Subsidiary Ledger	ACNT-34
29	Asset Replacement Register	ACNT-35
30	Register of Public Lighting System	ACNT-36

5.0 Forms and Formats

The formats of all books, registers, and forms referred in this volume above are annexed to this volume.

Name of the ULB: _____

Form ACNT-1**CASH BOOK****Receipt****Payment**

Sr. No.	Date	Rcpt. Vchr. No.	Code of Account	Particulars of Receipt	L/F	Cash Amount (Rs.)	Bank Account Amount (Rs.)	Sr. No.	Date	Pymt. Vchr. No.	Code of Account	Particulars of Payment	L/F	Cash Amount (Rs.)	Bank Account Amount (Rs.)

Notes

- Balance brought forward is the opening balance to be entered
- The date of receipt to be shown in Cash book shall be the date on which amount has actually been received
- All moneys received shall immediately and without reservations be entered in the Cash book
- The receipts shall be classified in the column provided according to budget heads
- The payment side of Cash book shall be posted from the details of vouchers and of the cheque drawn
- The amount side of each cheque shall be entered as soon as the cheque is signed
- Each entry in the cash book should be attested by the authorized officer
- The classification and totals of cash book should be initiated by some responsible officer other than the writer of Cash book
- Cash book should be closed daily

Name of the ULB: _____**JOURNAL BOOK**

Sr. No.	Date	Journal Vchr. No.	Code of Account	Particulars	L/F	Debit Amount (Rs.)	Credit Amount (Rs.)

Name of the ULB: _____

LEDGER ACCOUNT**Dr.****Cr.**

Date	Code of Account	Particulars	Folio	Amount (Rs.)	Date	Code of Account	Particulars	Folio	Amount (Rs.)

Name of the ULB: _____

Form ACNT-4**CASH/BANK RECEIPT VOUCHER****NAME OF THE FUND:****Name of the Bank:****Pay-in-slip Ref. No. & Date:** _____**CRV/BRV No: & Date:** _____

Budget		Code of Account	Account Description	Challan for Remittance of Money No.	Amount (Rs.)
Function	Functionary				
1	2	3	4	5	6
Total					
Prepared by:		Verified by:		Approved by:	Posted by:
Date:		Date:		Date:	Date:

Notes:

1. A separate Bank Receipt Voucher shall be prepared in respect of each separate Bank Book maintained.
2. All the Challans for Remittance of Money, the details of which are included in this Bank Receipt Voucher, shall be attached to it.

NAME OF THE ULB: _____

Form ACNT-5**CASH/BANK PAYMENT VOUCHER****NAME OF THE FUND:**

Name of the Bank: _____

Date: _____

Department: _____

Name of Claimant: _____

CPV/BPV No: _____

P.O./W.O. No.: _____

Budget		Code of Account	Account Description	Payment Order No.	Cheque No.	Amount (Rs.)
Function	Functionary					
1	2	3	4	5	6	7
Total (in words):						
Prepared by:		Verified by:		Approved by:		Posted by:
Date:		Date:		Date:		Date:
Received Payment						
Signature of Receiver						

Notes:

1. A separate Bank Payment Voucher shall be prepared in respect of each separate Bank Book maintained.
2. Payment Order for which payment is made shall be attached to the Bank Payment Voucher.
3. The payment vouchers and its supporting shall be cancelled with 'paid' stamp.

NAME OF THE ULB: _____

Form ACNT-6**CONTRA VOUCHER****Contra Voucher No**

Code of Account	Account Description	Debit Amount (Rs.)	Credit Amount (Rs.)
1	2	3	4
Total			
Prepared By	Verified By	Approved By	Posted By
Date	Date	Date	Date

Note:

1. The supporting documents forming the basis of the entry shall be attached to the Contra Voucher.

Name of the ULB: _____

JOURNAL VOUCHER**NAME OF THE FUND:****Date:****Journal Voucher No:**

Budget		Code of Account	Account Description	Debit Amount (Rs.)	Credit Amount (Rs.)
Function	Functionary				
1	2	3	4	5	6
		Total			
		Prepared By	Verified By	Approved By	Posted By
		Date	Date	Date	Date

- Note: 1. The supporting documents forming the basis of the entry shall be attached to the Journal Voucher.
 2. The narration for the entry should be clearly (understandably) stated.

Name of the ULB: _____

Form ACNT – 8

RECEIPT

Date:

Received from Shri _____ a sum of Rs. _____

(in words) towards _____ Accounts code _____ drawn on vide

cash/cheque/demand draft/Banker's cheque no _____ dated _____ drawn on

_____ (Bank), _____ (branch of the bank).

Authorized Signatory

Signature of Clerk / Collector: _____

Entered in Collection Register, Page No. _____

N.B. Cheque/Draft/Banker's cheque is subject to realization

Note: Separate receipt books can be maintained for Cash / Cheque. Similarly, separate receipt books can be maintained for different types of receipts.

Name of the ULB: _____

Form ACNT-9

RECEIPT REGISTER

Sr. No.	Receipt Number	Receipt Date	Mode of receipt Cash/ Cheque	Name of the Drawer	Cheque/ Draft No.	Bank (for amounts received through Cheque/	Cash (for amounts received by Cash)	Deposited into Bank Account No.	Date of Deposit	Date of Realization	Whether Returned	Remarks*
1	2	3	4	5	6	7	8	9	10	11	12	13
	Opening total											
	Days total **											
	Closing total											

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

** This total shall be tallied with total as per the Collection Register for the day and the amount as per the 'Summary of daily collections'

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.
3. Separate sheets shall be used in respect of Cash and Cheque/drafts received

Form ACNT-10**Name of the ULB:** _____**STATEMENT ON STATUS OF CHEQUE RECEIVED****DEPARTMENT:** _____

Date: _____

Sr. No.:

Sr. No.	Sr. No. of the Statement of Cheque Deposited received	Date of the Statement of Cheque Deposited received	Cheque/ Draft No.	Amount (Rs.)	Deposited into Bank Account No.	Realized/ Returned	Date of Realization/ Return intimation from the bank
1	2	3	4	5	6	7	8
Prepared by:				Received by and date:			
Checked by and date:							

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

Form ACNT-11

Name of the ULB: _____

COLLECTION REGISTER FOR THE YEAR _____ TO YEAR _____

Department: _____

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

* 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 ACNT-12

Name of the ULB: _____

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

Date:

Sr. No.:

Counter. No.

Name of the Department	Name of the Revenue Head	Amount (Rs.)	Amount (Rs.)	Deposited With*	
1	2	3	4	5	6
	Revenue accounted for on Cash basis #				
a.	Tax Department	Property Transfer Charges			
b.	Water Supply	Water Connection Charges			
		Water Tanker Charges			
		Road Damage Charges			
	Revenue accounted for on Accrual basis				
a.	Water Supply	Water Tax, Water Benefit tax			
		Notice fees, Warrant fees			
Grand Total					
Amount in Words : Rupees					
Receipt No. issued by the Collection Office:					
(in case collections are deposited with Collection Office)					
	Cash		Rs:		
	Cheque (For cheque realised)		Rs:		
	Total		Rs.		
Prepared by:			Checked By** :		
Examined and entered::					
Accountant/Authorized Officer					
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.

Name of the ULB: _____

REGISTER OF BILLS FOR PAYMENT FOR THE YEAR

Sr. No.	Date of presentation by the Supplier/ Department *	Name of Party/ Department*	Particulars	Amount of Bill (Rs.)	Initials of Authorized Officer	Date of Sanction	Voucher No.	Amount Sanctioned (Rs.)	Date of Payment or issue of cheque	Amount Disallowed (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 ACNT-14**Name of the ULB:** _____**PAYMENT ORDER**

Bill No.:

Voucher No.:

Date:

Name and address of

Payee:

Stock / Bills for Payment:

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			
			Signature of Officer Receiving the articles		
	Submitted to the Designated Authority for sanction	Resolution No.....Date.....the sum of Rs..... (in words).... shown in the bill is sanctioned.			
I have examined the claim and found it correct in all respects.					
	Chief Accounts Officer	Commissioner	Authorised Officer		

	Date	Date	Date
	Pay Rupees..... (in words)	To the Accountant for payment	
	Authorized Officer	Commissioner	
	Date	Date	
	Received payment of Rs (in words) in full settlement of the claim.	Paid by cheque / draft No, dated and entered in the cash book	
	Stamp	Chief Accounts Officer	Commissioner
		Authorized Officer	
	Payees Signature		

Name of the ULB: _____

CHEQUE ISSUE REGISTER

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 Authorized Signatory	Signature of the Second Authorized 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 cheque and the subsequent revalidation of the cheque or issue of the fresh cheque.

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.

Name of the ULB: _____**REGISTER OF ADVANCES FOR THE YEAR 20 to 20....**

Sr. No.	Date	Name of the person to whom the advance is paid	Particulars of the Advance	Bank Payment Voucher Number & Date	Payment Order Number & Date	Amount (Rs.)	Date of Repayment/ Adjustment	Voucher Number of Repayment/ Adjustment	Balance remaining unadjusted at the end of the year	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.

Name of the ULB: _____

REGISTER OF PERMANENT ADVANCE

Department:

Period / Year:

Initial disbursement 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 Order is submitted	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.

Name of the ULB: _____

DEPOSIT REGISTER FOR THE YEAR ENDED 20.... to 20....***In respect of*** _____

Department:

Sr. No.	Date	Name of the Party	Nature/ Type/Kind of Deposit	Receipt Number	Amount (Rs.)	Refund or Adjustments				Amount (Rs.)	Balance Deposit (Rs.)	Remarks**
						Date & Voucher No.	Adjusted Income *	against Year	demand Amount (Rs.)			
1	2	3	4	5	6	7	8	9	10	11	12	13

* Specify the head of account of the income against which the deposit is adjusted

** Details of the Lapsed Deposits should be given in the "Remarks" column.

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

Name of the ULB: _____

**SUMMARY STATEMENT OF DEPOSITS ADJUSTED
DURING THE PERIOD _____***In respect of* _____

Date:

Sr. No

Particulars (Revenue Head-wise)	Arrears (Rs.)				Current Demand (Rs.)	Total (Rs.)	Deposits Adjusted Register No.
	Year (Others)	Last 3 rd Year	Last 2 nd Year	Last Year			
1	2	3	4	5	6	7	8
Total							
Amount in Words: Rupees							
Prepared By :*				Examined and entered			
Checked By :*				Accountant / Authorized Officer			
Dated:				Dated:			

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

Name of the ULB: _____

Form ACNT-20

DEMAND REGISTER OF _____
INCOME FOR THE YEAR 20..... to 20...

Department: _____ Ward or Circle: _____

Sr. No.	Date	Bill No.	Name of the person from whom income is due	Particulars	Demand								Collections						
					Revenue* (Rs.)	Revenue* (Rs.)	Notice Fee (Rs.)	Warrant Fee (Rs.)	Other Fees (Rs.)	Penalty (Rs.)	Others (Specify) (Rs.)	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 **															
Collection		Remission/Write-off										Balance							Remarks
Others (Specify) (Rs.)	Total (Rs.)	No. and date of order	Revenue* (Rs.)	Revenue* (Rs.)	Notice Fee (Rs.)	Warrant Fee (Rs.)	Other Fees (Rs.)	Penalty (Rs.)	Others (Specify) (Rs.)	Total (Rs.)	Revenue* (Rs.)	Revenue* (Rs.)	Notice Fee (Rs.)	Warrant Fee (Rs.)	Other Fees (Rs.)	Penalty (Rs.)	Others (Specify) (Rs.)	Total (Rs.)	
21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40

*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 ACNT-25** (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 ACNT-21**Name of the ULB:** _____**BILL OF _____ INCOME****FOR THE PERIOD:**

Identification No: Name:

Address:

Serial No. in Demand Register:

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

Particulars*	Arrears (Rs.)					Current Demand (Rs.)	Total (Rs.)
	Year (Others)	Last 3 rd Year	Last 2 nd Year	Last Year	Current Year's First Bill		
1	2	3	4	5	6	7	8
Notice Fee							
Warrant Fee							
Other Fees							
Penalty							
Others, Specify							
Total Bill Raised							
Less: Advance Adjusted							
Balance Payable							

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 provisions of the Act governing the ULB; a notice of demand will be

Prepared By:***

Office:

Dated:

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.

Checked By:***

Commissioner / Authorized
Officer

** Specify each & every income 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.*

Name of the ULB: _____

Date: _____

SUMMARY STATEMENT OF BILLS RAISED FOR THE PERIOD

_____ in respect of _____

Sr. No. _____

Ward	Arrears (Rs.)					Current Demand (Rs.)	Total (Rs.)
Particulars (Revenue Head wise)	Year (Others)	Last 3 rd Year	Last 2 nd Year	Last Year	Current Year's First Bill		
1	2					3	4
Property & Other Taxes							
Tax revenues (specify)							
Notice Fee							
Warrant Fee							
Other Fees							
Penalty							
Other, Specify							
Total bill raised for income							
Revenue collected in Advance Adjusted							
Total							
Amount in Words: Rupees							
Prepared By :*				Examined and entered			
Checked By :*				Accountant/ Authorized Officer			
Dated:				Dated:			

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

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

Name of the ULB: _____

REGISTER OF NOTICE FEE, WARRANT FEE, OTHER FEES AND PENALTIES CHARGED*In respect of* _____

Sr. No.	Date	Name and Address of the payer	Particulars	Fresh BILL No.	Notice Fee				Warrant Fee				Other Fee			Penalty			Remarks
					Notice No.	Date of Issue	Date of Service	Fee Charged (Rs.)	Warrant No.	Date of Issue	Date of Service	Fee Charged (Rs.)	Particulars	Date of Charge	Fee Charged (Rs.)	Bill No./ Document No. by which levied	Date of Document	Amt. (Rs.)	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20

Note:

1. A reference of the Bill No. and fees charged should be made in **Form ACNT-20** (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.

Name of the ULB: _____

**SUMMARY STATEMENT OF NOTICE FEE, WARRANT FEE, OTHER FEES AND
PENALTIES CHARGED
FOR THE PERIOD _____**

In respect of Income _____ Sr. No. _____

Particulars					Amount (Rs.)
1					2
Notice Fee					
Warrant Fee					
Other Fees					
Penalty					
Total					
Amount in Words : Rupees :					
Examined and entered					
Prepared By:	Accountant / Authorized Officer				
	Dated:				
Checked By					
Dated:					

* Record the name, designation and signature of the person

Name of the ULB: _____

Form ACNT-25

REGISTER OF REFUNDS, REMISSIONS & WRITE-OFF
In respect of _____

Sr. No.	Date	Name and Address of the person/ party	Particulars (Refunds/ Remission/ Write-offs)	Year in respect of which granted	Order Number & Date	Under Section	Name and Designation of the Sanctioning Authority	Amount										Date of Payment & Voucher No. (in case of Refunds)	Remarks
								Revenue (Rs.)	Revenue (Rs.)	Revenue (Rs.)	Revenue (Rs.)	Notice Fee (Rs.)	Warrent Fee (Rs.)	Other Fees (Rs.)	Penalty (Rs.)	Other (Specify) (Rs.)	Total (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															

Note:

1. A reference of the folio no. of this Register for remissions and write-offs should be made in the Demand Register (**Form ACNT-20**).
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.

Name of the ULB: _____

SUMMARY STATEMENT OF REFUNDS AND REMISSIONS FOR THE PERIOD

Particulars		Refunds	Remissions	
		Receivables of Revenue	Revenue received in	Refunds payable
1		2	3	4
Arrears				
Year (Others)				
Year (-3)				
Year (-2)				
Year (-1)				
Current Year (20XX)				
Total				
Amounts in Words : Rupees				
Prepared By :***		Examined and entered		
Checked By :***		Accountant / Authorized Officer		
Dated:		Dated:		

* Separate Statements shall be prepared for each income in respect of which demand is raised

** Including remission of interest charged on delayed payment

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

Name of the ULB: _____

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

Particulars		Write-offs		
		Taxes	State Education	Employment Guarantee
1		2	3	4
Arrears				
Year (Others)				
Year (-3)				
Year (-2)				
Year (-1)				
Current Year (20XX)				
Total				
Amounts in Words : Rupees				
Prepared By :***				
Checked By :***				
		Examined and entered		
		Accountant/Authorized Officer		
Dated:		Dated:		

* Separate Statements shall be prepared for each income in respect of which demand is raised

** Including write-offs of interest charged on delayed payment

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

Name of the ULB _____

As on _____

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

Amount (in words) : _____	
Rupees	
Prepared By :*	Checked By :*

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

Name of the ULB: _____

DOCUMENT CONTROL REGISTER/STOCK ACCOUNT OF RECEIPT/CHEQUE BOOK

Kind of Document _____

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 or books		
			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		Remarks	
Number of Forms	Books		Initials		Date	Number of Forms	Books		Clerk	Authorized officer		
	No.	No. of pages	Clerk	Authorized 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.

REGISTER OF IMMOVABLE PROPERTY

Asset Identification No.:

Description of the Structure:

Location of the Structure:

Survey No. of the land on which Structure is located:

Dimensions of the Structure:

Area of land on which constructed (sq. mtr.):

Title documents available:

Mode of acquisition:

Warranty / Defects Liability Clause:

Security Deposit retained:

Date and amount of Security Deposit released:

Sr. No.	Date of acquisition / construction / improvement	Payment Order No.	Ref. No. of Cash Book/ Journal Book / Ledger where entry is recorded	Ref. No. of Register of Land	Cost of acquisition/ construction / improvement (Rs.) (please specify incidental cost separately)	To whom paid / Name of the contractor	Purpose of Expenditure	Source of Funds	In case of Building, specify how building is being currently used
1	2	3	4	5	6	7	8	9	10
Total for the year 20**-20**									

Opening Written Down Value (Rs.) (equal to column 6 in first year)	Year of Depreciation	Depreciation provided (Rs.)	Closing Written Down Value (Rs.)	Date of Disposal	Receipt Voucher No.	Name of the person to whom Structure is disposed	Sale Value (Rs.)	Initials of the Authorized Officer	Remarks
11	12	13	14	15	16	17	18	19	20
			(11-13)						
Total for the year 20**-20**									

Notes:

- All the structures should be categorized into relevant asset class. Unique asset identification numbers are to be provided for all assets initially. Separate Registers shall be maintained for each class of structures owned by the ULB.
- Each structure shall be recorded on a separate page in the register.
- At the end of the accounting year, the amount in column 14 in respect on the current year shall be the amount to be entered in column 11 of the next year (next row).
- 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.
- For each entry made, record the Name, Designation, and Signature of the person making entry in the register and the person checking the entry.
- Totals should be taken at the end of each year in respect of total cost incurred on acquisition / construction / improvement (from the date of acquisition/construction) for each of the structure owned by the Municipal Body.
- In Remarks column, indicate whether the Municipal Body has the ownership right to the property or have only utilization rights.

Name of the ULB: _____

REGISTER OF MOVABLE PROPERTY

Sr. No.	Asset Identification No.	Particulars and description of the Property	Location of the Property	Number or quantity	Date of acquisition / construction / improvement	Mode of acquisition	Payment Order No.	Ref. No. of Cash Book / Journal Book / Ledger where entry is recorded		Cost of acquisition / construction / improvement (Rs.)		To whom paid	Purpose of Expenditure	Source of Funds
1	2	3	4	5	6	7	8	9		10		11	12	13
Total for the year 20**-20**														
Total for the year 20**-20**														

Opening Written Down Value of the property (Rs.) (equal to column 10 in first year)	Year of Depreciation	Depreciation provided (Rs.)	Closing Written Down Value (Rs.)	Date of Disposal	To whom Disposed and Nature of Disposal	No. and date of Disposal Order	Number or quantity disposed	Amount realized if sold, & date of credit in treasury or bank (Rs.)	Balance quantity	Security Deposit retained (Rs.)	Date and amount of Security Deposit released	Initials of the Authorized Officer	Remarks
14	15	16	17	18	19	20	21	22	23	24	25	26	27
			(14-16)										
Total for the year 20**-20**													
Total for the year 20**-20**													

Note:

1. All the movable assets should be categorized into relevant asset class with unique ID nos. Separate Registers shall be maintained for each class of movable assets owned by the Municipal Body.
2. At the end of the accounting year, the amount in column 17 in respect on the current year shall be the amount to be entered in column 14 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 total of current year's opening written down value and cost of improvement.
4. 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.
5. In case of Plant & Machinery, the details should be given department-wise, location-wise. Separate folios should be allotted for each of the locations.
6. Plant & Machinery of Water Works and Drainage System and sub-station and transformers of the Public Lighting System shall be recorded in this form.
7. 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.
8. In case of Plant & Machinery, specify the date of commencement of operations and the number of shifts for which plant & machinery is operated along with the description of the property in column no. 3.
9. In case of Vehicles, specify the vehicle no., registration no., engine no. and chassis no. along with the description of the vehicle, year of manufacture and 'make' in column no. 3.
10. In Remarks column, indicate whether the Municipal Body has the ownership right to the property or have only utilisation rights.
11. Totals should be taken at the end of each year in respect of total cost incurred on acquisition / construction / improvement (from the date of acquisition / construction) for each of the movable asset owned by the Municipal Body.

Name of the ULB: _____

REGISTER OF LAND

Asset Identification No.:

Description of the Land:

Specify, if leasehold/freehold:

Location of the Land:

Survey No. of the Land:

Area (sq. mtr.):

Title documents available:

Mode of acquisition:

Specify whether any building, trees, etc., acquired with land:

Value paid for acquiring building, trees, etc:

Security Deposit retained:

Date and amount of Security Deposit released:

Sketch the boundaries of the Land:

Sr. No.	Date of acquisition / improvement	Payment Order No.	Ref. No. of Cash Book / Journal Book / Ledger where entry is recorded	Ref. No. of Register of Immovable Property	Cost of acquisition / improvement (Rs.)	To whom paid	Purpose of Expenditure	Source of Funds	Specify how land is being currently used	Date of Disposal	Receipt Voucher No.	Name of the person to whom land is disposed	Value Realized (Rs.)	Initials of the Authorized Officer	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Total for the year 20**-20**															
Total for the year 20**-20**															

Notes:

- (a) Details of all the land belonging to the municipal body, irrespective of the fact, whether it is vacant or any structure has been constructed on that, should be included here. Unique asset ID Nos. to be allotted to each item.
- (b) Each plot of land shall be recorded on a separate page in the register.
- (c) Specify if land is industrial/agricultural/residential in 'Description of Land'.
- (d) For each entry made, record the Name, Designation, and Signature of the person making entry in the register and the person checking the entry.
- (e) 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 land owned / utilized by the Municipal Body.

Name of the ULB: _____

Function: _____

FUNCTION -WISE INCOME SUBSIDIARY LEDGER

Sl. No	Function code	Functions Head	Total Income (Rs.)	Major Heads of Income						
				Tax Revenue	Assigned Revenue	Rental Income from Properties	Fees & User Charges	Sale & Hire Charges	Revenue Grants	Others
Total for the month (Rs.)										
Cumulative total at the beginning of the month (Rs.)										
Cumulative total at the end of the month (Rs.)										

For each type of major revenue heads, columns for functions relevant to revenue will only be opened.

Name of the ULB: _____

Function: _____

FUNCTION -WISE EXPENDITURE SUBSIDIARY LEDGER

Sl. No.	Function code	Functions Head	Total Income (Rs.)	Major Heads of Income					
				Establishment	Administrative	Operations & Maintenance	Interest & Finance	Programme	Revenue Grants
Total for the month (Rs.)									
Cumulative total at the beginning of the month (Rs.)									
Cumulative total at the end of the month (Rs.)									

For each type of major expenditure heads, columns for functions relevant to the expenditure will only be opened.

Name of the ULB: _____

ASSET REPLACEMENT REGISTER

Sr. No.	Source			Utilized					Ref. No. of Fixed Asset Register *	Balance (Rs.)
	Date of transfer to Asset Replacement Bank	Voucher No.	Amount (Rs.)	Date of acquisition / construction / improvement	Payment Order No.	Ref. No. of Cash Book / Journal Book / Ledger where entry is recorded	Cost of acquisition/ construction / improvement (Rs.) (please specify incidental cost separately)	To whom paid / Name of the contractor		
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.
 - Reference shall be provided for Register of Immovable property, Register of Movable property, etc.

REGISTER OF PUBLIC LIGHTING SYSTEM

Area / Location / Survey No.:

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 / Journal Book / Ledger where entry is recorded	Cost of acquisition / improvement (Rs.)	To whom paid	Purpose of Expenditure	Source of Funds
1	2	3	4	5	6	7	8	9	10	11	12
Total for the year 20**-20**											
Total for the year 20**-20**											

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

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.

6.0 General Accounting Procedures (Under Manual Accounting Environment)

6.1. Procedure to be Followed for Accounting of Collections

6.2. The collections in respect of the receipts of the ULB may be made at Collection Offices (i.e. at the department, Ward Offices, Single-Window, etc.) or at other Collection Centres (i.e. branches of Designated Banks and other Collection Centres). The general procedure for the receipt, deposit, and accounting of the collections shall be as follows:

- 6.2.1. Collection at Counters: For receipt of cash or any amount received in the form of cheques/draft, a Receipt, duly signed and dated shall be issued in Form ACNT-8. In cases where the payer has to submit Bills/Challans, one copy shall be returned to the payer along with the Receipt. All cheques/drafts received shall be recorded in a Receipt Register, maintained in Form ACNT-9. Receipt Register can be maintained in perforated sheets, so that the second copy can be used for depositing cheques with Bank or other Collection Offices of the ULB.
- 6.2.2. Deposit of amount collected: The amount collected (cash, cheques as well as drafts) shall be deposited into Designated Bank Accounts or with the other designated Collection Offices of ULBs, by the end of the day. The amount shall be deposited in the bank on the same day or on the next working day.
- 6.2.3. Remittance of collections to other Collection Offices: The Collection Office receiving the cash/cheque/demand draft/ banker's cheque from other collection centers, shall issue a Receipt (Form ACNT-8) to acknowledge the receipt of cash/cheque/demand draft/banker's cheque from other collection offices. The receiving Collection Centre shall record the receipt issued for receipt of the cheques/drafts received from other collection centers in its receipt register maintained in Form ACNT -9.
- 6.2.4. Entry in Collection Register: The Collection Offices and Collection Centres shall record the particulars of each Receipt issued in the Collection Register, maintained in Form ACNT-11, on a daily basis. The Collection to be maintained in Form ACNT-11 is to be account head wise details of the daily collections. This collection register shall be maintained in triplicate where in one copy can be sent to the concerned departments along with one copy of the Bill / Challan collected, if any, one can be sent to the Accounts and other one will be retained as book copy.
- 6.2.5. Preparation of a Summary of Daily Collection: Based on the details from the collection register, the collection offices shall prepare a Summary of Daily Collection in Form ACNT-12. The Summary of Daily Collection is a covering sheet that provides a summary of the total revenues collected by the Collection Office/Centre.
- 6.2.6. Collections at branches of Designated Banks directly from the pavers: The officers, designated for the purpose of coordinating with the branches collecting the receipt directly from the payers, shall also prepare a Summary of Daily Collection in Form ACNT -12.
- 6.2.7. Preparation of Bank Receipt Voucher: The Accounts Department shall prepare a Bank Receipt Voucher (Form ACNT-4) and pass the entry for

recording the collections based on the Summary of Daily Collection (Form ACNT-12) received.

- 6.2.8. Entry in Cash Book: In practice, the above summary of collection shall be passed in the Main Cash Book (Form ACNT-1), in the 'Bank' column on the 'Receipt' side.
- 6.2.9. Posting in the Ledger: From the Cash Book, a posting shall be made to the Ledger (Form ACNT-3) in the 'Credit' side of the Account.
- 6.2.10. Uniform Accounting Procedure: Collections in respect of all types of collections shall be accounted uniformly.
- 6.2.11. Uniform Accounting Entries: The entries to be passed for recording the collection of revenues have been provided in the **Volume VI**.
- 6.2.12. Updation of Subsidiary Ledgers: The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major revenues in Form ACNT - 33. The Subsidiary Ledgers would provide function-wise break-up of above-mentioned income earned/received by the ULBs 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 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.
- 6.2.13. Subsidiary Ledger: 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.
- 6.2.14. Main Ledger and Trial Balance: Each entry 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.
- 6.2.15. Summary of Income: Summary of major head wise income for each of the function may be prepared from the Subsidiary Ledgers.
- 6.2.16. Verification from Trial Balance: Summary total of major heads of Income prepared as stated above must agree with the major income head wise schedules prepared from Trial Balance.
- 6.2.17. Updation of details regarding cheques / drafts deposited: The realization / return of the cheques/drafts shall be followed up with the bank. The details of the realization / non-realisation of the cheques / drafts shall be updated in the Receipt Register (Form ACNT-9) as well as communicated to the concerned officer for follow-up. The details should be intimated to the Accounts Department by the Collection Office / Centre who has actually deposited the cheques and co-coordinating with the bank, through a Statement on Status of Cheques Received, prepared in Form ACNT-10.
- 6.2.18. Dishonourment of Cheques: Based on the Statement on Status of Cheques Received (Form ACNT-10), the Accounts Department shall reverse the entry passed for collection as stated above i.e. on preparation of Bank Receipt Voucher. The Accounts Department, thus, shall pass the entry for reversal of receipt.

- 6.2.19. Reversal of collection Entry: Subsidiary Ledgers shall be adequately updated for the reversal entry to be passed in respect of collection and demand due to dishonour of cheques.
- 6.2.20. Cheque Dishonour Charges: An administrative charge (as per ULBs operations manual) of would be normally levied on the dishonored cheques.
- 6.2.21. Transfer of funds from one Bank Account to other Bank Account: Transfers from one Bank account to another will be governed by the applicable rules. Based on the cheque prepared for the transfer or based on the bank intimation received, in case of standing instructions being given to the banks for transfer of funds, the Accounts Department shall prepare a Contra Voucher (Form ACNT-6). Accounting entries relating to this would follow the general principles of accounting under "Accounting for Contra entries."

6.3. **Procedure to be Followed for Accounting of Payments**

- 6.4. The general procedure in respect of payments, which shall be applicable for all payments made by the ULB including payment of supplier's / contractor's bills, refund of taxes, payment of advance, refund of deposits, investments made, loan repayments, etc., is described below:
 - 6.4.1. Receipt of bills/claims: The bills or claims against the ULB shall be received at the various functions of the ULBs or at the Accounts Department as per the procedures laid down for ULBs in this behalf. The concerned department shall verify the bills / claims received. On satisfactory verification, the bills / claims shall be entered into the Register of Bills for Payment, maintained in Form ACNT-13.
 - 6.4.2. Preparation of Payment Order: On approval of the payment by the concerned authorities at the respective departments, the department shall forward the bills for payment. To facilitate capture of details a model Payment Order (ACNT-14) is suggested. The state governments can modify this based on their requirements.
 - 6.4.3. Bill Passing/ Approval of bills: Before release of a payment, the Accounts / Audit department whoever is responsible for passing shall verify and ensure the following relating to a payment order:
 - 6.4.3.1. Whether the supporting documents such as invoices, bills, etc are stamped with 'certified for payment' and signed by the authorities of the concerned department;
 - 6.4.3.2. Whether adequate budget appropriation/provision is available under the particular head.
 - 6.4.3.3. Whether evidence of entry into purchase / fixed assets / investments register with folio and reference numbers are attached/ available;
 - 6.4.3.4. 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;
 - 6.4.3.5. 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.

- 6.4.3.6. 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.
- 6.4.4. Clarification for approval of Bill: 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.
- 6.4.5. Corrections in the Bill: The concerned department shall resolve the query raised as pointed above, make the necessary changes in the Payment Order and the other registers/forms, if required, and forward the documents back to the Bill Passing authority for review of the revised payment order.
- 6.4.6. Forwarding for payment: After a satisfactory verification of the payment order and its supporting, the payment order shall be released for payment.
- 6.4.7. Payment Approval: On approval of payment, entry shall be made in the Register of Bills for Payment maintained at Accounts Department (Form ACNT-13) journal voucher is prepared.
- 6.4.8. Preparation of a Cash / Bank Payment Voucher: A Cash / Bank Payment Voucher (Form ACNT-5) shall be prepared for payment and verified.
- 6.4.9. Uniform Accounting Entries: The entries to be passed for recording the expenditure and payments have been provided in the **Volume VI**.
- 6.4.10. 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 ACNT-15.
- 6.4.11. Signing of the cheque: The authorized signatories shall sign the cheque, Cash / Bank Payment Voucher and Cheque Issue Register. It is suggested that one of the authorized signatories shall be from Accounts Department.
- 6.4.12. Recording of entry for payment: After the signing of the Cash / Bank Payment Voucher, the Accounts Department shall pass the entry for the payment.
- 6.4.13. Entry in Cash Book: In practice, the payment entry shall be passed in the Cash Book (Form ACNT-1), in the 'Bank' column on the 'Payment' side.
- 6.4.14. Posting in the Ledger: From the Cash Book, a posting shall be made to the Ledger (Form ACNT-3).
- 6.4.15. Updation of Subsidiary Ledgers for expenditures: The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major expense head in Form ACNT - 34. The Subsidiary Ledgers would provide function-wise break-up of above-mentioned expenses incurred by the ULBs 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 on the payment side or in the

credit side from journal bills 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.

- 6.4.16. Subsidiary Ledger: 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.
- 6.4.17. Main Ledger and Trial Balance: Each of the expenses 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.
- 6.4.18. Summary of Expenses: Summary of major head wise expenses for each of the function may be prepared from the Subsidiary Ledgers.
- 6.4.19. Verification from Trial Balance: 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.

6.5. Accounting for Journal Entries

- 6.6. For transactions other than those involving cash and / or bank, the Accounts Department shall prepare a Journal Voucher (Form ACNT-7) for recording the entry in the Journal Book. The following example illustrates the recording of entry in the Journal Book:
- 6.7. For recording the entry in respect of the raising of demand in respect of all types of income, the Accounts Department shall prepare a Journal Voucher (Form ACNT-7) and pass the relevant accounting entry in the Journal Book (Form ACNT-2)
- 6.8. Posting in the Ledger: From the Journal Book, a posting shall be made to the Ledger (Form ACNT-3).
- 6.9. Rectification Entries: The Journal Entries are also passed for rectification of errors in recording of earlier transactions.

6.10. Permanent/Official Advance

- 6.11. For permanent advance (imprest cash) provided to the various officers/departments of the ULB, 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 Permanent Advance maintained at the various departments in Form ACNT-16. The details of the advances given shall be recorded in the Register of Advance maintained in Form ACNT-16. The concerned department shall prepare Payment Order (Form ACNT-14) for replenishment of the permanent advance.

- 6.12. Similarly, the employees of the ULB to whom official advances are provided for incurring expenditure on behalf of the ULB, shall prepare a Payment Order for the expenditure incurred as soon as the purpose for which the advance was provided is accomplished.
- 6.13. 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.
- 6.14. **Bank Charges**
- 6.15. Based on the nature of banking services availed by an ULB, service charges or transaction processing charges (for example demand draft commission, outstation cheque clearing charges, etc) are charged by the Banks.
- 6.16. The Bank through an Advice gives details of their charges. ULBs 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 items not accounted by the ULB. accounting entry for Bank Charges would be passed.
- 6.17. **Stale/Obsolete Cheques**
- 6.18. The normal validity period of a cheque is six (6) months or such shorter period as specified on the cheque, from the date of the cheque. On expiry of the validity period, in case the cheque has not been realised, it becomes a stale cheque.
- 6.19. At period end, the Accounts Department shall review the Cheque Issue Register (Form ACNT-15) and the Bank Reconciliation Statements to identify the cheques, which have become stale. It shall prepare a Bank Receipt Voucher (Form ACNT-4) for recording a notional receipt in respect of the stale cheques. The necessary details shall be updated in the Cheque Issue Register (Form ACNT-15). In respect of the stale cheques, the Accounts Department shall pass the appropriate accounting entry for reversing the payments made and recognizing liability.
- 6.20. When the cheques are revalidated or a fresh cheque is issued against the stale cheques, the Accounts Department shall prepare a Bank Payment Voucher (Form ACNT-5). After approval and signing of the Bank Payment Voucher by the concerned authorities, the Accounts Department shall pass the accounting entry for payment and extinguishment of liability.
- 6.21. Liability in respect of Stale Cheques account shall be reviewed periodically and those Stale cheques which were not revalidated for a period of years or such period as may be specified by the state government from the date of original issue shall be reversed as 'Write back of Liability for Stale Cheques' under Other incomes of the ULB. Accounts Department shall pass the appropriate accounting entry for recognition of other income.

6.22. **General Instruction for Payments**

6.23. All payments made by the Accounts Department shall be recorded in the Cash Book (Form ACNT-1) on a daily basis.

6.24. Payments exceeding Rs. 100/- or such other sum as may be prescribed by the ULB rules shall be made only by 'Account Payee Crossed' cheque.

6.25. All claims against the ULB, 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 Authorities as prescribed in the applicable Act / Rules. This question shall be decided on the merits of each case.

6.26. In case of payments made by drafts that are issued by banks through a written instruction other than a cheque, i.e., an authorization letter, etc., the copy of the authorizing document shall be attached to the Payment Order (Form ACNT-14). 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.

6.27. At period end, the officers/departments to whom the permanent advance is provided shall prepare a Payment Order for the replenishment of the expenditure incurred up to the period end and submit it to the Accounts Department within 5 days from the end of the period.

6.28. In respect of cheques, which are cancelled or lost, the Accounts Department shall update the Cheque Issue Register (Form ACNT-15) against the specific cheque numbers. The cheques cancelled shall bear the approval of the authorized signatories on the cheque and in the Cheque Issue Register.

6.29. ULBs shall define the rules and procedures for processing of duplicate bills. However, it shall be ensured that no claim is processed or paid twice. E.g. payment both against original bill and against copies of bills etc

6.30. ULBs may also bring in additional internal control procedures. Some ULBs operate centralised cheque issue section for delivery of cheques to the parties. Parties coming to collect cheques need not go to any department and instead collect it from this central section.

6.31. **Accounting for Contra Entries**

6.32. Contra entry means an Accounting Entry that is recorded on both the sides of a Cash Book, showing inflow and outflow of funds at the same time. Contra entries are the 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" Column on 'Receipt" side and simultaneously as outflow in 'Cash" Column on 'Payment" side. Similarly, balances transferred from one bank account to another would be shown as inflow in 'Bank" Column on 'Receipt" side in the receiving bank account and simultaneously as outflow in 'Bank" Column on 'Payment" side in the paying bank account. For recording of a Contra Entry, the Accounts Department shall prepare a Contra Voucher (Form ACNT-6).

6.33. Contra Entries shall also be recorded for rectification of entries involving cash and/or bank transactions.

6.34. **Banking Arrangements**

6.35. ULBs may enter arrangements with their bankers as listed below in respect of collections and payments. Such arrangements would enable ULBs in improvement of funds management.

6.36. Illustrative list of arrangements with Banks:

- Acting as an authorized collection agency for direct collection. This facilitates collection at all authorized branches of the Bank providing easy access.
- Operation of collection counter at ULB's offices
- Arrangement for collection of Deposits from authorized collection centres 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

6.37. **Internal Controls**

6.38. The following general internal controls shall be observed by the ULBs:

6.38.1. The closing balance of cash as per the Cashier's Cash Book shall be verified daily with the physical cash balance at all the Collection Offices and must be signed by the person verifying the cash.

6.38.2. The cash chest should have two keys. One key will be with the cashier of the collection office and the other will be with another officer designated for this purpose by the ULB.

6.38.3. Cash in chest should be insured for theft, fire etc.

6.38.4. The officers designated by the ULB 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.

6.38.5. Bank reconciliation shall be carried out monthly by the officers of the ULB designated for the purpose of handling the bank accounts and the same shall be duly verified and signed by the designated senior officer.

6.38.6. Original copy of the cancelled Receipt shall be attached with the duplicate copy with the words 'Cancelled" marked on it.

6.38.7. 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.

- 6.38.8. 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 amount as per Receipt register for cheques received and total of cash collections as per summary of daily collection in form ACNT -12.
 - 6.38.9. 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.
 - 6.38.10. At the end of each month, the Accounts Department shall ensure compliance with the month-end procedure.
 - 6.38.11. At the end of each month, the Accounts Department shall comply with the month-end procedure in respect of:
 - o Operations and Maintenance Expenses;
 - o Employee related expenses; and
 - o Administrative Expenses;
 - 6.38.12. '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 state government from the date of original issue shall be identified and reversed as other income of the ULB.
 - 6.38.13. The Head of Accounts Department 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.
 - 6.38.14. The Head of the Accounts Department shall ensure that all the bank charges accounted based on the bank reconciliation statement are supported with original bank debit advises.
- 6.39. The Head of Accounts Department shall certify all Reconciliation Statements.

Volume VI

Accounting of Transactions

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Accounting of Transactions

Introduction

1. This volume deals with the transaction entries that are to be passed under double entry accrual accounting system. These are representative entries and needs to be modified on a basis of actual transaction during the year. This volume mainly concerns the accountant of the ULB. In addition the accountant must consider that there can be subsequent additions and amendments to the codes and thus there will be simultaneous modifications of the account heads and codes. However, the principles under which the illustrative entries are given in this volume should not be disturbed.
2. The transaction entries cover the following areas in the Manual:
 - (i) Identification of the appropriate ledger account and whether it needs to be debited or credited
 - (ii) Identification of the code from the Chart of Accounts
 - (iii) Explanation to the entry
 - (iv) Identification of the transaction or other recognisable event
3. . Before, going through this volume, the accountant must ensure to have a thorough understanding of the double entry principles and the significant accounting principles of accounting for ULBs.

1.0 Accounting for Income from Property Taxes and other Taxes

1.1 Accounting entry for demand raised on existing assesses.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
	900301	4311001 1100101 1100102 1100103 1100105		Property Tax Receivable – Current year To Property Tax on Building To Property Tax on Land Service Charges in lieu of Property Tax (Central/State Government properties.) To Consolidated Tax [The above entry to be passed is only in respect of the current year demand and in no way it will include any demand for earlier years, already raised. Mention the current year, like 2006-07, 2007-08, etc.]	Dr Cr Cr Cr Cr	XXX	XXX XXX XXX XXX

1.2 Accounting entry for demand raised on new assesses, for the first time.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4311001		Property Tax Receivable – Current year	Dr	XXX	

		1100101		To Property Tax on Building	Cr		XXX
		1100102		To Property Tax on Land	Cr		XXX
		1100103		To Service Charges in lieu of Property Tax (Central/State Government properties.)	Cr		XXX
		1100105		To Consolidated Tax	Cr		XXX
		1851001		To Prior Period Income - Taxes	Cr		XXX
				[The above entry to be passed in respect of the current year demand and for the portion of demand that pertains to earlier years. The amount that pertains to earlier years will be credited to the Prior Period Income - Taxes]			

1.3 Change in Assessments - Increase in demand

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4311001		Property Tax Receivable – Current year	Dr	XXX	
		1100101		To Property Tax on Building	Cr		XXX
		1100102		To Property Tax on Land	Cr		XXX
		1100103		To Property Tax on Building – Service Charges in lieu of Property Tax	Cr		XXX
		1100105		To Consolidated Tax	Cr		XXX
		1851001		To Prior Period Income - Taxes	Cr		XXX

				[The above entry to be passed is only in respect of the difference amount between the existing demand and the changed demand.]			
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1.4 Change in Assessments - Decrease in demand

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		1109001		Tax Remission & Refund - Property Tax	Dr	XXX	
		2855001		Prior Period Expenses - Refund of Taxes - Property and Other taxes	Dr	XXX	
		4311001		Property Tax Receivable – Current To year	Cr		XXX
				[The above entry to be passed is only in respect of the difference amount between the existing demand and the changed demand.]			

1.5 Collection of Taxes and rebates allowed for early payments

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		2408001		Discount on Early / prompt payments	Dr	XXX	
		4311000		Consolidated Receivables for To Property Taxes	Cr		XXX

				[The above entry to be passed is only in respect of the total collections against the property tax demand, irrespective whether the same is for current year or for past years. At the same time simultaneously account for the rebates allowed to assesses for making early payments.]			
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1.6 Adjusting the total collection of taxes against the specific heads of account.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4311000		Consolidated Receivables for Property Taxes	Dr	XXX	
		4311001		To Property Tax Receivable – Year	Cr		XXX
		4311002		To Property Tax Receivable – Year	Cr		XXX
		4311003		To Property Tax Receivable – Year	Cr		XXX
		4311004		To Property Tax Receivable – Year	Cr		XXX
		3504101		To Advance Collection of Revenues - Property Taxes	Cr		XXX
		1718001		To Other Interests - Receivables	Cr		XXX
		1402001		To Penalties and Fines	Cr		XXX
				[The above entry to be passed after the collection is done, to adjust the various specific receivable and income heads]			

1.7 Accounting for notice fee, warrant fee, and other fees when ULB raises the demand.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4311001 1404006 1404007		Receivables for Property Taxes - Current Year To Other Fees - Notice Fees To Other Fees - Warrant Fees [The above entry to be passed is only in respect of the demands raised by the ULB against notice fees, warrant fees, etc concerning property taxes.]	Dr Cr Cr	XXX	XXX XXX

1.8 Accounting for notice fee, warrant fee, and other fees when collected.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 4311001		Bank Account Receivables for Property Taxes - To Current Year [The above entry to be passed is only in respect of the collections made by the ULB against notice fees, warrant fees, etc concerning property taxes.]	Dr Cr	XXX	XXX

1.9 Refunds and remissions.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		1109001		Tax Remission and Refunds-Property Taxes	Dr	XXX	
		2855001		Prior period Expenses - Refund of Taxes - Property Taxes	Dr	XXX	
		3504001		To Refunds Payable - Taxes	Cr		XXX
				[The above entry to be passed is in respect of any remissions and refunds concerning the current year demand and that concerning past years. If the same relates to the current year, then debit the tax remission account and if the same relates to earlier years, then debit the prior period expenses.]			

1.10 Payment of Refunds

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3504001		Refunds Payable - Taxes	Dr	XXX	
		4502101		To Bank Account	Cr		XXX
				[The above entry to be passed is only in respect payments made against the refunds payable.]			

1.11 Provision for doubtful recoveries of property tax.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2701001		Provisions for Doubtful Receivables - Property Taxes	Dr	XXX	
		4321000		Consolidated Provision for To Outstanding Property Taxes	Cr		XXX
				[The above entry to be passed is only in respect of the property tax doubtful of recovery at the year-end. The amount to be computed is as per the provisioning norms discussed earlier. The computed amount at the current year-end will be compared with the balance standing in the "Consolidated Provision for outstanding Property Taxes". If the amount computed at the current year-end is more than the balance standing, then pass the above entry. However, if the current year-end amount is less than the standing balance, then reverse the above entry.]			

1.12 Accounting for write-offs of property tax.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		4321000		Consolidated Provision for Outstanding Property Taxes	Dr	XXX	
		4311001		Property Tax Receivable – Year To	Cr		XXX
		4311002		Property Tax Receivable – Year To	Cr		XXX
		4311003		Property Tax Receivable – Year To	Cr		XXX
		4311004		Property Tax Receivable – Year To	Cr		XXX
				[The above entry to be passed is only in respect of the amount written-off from the arrears of property taxes, if the ULB decides to write off any amount.]			

1.13 Adjustment of tax received in advance.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3504101		Advance Collection of Revenues - Property Taxes	Dr	XXX	
		2408001		Discount on Early / prompt payments	Dr	XXX	
		4311000		Consolidated Receivables for To Property Taxes	Cr		XXX

				[The above entry to be passed is only in respect of the advance collected earlier, may be in earlier years and that need to be adjusted against the current year demand. For the advance amount, the ULB may also allow the discounts/rebates for early payments.]			
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1.14 Accounting for cost of recovering property taxes (including legal charges)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2205101 4502101		Legal Expenses - Cost of recovery Tax Revenues To Bank Account [The above entry to be passed is only in respect of the amount incurred in respect of any expenses concerning the recovery of arrears, sale of attached properties, etc.]	Dr Cr	XXX	XXX

1.15 Accounting for the cost of recovery recoverable from the assesses.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4311000		Consolidated Receivables for Property Taxes	Dr	XXX	

		2205101		Legal Expenses - Cost of recovery To Tax Revenues	Cr		XXX
				[The above entry to be passed is only in respect of the amount recoverable from the assesses in respect of the charges paid by the ULB in order to recover the arrear property tax]			

1.16 Accounting for income concerning property transfer charges

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		1404005		Other Fees - property Transfer To Charges	Cr		XXX
				[The above entry to be passed is only in respect of the amount collected against any property transfer charges.]			

2.0 Accounting for Income from Cess

2.1 Accounting for income from cess collected by the ULB

The above entry to be passed is only in respect of the amount collected by the ULBs concerning cess. The accounting will be done at the time of collection of the cess by the ULB

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
	900304	4502101		Bank Account	Dr	XXX	
		1108021		Other Taxes - Town Development			
		1108041		To Cess	Cr		XXX
				To Other Taxes - Education Cess	Cr		XXX
				Narration:			

2.2

Accounting for any additional demand raised subsequent to initial collection.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4312000		Consolidated Receivable for Other Taxes	Dr	XXX	
		1108021		Other Taxes - Town Development			
		1108041		To Cess	Cr		XXX
				To Other Taxes - Education Cess	Cr		XXX
		1718001		Other Interest - Interest from other			
		1402004		To Receivables	Cr		XXX
		1851001		To Penalties and Fines - Others	Cr		XXX
				To Prior Period Income - Cess	Cr		XXX

				<p>[The above entry to be passed is only in respect of the amount additionally demanded from assesses liable to pay cess. ULBs will demand cess, subsequent to voluntary deposits by citizens. Such additional demands will arise upon scrutiny of existing records of the assesses. Hence, the demand may include a portion of interest and penalty. Moreover, the demand may pertain to the current year or it may relate to earlier years.]</p>			
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2.3 Collection of demands of cess raised upon subsequent scrutiny.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4512101		Bank Account	Dr	XXX	
		4312000		Consolidated Receivable for Other Taxes	Cr		XXX
				<p>[The above entry to be passed is only in respect of the amount collected against demand made upon scrutiny of collection of cess.]</p>			

2.4 Accounting for reduction in demands of cess upon subsequent scrutiny, resulting in refunds/remissions.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		1409021 2855001` 3504005		Fees Remission and Refund - Others Prior Period Expenses - Refund of Cess To Refunds Payable - Cess [The above entry to be passed is only in respect of the amount to be refunded to the assesses upon subsequent scrutiny, where there is a reduction in the demand, already paid by the citizen.]	Dr Dr Cr	XXX XXX	XXX

2.5 Accounting for payment of refunds of cess

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3504005 4502101		Refunds Payable - Cess To Bank Account [The above entry to be passed is only in respect of the amount actually paid against the refunds payable.]	Dr Cr	XXX	XXX

3.0 Accounting for Income from Water Supply

3.1 Accounting for demands raised by the water tax section for the current year

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
	900302	4313001		Water Supply- Receivable- Current Year	Dr	XXX	
		1100201		To Metered Water - Domestic Supply	Cr		XXX
		1100202		To Supply	Cr		XXX
		1100203		To Bulk Supply of filtered water	Cr		XXX
		1100204		To Bulk Supply of unfiltered water	Cr		XXX
				[The above entry to be passed is only in respect of the amount demanded concerning water supply by the ULB.]			

3.2 Accounting for collection of arrears of water supply income

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		4318011		To Receivables Control Account - Water Supply	Cr		XXX

				[The above entry to be passed is only in respect of the amount collected against the arrears of water supply.]			
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3.3 Accounting for adjustment of the collection against specific heads.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4318011		Receivables Control Account - Water Supply	Dr	XXX	
		4313001		To Water Supply Receivable - Current Year	Cr		XXX
		4313002		To Water Supply Receivable - Year	Cr		XXX
		4313003		To Water Supply Receivable - Year	Cr		XXX
		3504102		To Advance Collection of Revenues - Water Supply	Cr		XXX
				[The above entry to be passed is only in respect of the amounts collected against the consolidated receivable head now adjusted against the specific heads.]			

3.4 Accounting for notice fee, warrant fee, and other fees concerning water supply income when raised.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4313001 1404006 1404007		Receivable for Fees & User Charges - Water Supply Receivable Current Year To Other Fees - Notice fee To Other Fees - Warrant Fee [The above entry to be passed is only in respect of the amount demanded by the ULB from delinquent citizens against default in their obligations to pay their dues towards water fees.]	Dr Cr Cr	XXX	XXX XXX

3.5 Collection of Notice Fee, Warrant Fee, etc.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 4313001		Bank Account Receivable for Fees & User Charges - Water Supply To Receivable Current Year [The above entry to be passed is only in respect of the amount collected against the dues of notice fee, warrant fee, etc.]	Dr Cr	XXX	XXX

3.6 Accounting for refunds/remissions payable concerning water supply arrears

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		1409011		Fees Remissions & Refunds - Water Supply	Dr	XXX	
		2856001		Prior Period Expenses - Refund of other Revenues - Water Supply	Dr	XXX	
		3504002		To Refunds Payable - Water Supply	Cr		XXX
				[The above entry to be passed is only in respect of the amounts to be refunded concerning water supply dues.]			

3.7 Accounting for refunds paid by the ULB.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3504002		Refunds Payable - Water Supply	Dr	XXX	
		4502101		To Bank Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts paid against the refunds concerning water supply.]			

3.8 Accounting for provision for unrealized water tax arrears/dues

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2701002		Provision for Doubtful Receivables - Water Supply	Dr	XXX	
		4323000		Provision for Outstanding Fees & User Charges - Water Supply	Cr		XXX
				[The above entry to be passed is only in respect of the amounts provided against uncollectible arrears.]			

3.9 Accounting for write-offs of water tax in arrear, being uncollectible.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4323000		Provision for Outstanding Fees & User Charges - Water Supply	Dr	XXX	
		4313001		Water Supply Receivable - Year	Cr		XXX
		4313002		To	Cr		XXX
		4313003		Water Supply Receivable - Year	Cr		XXX
				To	Cr		XXX

		4313004		Water Supply Receivable - Year To	Cr		XXX
		4313005		Water Supply Receivable - Year To	Cr		XXX
				[The above entry to be passed is only in respect of the amounts written off against the uncollectible dues concerning water supply dues.]			

3.10 Accounting of adjustment of advances received earlier.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3504102		Advance Collection of Revenues - Water Supply	Dr	XXX	
		4313001		Water Supply Receivable - To Current Year	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received as advance earlier, now adjusted against the receivable for the year.]			

3.11 Recovery of Water Supply income through legal proceedings.

Refer the concerned accounting entry under the "Accounting of Property Taxes."

3.12 Accounting for Water Deposits received by the ULB.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		3402001		Deposit Revenues - Water To Deposits	Cr		XXX
				[The above entry to be passed is only in respect of the amounts collected against water deposits from assesses.]			

3.13 Accounting for water deposits adjusted with receivables.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3402001		Deposit Revenues - Water Deposits	Dr	XXX	
		4313001		Receivables for Fees & User To Charges - Water Supply	Cr		XXX
				[The above entry to be passed is only in respect of the amounts collected against deposits now adjusted with the arrears/dues of water supply income.]			

3.14 Accounting for refund of deposits.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3402001 4502101		Deposit Revenues - Water Deposits To Bank Account [The above entry to be passed is only in respect of the amounts collected against deposits for water supply, now refunded to the respective assesses.]	Dr Cr	XXX	XXX

3.15 Accounting for deposits since not claimed, thus lapsed.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3402001 1801103		Deposit Revenues - Water Deposits To Lapsed Deposits - Others [The above entry to be passed is only in respect of the amounts collected against deposits, but not claimed by the rightful claimant within a specified number of years (to be decided by the ULB) and hence lapsed.]	Dr Cr	XXX	XXX

4.0 Accounting for Assigned Revenues

4.1 Accounting of assigned revenues received by the ULB - when the receipts are of revenue nature.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		1201001		To Taxes & duties Collected by Others - Entertainment Tax	Cr		XXX
		1201011		To Taxes & duties Collected by Others - Stamp Duty on Transfer of Properties	Cr		XXX
		1201021		To Taxes & duties Collected by Others - Passenger Tax	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received by the ULB in respect of the share in the revenues of the any superior government, to compensate for certain losses in revenue, etc.]			

4.2 Accounting of assigned revenues, concerning compensation in lieu of taxes and duties.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		4502101		Bank Account			
		1202001		To Compensation in lieu of Octroi	Dr	XXX	XXX
				Compensation in lieu of Pilgrim	Cr		
		1202011		To Tax	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received by the ULB as a portion of assigned revenues, which are compensations in lieu of taxes and duties no more leviable by the ULB.]			

4.3 Accounting for accrued assigned revenues, if receivable at the year-end.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4315011		Receivables from Government - Assigned Revenues	Dr	XXX	
		1201001		To Taxes & duties Collected by Others - Entertainment Tax	Cr		XXX
		1201011		To Taxes & duties Collected by Others - Stamp Duty on Transfer of Properties	Cr		XXX
		1201021		To Taxes & duties Collected by Others - Passenger Tax	Cr		XXX

				[The above entry to be passed is only in respect of the amounts receivable against the assigned revenues. The ULBs will pass this entry only when the GO concerning the devolution of funds received by the ULB at the year-end, but not the money.]			
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4.4 Accounting for subsequent receiving of the assigned revenues, earlier accounted as receivables.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		4315011		Receivables from Government - To Assigned Revenues	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received against assigned revenues, which were earlier considered as receivable.]			

5.0 Accounting for Rentals, Fees, and Other Obligations

5.1 Accounting for rentals, fees, and other obligations, which are to be accounted on cash basis i.e. actual collection basis. Such incomes include Birth/Death Registration Fees, Ambulance Charges, Road Cutting Charges, Stacking Charges, etc.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 1401302 1405003 1404012 1407003		Bank Account To Birth & Death Registration Fees To Ambulance Charges To Road Cutting Charges To Stacking Charges [The above entry to be passed is only in respect of the amounts received by the ULB concerning the nature of income. The ULB will pass this entry, only when it receives the cash, irrespective of the fact whether the ULB provides service before or after the collection.]	Dr Cr Cr Cr Cr	XXX	XXX XXX XXX XXX

5.2 Accounting for deposits, like Rent Deposits, etc.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 3402002		Bank Account Deposits - Revenues - Rent To Deposits	Dr Cr	XXX	XXX

				[The above entry to be passed is only in respect of the amounts received by the ULB against refundable deposits.]			
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5.3 Accounting for refund of deposits to the rightful claimant.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3402002 4502101		Deposits - Revenues - Rent Deposits To Bank Account [The above entry to be passed is only in respect of the amounts of deposit refunded to the rightful claimant.]	Dr Cr	XXX	XXX

5.4 Accounting for deposits since not claimed, thus lapsed.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3402002 1801103		Deposits - Revenues - Rent Deposits To Lapsed Deposits - Others	Dr Cr	XXX	XXX

				[The above entry to be passed is only in respect of the amounts of refundable deposits not claimed within the specified number of years, thus lapsed.]			
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5.5

Accounting for rentals, fees, and other obligations, which are to be accounted on accrual basis i.e. to first account for the demand raised and then account for the collection. Such incomes include Rent from Markets, Rent from Shopping Complexes, Licensing fees from Cinema Houses. etc.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4313011		License Fees Receivables	Dr	XXX	
		4314001		Receivables from Other Sources - Rent Receivables	Dr	XXX	
		1301001		To Rent from Markets	Cr		XXX
		1301002		To Rent from Shopping Complexes	Cr		XXX
		1401110		Licensing Fees from Cinema Houses	Cr		XXX
				[The above entry to be passed is only in respect of the amounts receivable against rents, other fees and obligations, which the ULB will account under accrual basis.]			

5.6

Accounting for collections of accrued incomes from rentals, fees, and other obligations.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account			
		4313011		To License Fees Receivables	Dr	XXX	XXX
		4314001		Receivables from Other Sources -	Cr		
				To Rent Receivables	Cr		XXX
				[The above entry to be passed is only in respect of the amounts collected against the receivables on account of rentals, fees, and other obligations.]			

5.7

Accounting for provision of irrecoverable arrears of revenues from other sources (applicable to only those type of revenues, which were accounted under accrual basis).

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2701003		Provision for Doubtful Receivables - Other Fees and User Charges	Dr	XXX	
		4321200		Consolidated Provision for Outstanding Fees and Other Charges.	Cr		XXX
				To			

				[The above entry to be passed is only in respect of the amounts to be provided against the irrecoverable arrears of rentals, fees, and other obligations.]			
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5.8 Accounting for write-offs of irrecoverable arrears of revenues from rentals, fees, and other obligations.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4321200		Consolidated Provision for Outstanding Fees and Other Charges.			
		4314001		To License Fees Receivables	Dr	XXX	XXX
				Receivables from Other Sources -	Cr		
		4313011		To Rent Receivables	Cr		XXX
				[The above entry to be passed is only in respect of the amounts, which the ULB failed to realize in respect of rentals, fees, and other obligations.]			

6.0 Accounting for Public Works

6.1 Accounting for receipt of earnest money deposit (EMD).

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
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		4502101		Bank Account	Dr	XXX	
		3401001		Deposits from Contractors / To Suppliers - EMD	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received against EMD from all contractors, those who have participated in a competitive bidding for a public works/creation of any asset/supply of materials for the ULB.]			

6.2

Accounting for refund of earnest money deposit (EMD).

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3401001 4502101		Deposits from Contractors / Suppliers - EMD To Bank Account	Dr Cr	XXX	XXX
				[The above entry to be passed is only in respect of the amounts refunded to the unsuccessful contractors who participated in any bidding, however, not awarded the works.]			

6.3

Accounting for conversion of EMD into security deposit.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3401001		Deposits from Contractors / Suppliers - EMD	Dr	XXX	
		3401011		Deposits from Contractors / To Suppliers - Security Deposit	Cr		XXX
				[The above entry to be passed is only in respect of the amounts, which the ULB received as EMD from the contractor who was successfully awarded the work and instead of refunding his EMD the ULB converted the same to security deposit.]			

6.4

Accounting for advance sanctioned to the contractor (e.g. mobilization advances).

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4604001		Advances to Suppliers / Contractors - Public Works / Assets	Dr	XXX	
		3501012		Contractors Advance Control To Account	Cr		XXX
		3502022		Recoveries Payable - TDS To Contractors	Cr		XXX

				[The above entry to be passed is only in respect of the amounts sanctioned to contractors as advances. The ULB will deduct income tax (TDS) as applicable from the advance.]			
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6.5 Accounting for the release of advances to the contractor.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501012 4502101		Contractors Advance Control Account To Bank Account [The above entry to be passed is only in respect of the amounts paid to the contractor concerning the advance.]	Dr Cr	XXX	XXX

6.6 Accounting for receipt of security deposit.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 3401011		Bank Account Deposits from Contractors - To Security Deposit	Dr Cr	XXX	XXX

				[The above entry to be passed is only in respect of the amounts received from contractors in respect of security deposits for executing works.]			
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6.7 Accounting for material advances to contractors.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4604021		Advance to Suppliers / Contractors - Material Advance to Contractors	Dr	XXX	
		4301011		Stock in hand - Stores - To Purchases of Materials	Cr		XXX
				[The above entry to be passed is only in respect of the value of materials issued from own stores to the contractors for executing the works.]			

6.8 Accounting for contractor's bill in respect of works executed. (Assuming a building was under construction and the funding was out of own resources.)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		4124001		CWIP - Assets out of own resources - Buildings	Dr	XXX	
		3401011	To	Deposits from Contractors - Security Deposit	Cr		XXX
		4604001	To	Advances to Suppliers / Contractors - Public Works / Assets	Cr		XXX
		3502022	To	Recoveries Payable - TDS Contractors	Cr		XXX
		3502032	To	Recoveries Payable - Works Contract Tax	Cr		XXX
		4604021	To	Advance to Suppliers / Contractors - Material Advance to Contractors	Cr		XXX
		3501011	To	Creditors - Contractors Control Account	Cr		XXX
				[The above entry to be passed is only in respect of recognition of liability concerning the works executed by the contractor. This entry will also consider the various deductions and adjustments required while recognizing the liability.]			

6.9 Accounting for payment made to the contractors.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501011 4502101		Creditors - Contractors Control Account To Bank Account	Dr Cr	XXX	XXX

				[The above entry to be passed is only in respect of the amounts paid to the contractor against the approved liability.]			
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6.10

Accounting for statutory dues accruing to be paid to the concerned authorities in respect of income tax, works contract tax, etc.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3502022		Recoveries Payable - TDS Contractors	Dr	XXX	
		3502032		Recoveries Payable - Works Contract Tax	Dr	XXX	
		4502101		To Bank Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts paid to the government against statutory dues.]			

6.11

Accounting for any deductions from the contractor's bill.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501014		Creditors - Contractors Control Account	Dr	XXX	

		1808001		Other Income - Miscellaneous To Income - Penalty on Contractors	Cr		XXX
				[The above entry to be passed is only in respect of the amounts deducted from the contractor's bills, which is in the nature of any penalty or liquidated damages levied on the contractor for delay in completion of construction or sub-standard construction or for any other reason.]			

6.12

Accounting for capitalization of interest paid on loans (say loan from any financial institution, bonds, debentures) borrowed for the purpose of public works. (Assume that the loan was taken for the construction of the building.)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4124001 2404000		CWIP - Assets out of own Resources - Buildings To Interest & Finance Charges	Dr Cr	XXX	XXX
				[The above entry to be passed is only in respect of the amounts paid in respect of borrowing cost, being capitalized at the year-end. This entry is required only if the asset is under creation or created but not yet commissioned.]			

6.13

Accounting for capitalization of capital works in progress (CWIP). (Continuing the above example, assume the CWIP-Building is converted to a fixed asset).

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4102003 4124001		Fixed Assets - Market Building CWIP - Assets out of own To Resources - Buildings [The above entry to be passed is only in respect of the amounts of CWIP capitalized as fixed assets upon satisfactory completion of the works.]	Dr Cr	XXX	XXX

6.14

Accounting for refund of security deposits to contractors.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3401011 4502101		Deposits from Contractors - Security Deposit To Bank Account [The above entry to be passed is only in respect of the amounts refunded to contractors upon successful completion of the works.]	Dr Cr	XXX	XXX

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6.15 Accounting for recoveries of security deposits against contractor's faulty works.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3401011		Deposits from Contractors - Security Deposit	Dr	XXX	
		1808001		Other Income - Miscellaneous To Income - Penalty on Contractors	Cr		XXX
				[The above entry to be passed is only in respect of the amounts recovered / forfeited from the security deposit of the contractor upon faulty works, as will be decided by the ULB.]			

6.16 Accounting for EMD, since not claimed, being lapsed.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3401001		Deposits from Contractors / Suppliers - EMD	Dr	XXX	
		1801101		Lapsed Deposits - Contractors & To Suppliers	Cr		XXX

				[The above entry to be passed is only in respect of the amounts of EMD not claimed by the contractor within a stipulated period, hence lapsed.]			
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6.17 Accounting for security deposits, since not claimed, considered lapsed.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3401011		Deposits from Contractors / Suppliers - Security Deposit	Dr	XXX	
		1801101		Lapsed Deposits - Contractors & To Suppliers	Cr		XXX
				[The above entry to be passed is only in respect of the amounts of security deposit not claimed by the contractor within a stipulated period, hence lapsed.]			

6.18 Accounting for repairs and maintenance works. (Assume that the ULB engages the contractor for repairs and maintenance of metalled (Bitumen) roads.)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		2305003		Repairs & Maintenance - Infrastructure Assets - Metalled Roads	Dr	XXX	
		3401011		Deposits from Contractors - Security Deposit	Cr		XXX
		4604001		Advances to Suppliers / Contractors - Public Works / Assets	Cr		XXX
		3502022		Recoveries Payable - TDS	Cr		XXX
		3502032		Recoveries Payable - Works	Cr		XXX
		4604021		Contract Tax	Cr		XXX
		3501011		Advance to Suppliers / Contractors - Material Advance to Contractors	Cr		XXX
				Creditors - Contractors Control Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts payable to contractors for works in the nature of repairs and maintenance.]			

6.19 Accounting for payments made to the contractors engaged for repairing works.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501011 4502101		Creditors - Contractors Control Account	Dr	XXX	
				To Bank Account	Cr		XXX

				[The above entry to be passed is only in respect of the amounts actually paid to the contractor against his dues.]			
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6.20 Accounting of materials consumed in repairs and maintenance works.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2305003		Repairs & Maintenance - Infrastructure Assets - Metalled Roads	Dr	XXX	
		4301011		Stock in hand - Stores - To Purchases of Materials	Cr		XXX
				[The above entry to be passed is only in respect of the value of stores issued to contractors for supply of materials.]			

7.0 Accounting for Deposit Works

7.1 Accounting for receipt of money from other agencies (government/statutory/others) for deposit works (assume deposits received for certain civil works).

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		4502101 3411000		Bank Account To Deposit Works - Civil Works [The above entry to be passed is only in respect of the amounts received from concerned authorities for executing deposit works.]	Dr Cr	XXX	XXX
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7.2 Accounting for earnest money deposits
Refer accounting entry discussed under "Public Works."

7.3 Accounting for security deposits
Refer accounting entry discussed under "Public Works."

7.4 Accounting for advances to contractors (both cash advance and material advance)
Refer accounting entry discussed under "Public Works."

7.5 Accounting for works carried out by the ULB on behalf of other agencies.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4701001		Deposit Works - Expenditure - Civil Works	Dr	XXX	
		3401011		To Deposits from Contractors - Security Deposit	Cr		XXX
		4604001		To Advances to Suppliers / Contractors - Public Works / Assets	Cr		XXX
		3502022		To Recoveries Payable - TDS Contractors	Cr		XXX

		3502032		To Recoveries Payable - Works Contract Tax	Cr		XXX
		4604021		To Advance to Suppliers / Contractors - Material Advance to Contractors	Cr		XXX
		1407001		To Services / Administrative charges - Charges as a percentage on deposit works	Cr		XXX
		3501011		To Creditors - Contractors Control Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts payable to contractors for works in the nature of repairs and maintenance.]			

7.6 Accounting for payment to contractors.
Refer accounting entry discussed under "Public Works."

7.7 Accounting for income tax (TDS) payable and works contract tax (TDS) payable.
Refer accounting entry discussed under "Public Works."

7.8 Accounting for materials consumed from stores.
Refer accounting entry discussed under "Public Works."

7.9 Accounting for any deductions from the contractors bill.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501011		Creditors - Contractors Control Account	Dr	XXX	

		3411000		To Deposit Works - Civil Works	Cr		XXX
				[The above entry to be passed is only in respect of the amounts payable to contractors but deducted for some reasons like faulty works etc. The amount will be credited to the specific deposit works only and not to be recognized as an income of the ULB.]			

7.10 Accounting for refund of security deposits and EMD.
Refer accounting entry discussed under "Public Works."

7.11 Accounting for lapsed deposits.
Refer accounting entry discussed under "Public Works."

7.12 Accounting for adjustment of deposit works account with the relevant expenditure account.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3411000		Deposit Works - Civil Works	Dr	XXX	
		4701001		Deposit Works - Expenditure - To Civil Works	Cr		XXX
				[The above entry to be passed is only in respect of the adjustment of the amounts of expenditure concerning civil works with the balance of deposits received.]			

7.13 Accounting for refund of the unspent / unutilized balance of the deposit works money - when sanctioned.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3411000		Deposit Works - Civil Works	Dr	XXX	
		3504007		Refund Payable - Deposit Works - To Civil	Cr		XXX
				[The above entry to be passed is only in respect of the amounts refundable for unutilized balance of deposit works.]			

7.14 Accounting for refund of the unspent / unutilized balance of the deposit works money - when paid.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3504007		Refund Payable - Deposit Works - Civil	Dr	XXX	
		4502101		To Bank Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts refunded for unutilized amount of deposit works.]			

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8.0 Accounting for Stores Receipt and Stores Issued

8.1 Accounting for bringing forward the closing stock (i.e. the unused stock) of previous period to the current period.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4301001		Stock in hand - Stores - Opening Stock	Dr	XXX	
		4301011		<div style="text-align: right;">To</div> <div style="text-align: left;">Stock in hand - Stores - Closing Stock (of last period)</div>	Cr		XXX
				[The above entry to be passed is only in respect of the value of last year's closing stock brought forward to the current reporting period.]			

8.2 Accounting for EMD received from suppliers intending to supply materials to the ULB.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	

		3401001		Deposits from Contractors / To Suppliers - EMD	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received from suppliers as EMD.]			

8.3 Accounting for refunds of EMD.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3401001 4502101		Deposits from Contractors / Suppliers - EMD To Bank Account	Dr Cr	XXX	XXX
				[The above entry to be passed is only in respect of the amounts refunded to the unsuccessful suppliers who participated in any bidding, however, not awarded the order to supply.]			

8.4 Accounting for conversion of EMD into Security Deposits.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		3401001		Deposits from Contractors / Suppliers - EMD	Dr	XXX	
		3401011		Deposits from Contractors / To Suppliers - Security Deposit	Cr		XXX
				[The above entry to be passed is only in respect of the amounts, which the ULB received as EMD from the supplier who was successfully awarded the order and instead of refunding his EMD the ULB converted the same to security deposit.]			

8.5 Accounting for security deposits received.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		3401011		Deposits from Contractors / To Suppliers - Security Deposit	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received from suppliers in respect of security deposits for supplying the ordered materials.]			

8.6 Accounting for advances paid to suppliers.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4604011 4502101		<p>Advances to Suppliers / Contractors - Stores/Materials Supply</p> <p>To Bank Account</p> <p>[The above entry to be passed is only in respect of the amounts sanctioned and paid to suppliers as advances. The ULB will not deduct any income tax (TDS) on any advance paid to suppliers.]</p>	Dr Cr	XXX	XXX

8.7 Accounting for receipt of materials supplied by the supplier / materials brought by the ULB directly.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4301011		Stock in hand - Stores - Purchases of Materials	Dr	XXX	
		3401011		Advances to Suppliers / Contractors - Stores/Materials Supply	Cr		XXX
		3501001		To Creditors - Suppliers Control Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts payable to suppliers for goods/materials supplied.]			

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8.8 Accounting for payment made to suppliers.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501001 4502101		Creditors - Suppliers Control Account To Bank Account [The above entry to be passed is only in respect of the amounts paid to suppliers.]	Dr Cr	XXX	XXX

8.9 Accounting for materials returned to suppliers, if payment is due.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501001 4301011		Creditors - Suppliers Control Account Stock in hand - Stores - To Purchases of Materials [The above entry to be passed is only in respect of the value of goods returned to suppliers, when the payment is still due.]	Dr Cr	XXX	XXX

8.10

Accounting for materials returned to suppliers, when payment had already been made. The concerned suppliers refund the equivalent cash.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		4301011		Stock in hand - Stores - To Purchases of Materials	Cr		XXX
				[The above entry to be passed is only in respect of the value of goods returned to suppliers, when the payment made.]			

8.11

Accounting for issue of materials - material advances to contractors.
Refer accounting entry discussed under "Public Works."

8.12

Accounting for materials issued for creation of assets, when such assets are created out of own resources. (Assume the ULB is constructing a road.)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4124011		CWIP - Assets out of own resources - Roads & Bridges	Dr	XXX	

		4301011		Stock in hand - Stores - To Purchases of Materials	Cr		XXX
				[The above entry to be passed is only in respect of the value of stores issued for the purpose of construction of roads.]			

8.13

Accounting for materials issued for creation of assets when such assets are created out of specific grants. (Assume the ULB is constructing a sewerage and drainage asset out of the grant funds, however, certain materials issued from the stores for the purpose).

a. Accounting for the materials issued:

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4121021		CWIP - Assets out of Specific Grants - Sewerage & Drainage	Dr	XXX	
		4301011		Stock in hand - Stores - To Purchases of Materials	Cr		XXX
				[The above entry to be passed is only in respect of the value of materials issued from stores for the specific purpose.]			

b. Equivalent to the amount of materials issued for the purpose of asset creation, an amount will be transferred from the bank account of specific grant to the bank account of municipal fund.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 4506101		Bank Account -Municipal/General Fund To Bank Account - Grant Fund [The above contra entry to be passed is only in respect of the equivalent amounts of stores issued from own sources for the purpose of constructing assets out of grant funds.]	Dr Cr	XXX	XXX

8.14 Accounting for materials issued for repairs and maintenance of assets.
Refer accounting entry discussed under "Public Works."

8.15 Accounting for closing stock (at the year-end only).

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4301031		Stock in hand - Stores - Closing Stock (current year-end)	Dr	XXX	
		4301011		Stock in hand - Stores - To Purchases of Materials	Cr		XXX
		4301001		Stock in hand - Stores - Opening To Stock	Cr		XXX

				[The above entry to be passed is only in respect of the value of stock at the year end. The ULB will value the closing stock at the year-end. In this particular entry, whatever balance in the purchase of materials account be remaining will be closed by crediting the account here. Similarly, the value of opening stock will be credited to close the account.]			
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8.16

Accounting for disposal of material.

a. When sale proceeds realized.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 3509003		Bank Account To Sale Proceeds - Stores [The above entry to be passed is only in respect of the amounts realized by sale of stores.]	Dr Cr	XXX	XXX

b. Adjustment of sale proceeds with the stores account, while accounting for profit/loss on disposal.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3509003		Sale Proceeds - Stores	Dr	XXX	
		2711000		Miscellaneous Expenses - Loss on Disposal of Assets	Dr	XXX	
		4301011		Stock in hand - Stores -			
				To Purchases of Materials	Cr		XXX
		4301001		Stock in hand - Stores - Opening			
				To Stock	Cr		XXX
				[The above entry to be passed is only in respect of the adjustment of sale realization of stores against the stock of materials, while accounting for loss on disposal of stores.]			

8.17

Accounting for write-offs of material, when found obsolete, non-useable, or lost by theft/damage/pilferage/leakage/evaporation.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2704011		Assets written-off - Stores	Dr	XXX	
		4301011		Stock in hand - Stores -			
				To Purchases of Materials	Cr		XXX

		4301001		Stock in hand - Stores - Opening To Stock	Cr		XXX
				[The above entry to be passed is only in respect of the amounts written-off from the value of stock. However, before considering the entry, the amount to be written off must be certified by the concerned authorities in the ULB.]			

9.0 Accounting for employee related transactions

9.1 Accounting for liability towards salary, allowances, etc. i.e. accounting for establishment charges at the month-end.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2101000		Consolidated Salaries, Wages, and Bonus	Dr	XXX	
		2102000		Consolidated Benefits and Allowances	Dr	XXX	
		3501101		Employee Liabilities - Salaries, Wages, and Bonus	Cr		XXX
		3501102		Employee Liabilities - Benefits and allowances	Cr		XXX
				[The above entry to be passed is only in respect of the amounts payable to employees in regard to their monthly emoluments]			

9.2

Accounting for payment of salaries.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501101		Employee Liabilities - Salaries, Wages, and Bonus	Dr	XXX	
		3501102		Employee Liabilities - Benefits and allowances	Dr	XXX	
		3502021		Recoveries Payable - TDS To Employees	Cr		XXX
		3502012		Recoveries Payable - Profession To Tax Deduction	Cr		XXX
		3111000		Special Fund - Provident Fund To (own employees)	Cr		XXX
		3502001		Provident Fund Payable - To Employees on Deputation	Cr		XXX
		4601001		Loans & Advances to Employees - To House Building Advance	Cr		XXX
		4601011		Loans & Advances to Employees - To Advance for Vehicle purchase	Cr		XXX
		4314031		Loans & Advances to Employees - To Advance for Festivals	Cr		XXX
		4602000		Loans & Advances - Employee To Provident Loans	Cr		XXX
		4502101		To Bank Account	Cr		XXX
		3501100		Consolidated Employee Liabilities To (for unpaid salaries)	Cr		XXX

				[The above entry to be passed is only in respect of the amounts paid to the employee, along with the amounts adjusted and deducted from the amount payable.]			
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9.3

Accounting for statutory deductions being deposited to the concerned authorities in regard to the deductions from salaries.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3502021		Recoveries Payable - TDS Employees	Dr	XXX	
		3502012		Recoveries Payable - Profession Tax Deduction	Dr	XXX	
		4502101		To Bank Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts deposited with the concerned statutory authorities.]			

9.4

Accounting for unpaid salaries, arising out of the fact that the employee did not collect his/her salary. The ULB may need to re-validate the cheque accordingly.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
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		3501100 4502101		Consolidated Employee Liabilities (for unpaid salaries) To Bank Account [The above entry to be passed is only in respect of the amounts paid to employees, those who have not collected their dues earlier.]	Dr Cr	XXX	XXX
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9.5 Accounting for loans and advances given to employees.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4601001		Loans & Advances to Employees - House Building Advance	Dr	XXX	
		4601011		Loans & Advances to Employees - Advance for Vehicle purchase	Dr	XXX	
		4601031		Loans & Advances to Employees - Advance for Festivals	Dr	XXX	
		4502101		To Bank Account [The above entry to be passed is only in respect of the amounts transferred to the loan accounts after deductions from the employees.]	Cr		XXX

9.6 Accounting for interest on loans to employees, being recognized.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4314041 1712001 1712011 1712021		Receivables - Interest from Employees To Interest on House Building Loans To Interest on Vehicle Loans To Interest on Computer Loans [The above entry to be passed is only in respect of the amounts recognized as interest on loans.]	Dr Cr Cr Cr	XXX	XXX XXX XXX

9.7 Accounting for recovery of loans and advances

Refer accounting entry in serial 9.2
9.8 Accounting for payment of provident fund contribution in respect of employees on deputation.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3502001 4502101		Provident Fund payable - Employees on Deputation Account To Bank Account	Dr Cr	XXX	XXX

				[The above entry to be passed is only in respect of the amounts paid to the concerned authority for the provident fund contribution of employees on deputation.]			
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9.9

Accounting for transfer of cash to the Employees Provident Fund Bank Account (accounting for provident fund deductions considered in the entry 9.2 above)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4504001 4502101		Bank Account - Special Fund Accounts To Bank Account - Municipal Fund [The above contra entry to be passed is only in respect of the transfer of funds from the municipal fund to the provident fund bank account concerning provident fund deductions.]	Dr Cr	XXX	XXX

9.10

Accounting for loans to employees against provident funds

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		4602000		Loans and Advances to employees - Employees Provident Fund Loans	Dr	XXX	
		4504001		Bank Account - Special Fund To Account	Cr		XXX
				[The above entry to be passed is only in respect of the amount of loans extended to employees against provident fund balance, out of the respective provident fund bank account.]			

9.11

Accounting for transfer of cash to the employees provident fund account concerning loans recovered from employees at the time of payment of salaries.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4504001 4502101		Bank Account - Special Fund Account To Bank Account - Municipal Fund	Dr Cr	XXX	XXX
				[The above entry to be passed is only in respect of the amounts recovered from employees concerning loans against provident fund balance, being transferred to the respective bank account.]			

9.12

Accounting for investments made out of employees provident fund (if the ULB is managing the Provident Fund Account themselves).

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4211000		Consolidated Investments in Central Government Securities	Dr	XXX	
		4212000		Consolidated Investments in State Government Securities	Dr	XXX	
		4213000		Consolidated Bonds and Debentures	Dr	XXX	
		4504001		Bank Account - Special Fund			
				To Account (provident fund)	Cr		XXX
				[The above entry to be passed is only in respect of the amounts invested in certain securities out of the provident fund balance.]			

9.13

Accounting for interest received on investments made out of employees provident fund.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4504001		Bank Account - Special Fund Account (provident fund)	Dr	XXX	
		3111000		Special Fund - Provident Fund			
				To (Own-employee)	Cr		XXX

				[The above entry to be passed is only in respect of the amounts received on investments made out of provident fund account.]			
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9.14 Accounting for withdrawal from provident fund account by employees at the time of employee's retirement.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3111000		Special Fund - Provident Fund (Own-employee)	Dr	XXX	
		3501104		Employee Liabilities - Other To Terminal & Retirement Benefits	Cr		XXX
				[The above entry to be passed is only in respect of the amounts payable to employees at the time of retirement in regard to provident fund dues.]			

9.15 Release of provident fund dues from the respective provident fund bank account.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501104		Employee Liabilities - Other Terminal & Retirement Benefits	Dr	XXX	

		4504001		To Bank Account - Special Funds	Cr		XXX
				[The above entry to be passed is only in respect of the amounts actually disbursed in regard to the concerned employees regarding provident fund dues.]			

9.16

Accounting for pension liabilities and payment

I. When no pension fund maintained

a. Accounting for liability of pensions recognized (both monthly and commuted)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2103001 2103002 3501103		Pension / Family Pension Contribution Contributory Pension / Family Pension To Employee Liabilities - Pension [The above entry to be passed is only in respect of the amounts payable to employees in respect of monthly / commuted pension.]	Dr Dr Cr	XXX XXX	XXX

b. Accounting for payment of pension (both monthly or commuted)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
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		3501103 4504101		Employee Liabilities - Pension To Bank Account - Special funds [The above entry to be passed is only in respect of the amounts actually paid to employees in regard to pensions.]	Dr Cr	XXX	XXX
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II. When pension fund maintained (may be created after the process of actuarial valuation).

a. Accounting for creation of the fund

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2921000 3111000		Transfer to Pension Fund Account To Special Funds - Pension Fund [The above entry to be passed is only in respect of the transfer of funds to the pension fund.]	Dr Cr	XXX	XXX

b. Accounting for transfer of cash balance into the fund bank account.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
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		4504001 4502101		Bank Account - Special Fund (Pension) To Bank Account - Municipal Fund [The above entry to be passed is only in respect of the amounts of cash transfer concerning the pension payments.]	Dr Cr	XXX	XXX
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c. Accounting for investments made out of the pension fund

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4211000		Consolidated Investments in Central Government Securities	Dr	XXX	
		4212000		Consolidated Investments in State Government Securities	Dr	XXX	
		4213000		Consolidated Debentures and Bonds	Dr	XXX	
		4504001		Bank Account - Special Fund To Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts invested out of the pension fund.]			

d. Accounting for interest received on investments made out of pension fund.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4504001 3111000		Bank Account - Special Funds (Pension) To Special Fund - Pension Account [The above entry to be passed is only in respect of the amounts received out of investments and credit shall be the pension fund account only.]	Dr Cr	XXX	XXX

e. Accounting for recognition of payment of pension obligations (monthly and commuted)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3111000 3501103		Special Fund - Pension Account To Employee Liabilities - Pension [The above entry to be passed is only in respect of the amounts recognized to be paid to employees concerning pensions.]	Dr Cr	XXX	XXX

f. Accounting for payment of pensions (monthly and commuted)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501103		Employee Liabilities - Pension	Dr	XXX	
		4504001		Bank Account - Special Fund To (pensions)	Cr		XXX
				[The above entry to be passed is only in respect of the amounts transferred to the loan accounts after deductions from the employees.]			

9.17

Accounting for gratuity and leave encashment.

a. Accounting for recognition of liability for gratuity and leave encashment.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2104001		Death cum Retirement Benefit	Dr	XXX	
		2104002		Retirement Gratuity	Dr	XXX	
		2104011		Leave Encashment	Dr	XXX	
		3501104		Employee Liabilities - Other Terminal and Retirement Benefits To	Cr		XXX

				[The above entry to be passed is only in respect of the amounts transferred to the loan accounts after deductions from the employees.]			
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b. Accounting for payment of gratuity and leave encashment

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501104 4504001		Employee Liabilities - Other Terminal and Retirement Benefits To Bank Account - Special Funds [The above entry to be passed is only in respect of the amounts transferred to the loan accounts after deductions from the employees.]	Dr Cr	XXX	XXX

10.0 Accounting for Other Revenue Expenditures

10.1 Accounting for recognition of liability incurred for any expenses, upon approval of bill/invoice (a general illustration)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		2201001		Rent - Office Building	Dr	XXX	
		2201101		Electricity Charges	Dr	XXX	
		2201201		Telephone Expenses	Dr	XXX	
		3501021		To Expenses Payable	Cr		XXX
				[The above entry to be passed is only in respect of the amounts recognized for payment of expenses.]			

10.2 Accounting for payment of expenses payable.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501021 4502101		Expenses Payable To Bank Account	Dr Cr	XXX	XXX
				[The above entry to be passed is only in respect of the amounts actually paid for the expenses.]			

10.3 Accounting for pre-payments at the year-end.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4402000 2201001		Prepaid Expenses - Administration To Rent - Office Building [The above entry to be passed is only in respect of the amounts, which are paid in advance. If any expenses paid in full, however the benefit is likely to accrue in the current reporting period and in the next reporting period, then such expenses include a portion of pre-payments. The amount that relates to the next reporting period will be carried forward as "prepaids." In the above entry assume two-months rent of office building paid in advance.]	Dr Cr	XXX	XXX

10.4 Accounting for bringing forward the previous periods' prepaid to the next reporting period.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2201001 4402000		Rent - Office Building To Prepaid Expenses - Administration	Dr Cr	XXX	XXX

				[The above entry to be passed is only in respect of the amounts carried over from previous year, which was prepaid last year and relates to the current reporting period. This entry shall be passed at the year beginning.]			
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10.5

Accounting for payment/grant of "permanent advance" and adjustment of advance against actual expenditure.

a. Accounting for the grant of permanent advances

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4605001 4502101		Advances to Others - Permanent Advances To Bank Account [The above entry to be passed is only in respect of the amounts given as advance to officers/staff.]	Dr Cr	XXX	XXX

b. Adjustment of expenses against the advances granted (upon receipt of details from the concerned official) - assume the advance for traveling and conveyance.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2203004 4605001		Traveling & Conveyance - Officers Advances to Others - Permanent To Advances [The above entry to be passed is only in respect of the amounts adjusted against the advances given to the concerned officer.]	Dr Cr	XXX	XXX

c. Accounting for any advance remaining unutilized, then the concerned officer refunds the same.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 4605001		Bank Account Advances to Others - Permanent To Advances [The above entry to be passed is only in respect of the amounts refunded by the concerned officer out of the advances given earlier.]	Dr Cr	XXX	XXX

d. Accounting for additional disbursements to the concerned officer, when the actual expenses more than the sanctioned advance.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2203004 4502101		Traveling & Conveyance - Officers To Bank Account [The above entry to be passed is only in respect of the amounts additionally allowed to the officer concerned, as actual expenses were more than what was sanctioned earlier.]	Dr Cr	XXX	XXX

11.0 Accounting for Grants

11.1 Accounting for grants received from specific authorities - grant in the nature of capital receipt.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4506101		Bank - Grant Fund Account	Dr	XXX	
		3201001		To Grants, Contributions for Specific Purposes - Central Government	Cr		XXX

		3202001		Grants, Contributions for Specific To Purposes - State Government [The above entry to be passed is only in respect of the amounts received from the superior government in respect of grants for specific capital expenditures.]	Cr		XXX
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11.2 Accounting for grants received from specific authorities - grant in the nature of revenue receipt.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4506101		Bank - Grant Fund Account	Dr	XXX	
		1601001		To Revenue Grants - From State Government	Cr		XXX
		1601011		To Revenue Grants - From Central Government	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received from the superior government in respect of grants for general revenue expenditures.]			

11.3 Accounting for adjustment of dues or arrears of ULB's towards any superior government, being adjusted by the superior government at the time of release of the grant. (Assume that the State Government adjusted electricity dues of the ULB, against the grant released.)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2201101		Electricity Charges	Dr	XXX	
		1601001		To Revenue Grants - From State Government	Cr		XXX
				[The above entry to be passed is only in respect of the amounts adjusted by the state government at the time of sanction of any grant with any earlier dues of the ULB towards the State Government.]			

11.4

Accounting for all advances, final payments to contractors, and recognition of any expenditure (capital or revenue) concerning the grant fund will follow the same principles and logic as shown above. However, all payments, receipts, and refunds concerning the grant fund will be out of the Grant Fund Bank Account.

11.5

Accounting for recognition of liability against works executed out of specific grants. (Assume bore wells were dug by the ULB using grant funds.)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4130031		CWIP - Assets out of Specific Schemes - Waterways	Dr	XXX	

		3401011		To Deposits from Contractors / Suppliers - Security Deposit	Cr		XXX
		4604031		To Advances to Suppliers / Contractors - Public Works / Assets	Cr		XXX
		3502024		To Recoveries Payable - TDS - Scheme Expenses	Cr		XXX
		3502031		To Recoveries Payable - Works Contract Tax - Special Fund	Cr		XXX
		3501032		To Creditors - Payable against Specific Grants	Cr		XXX
				[The above entry to be passed is only in respect of recognition of liability concerning the works executed by the contractor out of the grant fund. This entry will also consider the various deductions and adjustments required while recognizing the liability.]			

11.6

Accounting for payments made against statutory dues to the concerned authorities.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3502024		Recoveries Payable - TDS - Scheme Expenses	Dr	XXX	
		3502031		Recoveries Payable - Works Contract Tax - Special Fund	Dr	XXX	
		4506101		To Bank - Grant Fund	Cr		XXX

				[The above entry to be passed is only in respect of the amounts deposited with the concerned authorities against the statutory dues.]			
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- 11.7** Accounting for materials issued (purchased out of own resources) used for creation of assets out of specific grants.
Refer accounting entry under "Accounting for Stores"

- 11.8** Accounting for earnest money deposits, security deposits, will all be same as before. However, the only exception is that payment accounting will be through the bank account meant for the specific grants.

- 11.9** Accounting for conversion of capital work-in-progress to specific assets created.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4103201		Fixed Assets - Waterways - Bore wells	Dr	XXX	
		4123031		CWIP - Assets out of Specific To Schemes - Waterways	Cr		XXX
				[The above entry to be passed is only in respect of the conversion of value of CWIP to fixed assets.]			

11.10

Accounting for transfer of specific grant to capital contribution upon capitalization of assets.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3201001		Grants, Contribution for specific purposes - Central Government	Dr	XXX	
		3202001		Grants, Contribution for specific purposes - State Government	Dr	XXX	
		3121000		To Capital Contribution	Cr		XXX
				[The above entry to be passed is only in respect of the value of assets created out of the grants fund. This entry will account for the utilization of the grant money and validate the fact that the ULB carried out its obligation attached to the receipt of the grant money.]			

11.11

Accounting for grants received as reimbursement of revenue expenditures incurred by the ULB.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account - General Fund	Dr	XXX	
		1602001		Grants for reimbursement of expenses - from State Government	Cr		XXX
				To			

				[The above entry to be passed is only in respect of the amounts received by the ULB for the purpose of meeting revenue expenditures, already incurred.]			
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11.12

Accounting for grants receivable at the year-end, if sanction orders issued by the concerned authorities, however, money not received before the year-end.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4315001		Receivable from Government Grants	Dr	XXX	
		3202001		Grants for reimbursement of expenses - from State To Government	Cr		XXX
				[The above entry to be passed is only in respect of the amounts receivable by the ULB at the year-end for which sanctions issued but grants not received.]			

11.13

Accounting for write-offs of grant receivable, if not received.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		2703005		Revenues written off - Grants	Dr	XXX	
		3501104		Receivable from Government	Cr		XXX
				To Grants			
				[The above entry to be passed is only in respect of the amounts of grants not received by the ULB, and for which the ULB accounted the same as receivable earlier.]			

12.0 Accounting for Borrowings

12.1 Accounting for borrowings made by way of issue of debentures and bonds.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		3307000		To Secured Loans - Bonds & Debentures	Dr	XXX	
		3317000		To Unsecured Loans - Bonds & Debentures	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received by the ULB concerning issue of bonds and debentures.]			

12.2 Accounting for borrowings by way of other means.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		3304000		To Secured Loans - Loans from International Agencies	Cr		XXX
		3306000		To Secured Loans - Other Term Loans	Cr		XXX
		3315000		To Unsecured Loans - Loans from Banks and other Financial Institutions	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received by the ULB as loans from various agencies.]			

12.3 Accounting for interest payable on loans raised /debentures issued.

- a. Accounting of interest, when the loans raised / debentures issued for the purpose of acquisition/creation of any asset and that asset is yet to be commissioned / put to use.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		4124011		CWIP - Assets out of own Resources	Dr	XXX	
		3501213	To	Interest Accrued and Due - Secured Loans - Loans from International Agencies	Cr		XXX
		3501215	To	Interest Accrued and Due - Secured Loans - Other term Loans	Cr		XXX
		3501216	To	Interest Accrued and Due - Secured Loans - Bonds & Debentures	Cr		XXX
				[The above entry to be passed is only in respect of the amounts of interest capitalized to the cost of the asset. This entry is applicable when the asset is created out of borrowed funds and the asset is yet to be put to use.]			

- b. Accounting of interest when the loans raised / debentures issued not for the purpose of acquiring / creating any asset, or when the loans raised / debentures issued for the purpose of acquisition/creation of an asset and the asset has already been put to use.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2404000		Interest & Finance Charges - Loans from International Agencies	Dr	XXX	
		2405000		Interest & Finance Charges - Loans from Banks & Other Financial Institutions	Dr	XXX	

		3501213	To	Interest Accrued and Due - Secured Loans - Loans from International Agencies	Cr		XXX
		3501215	To	Interest Accrued and Due - Secured Loans - Other term Loans	Cr		XXX
		3501216	To	Interest Accrued and Due - Secured Loans - Bonds & Debentures	Cr		XXX
				[The above entry to be passed is only in respect of the amounts of interest payable with corresponding debit for interest expense.]			

12.4 Accounting for payment of interest.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501213		Interest Accrued and Due - Secured Loans - Loans from International Agencies	Dr	XXX	
		3501215		Interest Accrued and Due - Secured Loans - Other term Loans	Dr	XXX	
		3501216		Interest Accrued and Due - Secured Loans - Bonds & Debentures	Dr	XXX	
		4502101		To Bank Account	Cr		XXX

				[The above entry to be passed is only in respect of the amounts actually paid against the dues for interest on borrowings.]			
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12.5

Accounting for recognition of interest accrued but not due at the year-end.

a.

If the loans raised / debentures issued for the purpose of acquisition / creation of any asset and the asset is yet to commission / put to use.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4124011		CWIP - Assets out of own Resources	Dr	XXX	
		3602000		Provision for Interest - Interest To Accrued but not due	Cr		XXX
				[The above entry to be passed is only in respect of the amounts of interest accrued but not due in respect of the loans raised / debentures issued.]			

b.

If the loans raised / debentures issued not for the purpose of acquiring / creating any asset, or when the loans raised / debentures issued for the purpose of acquisition/creation of an asset and the asset has already been put to use.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2404000		Interest & Finance Charges - Loans from International Agencies	Dr	XXX	
		2405000		Interest & Finance Charges - Loans from Banks & Other Financial Institutions	Dr	XXX	
		3602000		Provision for Interest - Interest To Accrued but not due	Cr		XXX
				[The above entry to be passed is only in respect of the amounts of interest accrued but not due in respect of the loans raised / debentures issued.]			

12.6

Accounting for recognition of liability of interest when actually due. The same was recognized earlier as "interest accrued but not due."

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3602000		Provision for Interest - Interest Accrued but not due	Dr	XXX	
		3501213		Interest Accrued and Due - Secured Loans - Loans from To International Agencies	Cr		XXX

		3501215		To Interest Accrued and Due - Secured Loans - Other term Loans	Cr		XXX
		3501216		To Interest Accrued and Due - Secured Loans - Bonds & Debentures	Cr		XXX
				[The above entry to be passed is only in respect of the amounts of interest earlier recognized as "accrued and not due" and subsequently recognized as a liability, when actually due.]			

12.7

Accounting for payment of interest.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501213		Interest Accrued and Due - Secured Loans - Loans from International Agencies	Dr	XXX	
		3501215		Interest Accrued and Due - Secured Loans - Other term Loans	Dr	XXX	
		3501216		Interest Accrued and Due - Secured Loans - Bonds & Debentures	Dr	XXX	
		4502101		To Bank Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts actually paid against the dues for interest on borrowings.]			

12.8 Accounting entry for repayment / redemption of loans raised / debentures issued.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3307000		Secured Loans - Bonds & Debentures	Dr	XXX	
		3317000		Unsecured Loans - Bonds & Debentures	Dr	XXX	
		3304000		Secured Loans - Loans from International Agencies	Dr	XXX	
		3306000		Secured Loans - Other Term Loans	Dr	XXX	
		3315000		Unsecured Loans - Loans from Banks and other Financial Institutions	Dr	XXX	
		4502101		To Bank	Cr		XXX
				[The above entry to be passed is only in respect of the amounts repaid/redeemed against the loans raised / debentures issued.]			

12.9 Accounting for expenditures incurred while raising loans or issuing debentures

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4801000		Loan Issue Expenses	Dr	XXX	
		4502101		To Bank Account	Cr		XXX

				[The above entry to be passed is only in respect of the amounts actually paid concerning raising of the loans or issuing debentures. The amount will include cost of advertisement, brokerage, processing fees, etc.]			
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12.10 Accounting for amortization of loan issue expenses

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2705001 4801000		Miscellaneous expenses written off - Debentures and Bonds Issue Expenses To Loan Issue Expenses [The above entry to be passed is only in respect of the amounts amortized against the loan issue expenses on a suitable basis.]	Dr Cr	XXX	XXX

13.0 Accounting for creation of Special Funds like Corporator Fund, Mayors' Fund, etc.

13.1 Accounting for creation of funds like Corporator Fund.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		2911000		Transfer to Corporator Fund - Ward/Zone Development	Dr	XXX	
		3111000		To Earmarked Funds - Special Funds	Cr		XXX
				[The above entry to be passed is only in respect of the amounts allocated for the purpose of transferring funds for creating the Corporator Fund.]			

13.2 Accounting for transfer of money equivalent to the amount transferred.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4504101 4502101		Bank Account - Special Fund To Bank Account - Municipal Fund	Dr Cr	XXX	XXX
				[The above entry to be passed is only in respect of the amounts transferred from the municipal fund account to the corporator fund account.]			

13.3 Accounting for EMD, Security Deposit, creation of assets, payments to contractors out of the corporator fund.

Refer all relevant entries discussed before. However, the only exception being that all payments and receipts concerning the corporator fund will be out of the Bank Account - Special Fund relating to corporators

14.0 Accounting for Investments

14.1 Accounting for Investments out of Municipal/General Fund

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4201000		Investments - General Fund - Central Government Securities	Dr	XXX	
		4202000		Investments - General Fund - State Government Securities	Dr	XXX	
		4502101		To Bank Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts invested in the specified securities out of the municipal fund.]			

14.2 Accounting for investments out of other funds - special funds, grant funds, etc.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		4211000		Investments - Other Fund - Central Government Securities	Dr	XXX	
		4212000		Investments - Other Fund - State Government Securities	Dr	XXX	
		4504101		To Bank Account - Special Fund	Cr		XXX
		4506101		To Bank Account - Grant Fund	Cr		XXX
				[The above entry to be passed is only in respect of the amounts invested in the specified securities out of the special fund and grant fund.]			

14.3

Accounting for income from investments

a. When investments made out of Municipal / General Fund - accounting for receivable of interest

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4314021 1711000		Receivable from Other Sources - Interest Earned To Income from Investments	Dr Cr	XXX	XXX
				[The above entry to be passed is only in respect of the amounts receivable as interest from investments.]			

b. When investments made out of Municipal / General Fund - accounting for receipt of interest

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		4314021		Receivable from Other Sources - To Interest Earned	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received as interest.]			

c. When investments made out of Special / Grant Fund - accounting for receivable of interest

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4314021		Receivable from Other Sources - Interest Earned	Dr	XXX	
		4211000		Investments - Other Fund - To Central Government Securities	Cr		XXX
		4212000		Investments - Other Fund - State To Government Securities	Cr		XXX
				[The above entry to be passed is only in respect of the amounts receivable from interest, when investment is out of other funds.]			

d. When investments made out of Special / Grant Fund - accounting for receipt of interest

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4504101		Bank Account - Special Fund	Dr	XXX	
		4506101		Bank Account - Grant Fund	Dr	XXX	
		4314021		Receivable from Other Sources - To Interest Earned	Cr		XXX
				[The above entry to be passed is only in respect of the amounts received as interest.]			

14.4

Accounting for interest accrued but not due at the year-end.

a. When investments made out of Municipal / General Fund

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4314031		Receivable from other sources - Interest			
		1711000		Accrued but not due (Municipal Fund)	Dr	XXX	
				To Income from Investments	Cr		XXX

				[The above entry to be passed is only in respect of the amounts accrued but not due on investments made out of municipal fund.]			
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b. When investments made out of Other Funds

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4314032		Receivable from other sources - Interest Accrued but not due - Specific Contribution	Dr	XXX	
		4314033		Receivable from other sources - Interest Accrued but not due - Special Funds	Dr	XXX	
		4211000		Investments - Other Fund - To Central Government Securities	Cr		XXX
		4212000		Investments - Other Fund - State To Government Securities	Cr		XXX
				[The above entry to be passed is only in respect of the amounts accrued but not due on investments made out of other than municipal fund.]			

- Accounting for interest accrued and due in the next reporting period, which was earlier accounted as
- c. accrued but not due during an earlier accounting period.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4314021		Receivable from Other Sources - Interest Earned	Dr	XXX	
		4314031		To Receivable from other sources - Interest Accrued but not due (Municipal Fund)	Cr		XXX
		4314032		To Receivable from other sources - Interest Accrued but not due - Specific Contribution	Cr		XXX
		4314033		To Receivable from other sources - Interest Accrued but not due - Special Funds	Cr		XXX
				[The above entry to be passed is only in respect of the amounts accrued but not due on investments made out of other than municipal fund.]			

- d. Accounting for interest received.
Refer accounting entry under serial 14.3 above.

14.5

Accounting for maturity / disposal of Investment

- a. Maturity of Investments made out of Municipal Fund

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		4502101		Bank Account	Dr	XXX	
		4201000		Investments - General Fund - To Central Government Securities	Cr		XXX
		4202000		Investments - General Fund - To State Government Securities	Cr		XXX
				[The above entry to be passed is only in respect of the amounts realized at the time of maturity/disposal of securities.]			

b. Maturity of Investments made out of Municipal Fund

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4504101		Bank Account - Special Fund	Dr	XXX	
		4506101		Bank Account - Grant Fund	Dr	XXX	
		4211000		Investments - Other Fund - To Central Government Securities	Cr		XXX
		4212000		Investments - Other Fund - State To Government Securities	Cr		XXX
				[The above entry to be passed is only in respect of the amounts accrued but not due on investments made out of other than municipal fund.]			

14.6

Accounting for profit/loss on sale of investments, if investments are in market related securities.

a. When investments are out of municipal / general fund.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		4205000		To Investments - General Fund - Equity Shares	Cr		XXX
		4206000		To Investments - General Fund - Units of Mutual Fund	Cr		XXX
		1704001		To Profit on Sale of Investments - Municipal Funds	Cr		XXX
				[The above entry to be passed is only in respect of the amounts realized by disposing market related securities and accounting for resultant profits/loss.]			

b. When investments are made out of other funds.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4504101		Bank Account	Dr	XXX	

		4215000		To Investments - Other Fund -Equity Shares	Cr		XXX
		4216000		To Investments - Other Fund - Units of Mutual Fund	Cr		XXX
		3111000		To Earmarked funds - Special Funds	Cr		XXX
				[The above entry to be passed is only in respect of the amounts realized by disposing market related securities and accounting for resultant profits/loss.]			

15.0 Accounting for Fixed Assets

15.1 Accounting for EMD, Accounting for advance, and accounting for security deposit may be referred under the section of "Accounting for Public Works".

15.2 Accounting for purchase of assets (e.g. vehicles)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4105001		Fixed Assets - Vehicles - Motor Car	Dr	XXX	
		3501001		To Other Liabilities - Creditors - Suppliers Control Account	Dr	XXX	
		3401011		To Deposits received - From Contractors/Suppliers - Security Deposit	Cr		XXX

		4604001		Advance to Suppliers and To Contractors - Assets	Cr		XXX
				[The above entry to be passed is only in respect of the amounts accrued but not due on investments made out of other than municipal fund.]			

- 15.3** Accounting for assets constructed.
Refer entries discussed under the section "Accounting for Public Works."

- 15.4** Accounting for payment against assets acquired.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501001 4502101		Other Liabilities - Creditors - Suppliers Control Account To Bank Account	Dr Cr	XXX	XXX
				[The above entry to be passed is only in respect of the amounts paid to the supplier.]			

- 15.5** Accounting for depreciation on fixed assets.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
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		2725000		Depreciation - Vehicles Account	Dr	XXX	
		4115001		Accumulated Depreciation - To Vehicles - Motor Car	Cr		XXX
				[The above entry to be passed is only in respect of depreciation on the fixed asset, to be calculated under the method discussed under the accounting principles. This entry to be passed at the end of the reporting period.]			

15.6

Accounting for disposal of fixed asset

a. First transfer the asset value from the main asset group to the Asset Disposal Group.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4109000		Assets under Disposal Account	Dr	XXX	
		4105001		Fixed Assets - Vehicles - Motor To car	Cr		XXX
				[The above entry to be passed is only in respect of the cost value of the asset, when the decision of disposing the asset have been taken.]			

- Next, transfer the accumulated depreciation over the years of use from the accumulated depreciation account to the asset disposal account.
- b.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4115001 4109000		Accumulated Depreciation - Vehicles - Motor Car To Assets under Disposal Account [The above entry to be passed is only in respect of the amount of accumulated depreciation on the asset decided to be sold. The amount of accumulated depreciation will be equivalent to the depreciation charged on the disposed asset till the point of disposal.]	Dr Cr	XXX	XXX

- c. Lastly, to account for the sale realization and the resultant profit/loss on the disposal of the asset.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 4109000 1803000		Bank Account To Assets under Disposal Account To Profit on Disposal of Fixed Assets	Dr Cr Cr	XXX	XXX XXX

				[The above entry to be passed is only in respect of the amounts realized and accounting for the resultant profit/loss.]			
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15.7

Accounting for revaluation of assets.

a. When there is an increase in the value of the asset (say land).

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4101001		Fixed Assets - Land Account	Dr	XXX	
		3126000		Reserve Funds - Revaluation To Reserve	Cr		XXX
				[The above entry to be passed is only in respect of the amounts increased upon the revaluation of the asset.]			

b. When there is a decrease in the value of the asset (say land)

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3126000		Reserve Funds - Revaluation Reserve (if balance available)	Dr	XXX	

				OR			
		2704001		Assets written off - Fixed Asset Account	Dr	XXX	
		4101001		To Fixed Assets - Land	Cr		XXX
				[The above entry to be passed is only in respect of the amounts accrued but not due on investments made out of other than municipal fund.]			

16.0 Accounting for Lease and Hire Purchase

16.1

Accounting for lease, when the lease agreement is in the nature of a finance lease and the ULB acts as a lessee, i.e. it obtains an asset under finance lease from a third party. (Assume that the asset is a leased hospital building)

a. To account for the asset and the corresponding liability

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4102004		Fixed assets - Buildings - Hospital Building	Dr	XXX	
		3508005		Miscellaneous liabilities - Lease To Charges payable	Cr		XXX

				[The above entry to be passed is only in respect of the lease obtained and the amount will be the principal amount of the lease in full.]			
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b. To account for the recognition of the dues payable against lease payments.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3508005		Miscellaneous Liabilities - Lease Charges Payable	Dr	XXX	
		2408002		Other Finance Expenses - Others	Dr	XXX	
		3501021		Other Liabilities - Creditors - To Expenses payable	Cr		XXX
				[The above entry to be passed is only in respect of the amounts due under the lease obligation.]			

c. To account for the payment of the expenses payable.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501021		Other Liabilities - Creditors - Expenses payable	Dr	XXX	

		4502101		To Bank Account	Cr		XXX
				[The above entry to be passed is only in respect of the amounts actually paid against the lease obligation.]			

- d. To account for depreciation on the leased asset.
Refer accounting entries discussed under the section "Accounting for Fixed Assets."

16.2

Accounting for lease, when the lease agreement is in the nature of finance lease and the ULB acts as a lessor, i.e. the ULB granted an asset on lease to a third person.

- a. To account for the recognition of the amount receivable

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4314011 1308001		Receivable from Other Sources - Lease Rentals To Revenue Income - Lease Rentals [The above entry to be passed is only in respect of the amounts receivable under the lease agreement.]	Dr Cr	XXX	XXX

- b. To account for the collection of the lease rental

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		4101001		Receivable from Other Sources - To Lease Rentals	Cr		XXX
				[The above entry to be passed is only in respect of the amounts actually received under the lease agreement.]			

16.3

Accounting for lease, when the lease agreement is in the nature of operating lease and the ULB acts as a lessee, i.e. it obtains an asset under operating lease from a third party. (Assume that the asset is a leased market building).

a. To recognize the lease payments

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2408002		Other Finance Expenses - Others	Dr	XXX	
		3501021		Other Liabilities - Creditors - To Expenses payable	Cr		XXX
				[The above entry to be passed is only in respect of the amounts payable under the lease agreement, and the payment to be treated as an expense.]			

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b. To account for payment of the expenses payable.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3501021 4502101		Other Liabilities - Creditors - Expenses payable To Bank Account [The above entry to be passed is only in respect of the amounts accrued but not due on investments made out of other than municipal fund.]	Dr Cr	XXX	XXX

16.4

Accounting for lease, when the lease agreement is in the nature of a finance lease and the ULB acts as a lessor, i.e. it granted an asset on lease to a third person.

a. To account for the recognition of the amount receivable

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4314011 1308001		Receivable from Other Sources - Lease Rentals To Revenue Income - Lease Rentals	Dr Cr	XXX	XXX

				[The above entry to be passed is only in respect of the amounts receivable under the lease agreement.]			
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b. To account for the collection of the lease rental

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101		Bank Account	Dr	XXX	
		4101001		Receivable from Other Sources - Lease Rentals	Cr		XXX
				To			
				[The above entry to be passed is only in respect of the amounts actually received under the lease agreement.]			

c. To account for depreciation on the leased asset.

Refer accounting entries discussed under the section "Accounting for Fixed Assets."

16.5

Accounting for hire purchase in the books of the ULB, when the ULB buys an asset under hire purchase. (Assume that the ULB purchases a tanker.)

a. When the asset is acquired.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
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		4105005 3508003		Fixed Assets - Vehicles - Tankers To Hire Purchase Payable [The above entry to be passed is only in respect of the asset bought on hire purchase, and the recognition of the liability.]	Dr Cr	XXX	XXX
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b. When the interest on hire purchase payable is recognized.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		2408002 3508003		Other Finance Expenses - Others To Hire Purchase Payable [The above entry to be passed is only in respect of the amounts accrued as interest on hire purchase.]	Dr Cr	XXX	XXX

c. When the payment made against the dues of hire purchase.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)

		3508003 4502101		Hire Purchase Payable To Bank Account [The above entry to be passed is only in respect of the amounts actually paid against the hire purchase dues.]	Dr Cr	XXX	XXX
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16.6

Accounting for hire purchase, when the ULB sold any asset under hire purchase. (Assume the ULB sold a piece of old plant and machinery under a hire purchase agreement).

a. When the asset is sold

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4608011		Hire Purchase Installments	Dr	XXX	
		4104000		To Fixed asset - Plant & machinery	Cr		XXX
		3508004		Others - Miscellaneous - Interest receivable Control Account - Hire Purchase. To Purchase.	Cr		XXX
				[The above entry to be passed is only in respect of the amounts receivable against the hire purchase sale, against the value of asset and the interest.]			

b. When the Interest receivable is apportioned to the extent of interest income for the year.

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		3508004 1718002		Others - Miscellaneous - Interest receivable Control Account - Hire Purchase. To Interest on Hire Purchase [The above entry to be passed is only in respect of the amounts apportioned towards the current year's interest income.]	Dr Cr	XXX	XXX

c. Accounting for the amount received against the hire purchase installments

Fund Codes	Function & Functionary Code	Accounts Code	Date of entry	Particulars	Debit (Dr) / Credit (Cr)	Debit Amount (Rs)	Credit Amount (Cr)
		4502101 4608011		Bank Account To Hire Purchase Installments [The above entry to be passed is only in respect of the amounts actually received against hire purchase dues.]	Dr Cr	XXX	XXX

Volume VII

Preparation and Presentation of Financial Statements

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Preparation and Presentation of Financial Statements

1.0 Introduction

- 1.1. This volume contains the recommendations relating to the Annual Accounts and Report to be prepared by the Urban Local Bodies. It also contains the recommendations regarding periodical financial statements. The provisions of the Orissa Municipal Corporation Act and the Orissa Municipality Act, which governs the ULB stipulate for preparation of the Annual Administration Report and a Statement of Accounts by the ULB. The report shall be in such form and shall contain such information as the Standing Committee may from time to time direct.
- 1.2. Preparation of Financial Statements comprising of various reports as stated below are the responsibility of the Head of the Accounts Department. However, other reports such as Auditor's report and Municipal Commissioner's report on the financial statements shall be prepared by the Municipal Auditor and Municipal Commissioner respectively.
- 1.3. The Annual Report of the ULB shall include the following:
 - 1.3.1. Financial Statements consisting of:
 - Balance Sheet;
 - Income and Expenditure Statement;
 - Statement of Cash flows (a summary of an enterprise's cash flow over a given period of time);
 - Receipts and Payments Account (detailed as per the account heads);
 - Notes to Accounts; and
 - Financial Performance Indicators
 - 1.3.2. Report of the Municipal Chief Auditor;
 - 1.3.3. Municipal commissioner's Report on the Annual Financial Statements and the qualifications and comments made in the Report of the Municipal Chief Auditor; and
 - 1.3.4. Standing Committee's Action Taken Report on the qualifications and comments made in the Report of the Municipal Chief Auditor and the Report of the Municipal commissioner.
- 1.4. 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.
- 1.5. The ULB shall also prepare the financial statements like the Balance Sheet, Income and Expenditure Statement, Statement of Cash flows and Receipts and Payments Account, at the end of each quarter. 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 Account shall disclose quarterly figures, progressive year-to-date totals, and the figures of the corresponding quarter of the previous year and the quarterly movements in various accounts. In addition,

the Income and Expenditure Statement shall also disclose the annual budget figures

- 1.6. The Financial Statements for the first 3 (three) quarters shall be placed by the Municipal commissioner before the Standing Committee within such period as may be specified.
- 1.7. The Annual Financial Statements shall be subject to audit by the Municipal Chief Auditor as prescribed in the provisions and rules. The Municipal Commissioner shall prepare a report on the qualifications and comments made by the Municipal Chief Auditor. This report shall be an integral part of the Annual Report. The Annual Financial Statements shall be approved by the Municipal commissioner and shall be placed along with the report of the Municipal Chief Auditor before the Standing Committee on or before such dates as may be prescribed. The Standing Committee may prepare an Action Taken Report on the Annual Financial Statements submitted taking into consideration the qualification and comments made in the report of the Municipal Chief Auditor. The Standing Committee may approve the Annual Financial Statements, Report, and place them before the General Body/Corporation on or such date as may be specified. The General Body/Corporation shall adopt the Annual Report not later than such date as may be specified. 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 / Lakhs of Rupees if a ULB decides so with the approval of the state government.

2.0 Trial Balance

- 2.1. 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 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 account. The Financial Statements are essentially drawn from the Trial Balance.
- 2.2. The Trial Balance shall be prepared as shown in the format below:

Trial Balance for the period from _____ to _____

Account Code No	Particulars	Debit (Rs.)	Credit (Rs.)
	Total		

- 2.3. The following points should be noted while preparing the Trial Balance:
- a. The income accounts shall generally have credit balances and the expense 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.
- 2.4. 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.
 - b. 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.
 - c. The posting of Ledger Accounts in the Trial Balance shall be in the same order as shown in the Chart of Accounts.

- d. The Cash Books shall be closed and the balances shall be posted in the Trial Balance.
 - e. Both the Debit Column and the Credit Column of the Trial Balance shall be totalled.
- 2.5. 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 will tally even if the following has happened:
 - a. Omission of an entry in the original books of entry, viz., Cash 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.
- 2.6. 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 and Journal to ensure that no error is made while posting entries in ledgers.
- 2.7. From the Trial Balance prepared, the ULB 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 expense 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 ULB over expenses incurred by the ULB shall be transferred to and added to the Municipal Fund in the Balance Sheet. Likewise, excess of expenses 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 Account or the Balance sheet.
- 2.8. 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.

3.0 Income And Expenditure Account

- 3.1. The ULB shall also prepare an Income and Expenditure Account for every accounting period. The Income and Expenditure Account discloses the results of the working of the ULB during the period covered by the statement. It shows incomes and expenditures of the ULB for an accounting period and the excess of income over expenditure or vice-versa for that period.
- 3.2. Since the Financial Statements are prepared under accrual basis, the Income and Expenditure Account shall include all the income earned during the year whether actually received or not and all the expenditure incurred whether actually paid or not.
- 3.3. The Income and Expenditure Account 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.
- 3.4. Any income or expenditure under a particular individual head, which is more than 1% of the total gross income of the ULB or Rs. 1,00,000 whichever is higher, shall be shown separately in the Schedules annexed to the Income and Expenditure Account.
- 3.5. The Income and Expenditure Account shall be prepared in the format shown in the format given later.
- 3.6. 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 Account or the Balance Sheet then for presentation, use schedules. Schedules will carry such information that relates to the accounting year and thus will be furnished in a separate schedule or schedules to be annexed to and forming part of the Income and Expenditure Account and the Balance Sheet.

4.0 Balance Sheet

- 4.1. The ULB 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 ULB as on a particular date. It presents the assets, liabilities, and reserves of the ULB as on a specified date.
- 4.2. 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.
- 4.3. The Balance Sheet shall be prepared in the format shown in the format given later.
- 4.4. 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.

5.0 Fund Accounts of the ULBs

- 5.1. Municipal Corporations of Orissa need to maintain separate accounts for every fund as per the provision under section 147 of the Act. As per the Act, the municipal fund will have separate sub funds like Water Supply, the Sewerage and the Drainage Account, the Road Development and Maintenance Account, etc. For all those funds, the ULBs shall maintain separate set of books of accounts. However, municipalities not covered by the 2003 Act, but governed by the 1950 Act, would not be required to maintain Fund Accounts.
- 5.2. The accounting principles and procedures to be adopted shall be same across all funds. Trial balance shall be generated for each of the Fund and the financial statements as explained above shall be prepared for each of the Fund separately and then consolidated to present the ULB level position.

6.0 Presentation of the Financial Statements

6.1. The ULBs will prepare the financial statements according to the methods specified above and will present the financial statements as below.

6.2. Format for Income and Expenditure Statement

Income and Expenditure Statement
for the period from _____ to _____ -

Fund Code	Account Code	Item/ Head of Account	Schedule No	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4	5	6
		INCOME			
		Tax Revenue	IE-1		
		Assigned Revenues & Compensation	IE-2		
		Rental Income from Municipal	IE-3		
		Fees & User Charges	IE-4		
		Sale & Hire Charges	IE-5		
		Revenue Grants, Contributions & Subsidies	IE-6		
		Income from Investments	IE-7		
		Interest Earned	IE-8		
		Other Income	IE-9		
	A	Total - INCOME			
		EXPENDITURE			
		Establishment Expenses	IE-10		
		Administrative Expenses	IE-11		
		Operations & Maintenance	IE-12		
		Interest & Finance Expenses	IE-13		
		Programme Expenses	IE-14		
		Revenue Grants, Contributions & subsidies	IE-15		
		Provisions & Write off	IE-16		
		Miscellaneous Expenses	IE-17		
		Depreciation			
	B	Total - EXPENDITURE			
	A-B	Gross surplus/ (deficit) of income over expenditure before Prior Period Items			
		Add/Less: Prior period Items (Net)	IE-18		
		Gross surplus/ (deficit) of income over expenditure after Prior Period Items			
		Less: Transfer to Reserve Funds			
		Net balance being surplus/ deficit carried over to Municipal Fund			

6.3. Below given is the format of the balance sheet for the ULB, showing the position of assets and liabilities of the ULB as on the period end.

Balance Sheet of _____ - (ULB) as on _____

Figures in Rupees						
Fund Codes	Account Codes	Particulars	Schedule No.	Amount	Amount	Amount
1	2	3	4	5	6	7
		SOURCES OF FUNDS				
		Reserves and Surplus				
		Municipal (General) Fund	B-1			x
		Earmarked Funds	B-2			x
		Reserves	B-3			x
		Grants, Contributions for Specific Purpose	B-4			
		Loans				
		Secured loans	B-5		x	
		Unsecured loans	B-6		x	x
		TOTAL OF SOURCES OF FUNDS				xxx
		APPLICATION OF FUNDS				
		Fixed Assets including Statues & Heritage Assets	B-11			
		Gross Block		x		
		Less: Accumulated Depreciation		x		
		Net Block		x	x	
		Capital work-in-progress			x	x
		Investments				
		Investment - General Fund	B-12		x	
		Investment - Other Funds	B-13		x	x
		Current assets, loans & advances				
		Stock in hand (Inventories)	B-14		x	
		Sundry Debtors (Receivables)	B-15			
		Gross amount outstanding		x		
		Less: Accumulated provision against bad and doubtful receivables		x	x	
		Prepaid expenses	B-16		x	
		Cash and Bank Balances	B-17		x	
		Loans, advances and deposits	B-18		x	
		Total of Current Assets (A)			xx	
		Current Liabilities and Provisions				
		Deposits received	B-7		x	
		Deposit works	B-8		x	
		Other liabilities (Sundry Creditors)	B-9		x	
		Provisions	B-10		x	
		Total of Current Liabilities (B)			xx	
		Working Capital (Current Assets less Current liabilities i.e. A - B)				x
		Other Assets	B-19			x
		Miscellaneous Expenditure (to the extent not written off)	B-20			x
		Capital Deficit				x

		TOTAL OF APPLICATION OF FUNDS				xxx
		Notes to the Balance Sheet				

6.4. Presentation of formats of the various schedules to the Income and Expenditure Account has been indicated below.

Schedule IE-1: Tax Revenue

Account Code	Particulars	Current year (Rs.)	Previous year (Rs.)
1	2	3	4
	Property tax		
	Water tax		
	Sewerage Tax		
	Conservancy Tax		
	Lighting Tax		
	Education tax		
	Vehicle Tax		
	Tax on Animals		
	Electricity Tax		
	Professional Tax		
	Advertisement tax		
	Pilgrimage Tax		
	Octroi & Toll		
	Cess		
	Other taxes		
	Sub-total		
	Less		
	Tax Remissions and Refund [Schedule IE- 1 (a)]		
	Sub-total		
	Total tax revenue		

Schedule IE-1 (a): Remission and Refund of taxes

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Property taxes		
	Octroi and toll		
	Cess Income		
	Advertisement tax		
	Others		
	Total refund and remission of tax revenues		

Schedule IE-2: Assigned Revenues & Compensation

Account Code.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Taxes and Duties collected by others Compensation in lieu of Taxes / duties Compensations in lieu of Concessions		
Total assigned revenues & compensation			

Schedule IE-3: Rental income from Municipal Properties

Account Code.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Rent from Civic Amenities Rent from Office Buildings Rent from Guest Houses Rent from lease of lands Other rents		
	Sub-Total		
	Less: Rent Remission and Refunds		
	Sub-total		
	Total Rental Income from Municipal Properties		

Schedule IE- 4: Fees & User Charges - Income head-wise

Account Code.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Empanelment & Registration Charges Licensing Fees Fees for Grant of Permit Fees for Certificate or Extract Development Charges Regularization Fees Penalties and Fines Other Fees User Charges Entry Fees Service / Administrative Charges		

	Other Charges		
	Sub-Total		
	Less: Rent Remission and Refunds		
	Sub-total		
	Total income from Fees & User Charges		

Schedule IE-5: Sale & Hire Charges

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Sale of Products Sale of Forms & Publications Sale of stores & scrap Sale of Others Hire Charges for Vehicles Hire Charges for Equipment		
	Total Income from Sale & Hire charges -income head-wise		

Schedule IE-6: Revenue Grants, Contributions & Subsidies

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Revenue Grant Re-imbursement of expenses Contribution towards schemes		
	Total Revenue Grants, Contributions & Subsidies		

Schedule IE-7: Income from Investments - General Fund

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Interest on Investments Dividend Income from projects taken up on commercial basis Profit in Sale of Investments Others		
	Total Income from Investments		

Schedule IE- 8: Interest Earned

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Interest from Bank Accounts Interest on Loans and advances to Employees Interest on loans to others Other Interest		
	Total - Interest Earned		

Schedule IE- 9: Other Income

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Deposits Forfeited Lapsed Deposits Insurance Claim Recovery Profit on Disposal of Fixed asses Recovery from Employees Unclaimed Refund/ Liabilities Excess Provisions written back Miscellaneous Income		
	Total Other Income		

Schedule IE-10: Establishment Expenses

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Salaries, Wages and Bonus Benefits and Allowances Pension Other Terminal & Retirement Benefits		
	Total establishment expenses		

Schedule IE-11: Administrative Expenses

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Rent, Rates and Taxes Office maintenance		

	Communication Expenses		
	Books & Periodicals		
	Printing and Stationery		
	Traveling & Conveyance		
	Insurance		
	Audit Fees		
	Legal Expenses		
	Professional and other Fees		
	Advertisement and Publicity		
	Membership & subscriptions		
	Other Administrative Expenses		
	Total administrative expenses		

Schedule IE-12: Operations & Maintenance

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Power & Fuel		
	Bulk Purchases		
	Consumption of Stores		
	Hire Charges		
	Repairs & maintenance -Infrastructure Assets		
	Repairs & maintenance - Civic Amenities		
	Repairs & maintenance - Buildings		
	Repairs & maintenance - Vehicles		
	Repairs & maintenance - Others		
	Other operating & maintenance expenses		
	Total operations & maintenance		

Schedule IE-13: Interest & Finance Charges

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Interest on Loans from Central Government		
	Interest on Loans from State Government		
	Interest on Loans from Government Bodies & Associations		
	Interest on Loans from International Agencies		
	Interest on Loans from Banks & Other Financial Institutions		

	Other Interest		
	Bank Charges		
	Other Finance Expenses		
	Total Interest & Finance Charges		

Schedule IE-14: Programme Expenses

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Election Expenses Own Programs Share in Programs of others		
	Total Programme Expenses		

Schedule IE-15: Revenue Grants, Contributions & Subsidies

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Grants [specify details] Contributions [specify details] Subsidies [specify details]		
	Total Revenue Grants, Contributions & Subsidies		

Schedule IE-16: Provisions & Write off

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Provisions for doubtful receivables Provision for other Assets Revenues written off Assets written off Miscellaneous Expense written off		
	Total Provisions & Write off		

Schedule IE-17: Miscellaneous Expenses

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
--------------	-------------	---------------------------	----------------------------

1	2	3	4
	Loss on disposal of Assets		
	Loss on disposal of Investments		
	Other Miscellaneous Expenses		
	Total Miscellaneous expenses		

Schedule IE-18: Prior Period Items (Net)

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Income		
	Taxes Other - Revenues		
	Recovery of revenues written off		
	Other income		
	<i>Sub - Total Income (a)</i>		
	Expenses		
	Refund of Taxes		
	Refund of Other Revenues		
	Other Expenses		
	<i>Sub - Total Income (b)</i>		
	Total Prior Period (Net) (a-b) -		

6.5. Presentation of the formats of the various schedules to the Balance Sheet has been indicated below.

Schedule BS-1: Municipal (General) Fund

Account Code	Particulars	Water Supply, Sewerage, and Drainage	Road Development and Maintenance	Bustee Services	Commercial Projects	General Account
	Fund Codes					
	Opening balance as per the last account (Rs.)					
	Additions during the year (Rs.) <ul style="list-style-type: none"> • Surplus for the year • Transfers 					
	Total (Rs.)					
	Deductions during the year (Rs.) <ul style="list-style-type: none"> • Deficit for the year • Transfers 					
	Balance at the end of the current year (Rs.)					

Schedule B-2: Earmarked Funds (Special Funds/Sinking Fund/Trust or Agency Fund)

Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	Special Fund 5	Pension Fund	General Provident fund
Account Code							
(a) Opening Balance							
(b) Additions to the Special Fund <ul style="list-style-type: none"> • Transfer from Municipal Fund • Interest/Dividend earned on Special Fund Investments • Profit on disposal of Special Fund Investments • Appreciation in Value of Special Fund Investments • Other addition (Specify nature) <div style="text-align: right;"> Total (b) Total (a + b) </div>							
(c) Payments out of funds <div> <div>[I] Capital expenditure on <ul style="list-style-type: none"> • Fixed Asset • Others </div> <div>[II] Revenue Expenditure on <ul style="list-style-type: none"> • Salary, Wages and allowances etc • Rent Other administrative charges </div> <div>[III] Other: <ul style="list-style-type: none"> • Loss on disposal of Special Fund Investments • Diminution in Value of Special Fund Investments • Transferred to Municipal Fund </div> </div> <div style="text-align: right;"> Total (c) Net Balance of Special Funds (a + b) – (c) </div>							

Schedule B-3: Reserves

Account Code	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)
	Capital Contribution					
	Capital Reserve					
	Borrowing Redemption Reserve					
	Special Funds (Utilised)					
	Statutory Reserve					
	General Reserve					
	Revaluation Reserve					
	Total Reserve funds					

Schedule B-4: Grants & Contribution 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 Organizations	Others
Account Code							
(a) Opening Balance							
(b) Additions to the Grants * <ul style="list-style-type: none"> Grant received during the year Interest/Dividend earned on Grant Investments Profit on disposal of Grant Investments Appreciation in Value of Grant Investments Other addition (Specify nature) 							
Total (b)							
Total (a + b)							
(c) Payments out of funds <ul style="list-style-type: none"> Capital expenditure on Fixed Assets Capital Expenditure on Other Revenue Expenditure on <ul style="list-style-type: none"> Salary, Wages, allowances etc. Rent Other: <ul style="list-style-type: none"> Loss on disposal of Grant Investments Diminution in Value of Grant Investments Grants Refunded Other administrative charges 							
Total (c)							
Net balance at the year end - (a + b) - (c)							

Schedule B-5: Secured Loans

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Loans from Central Government		
	Loans from State government		
	Loans from Govt. bodies & Associations		
	Loans from international agencies		
	Loans from banks & other financial institutions		
	Other Term Loans		
	Bonds & debentures		
	Other Loans		
	Total Secured Loans		

Notes:

- The nature of the Security shall be specified in each of these categories;
- Particulars of any guarantees given shall be disclosed;
- Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption;
- Rate of interest and original amount of loan and outstanding can be provided for every Loan under each of these categories separately;
- For loans disbursed directly to an executing agency, please specify the name of the Project for which such loan is raised.

Schedule B-6; Unsecured Loans

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Loans from Central Government		
	Loans from State Government		
	Loans from Govt. bodies & Associations		
	Loans from international agencies		
	Loans from banks & other financial institutions		
	Other Term Loans		
	Bonds & debentures		
	Other Loans		
	Total Un-Secured Loans		

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

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	From Contractors From Revenues From staff From Others		
	Total deposits received		

Schedule B-8: Deposits Works

Account Code.	Particulars	Opening balance as the beginning of the year Amount (Rs)	Additions during the current year Amount (Rs)	Utilization / expenditure Amount (Rs)	Balance outstanding at the end of the current year Amount (Rs)
1	2	3	4	5	6
	Civil Works Electrical works Others				
	Total of deposit works				

Schedule B-9: Other Liabilities (Sundry Creditors)

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Creditors Employee Liabilities Interest Accrued and Due Recoveries Payable Government Dues Payable Refunds Payable Advance Collection of Revenues Others		
	Total Other liabilities (Sundry Creditors)		

Schedule B-10: Provisions

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Provision for Expenses Provision for Interest Provision for Other Assets		
	Total Provisions		

Schedule B-11: Fixed Assets

Account Code	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
	Land Buildings										
	Infrastructure Assets <ul style="list-style-type: none"> Roads and Bridges Sewerage and drainage Water ways Public Lighting 										
	Other assets <ul style="list-style-type: none"> Plants & Machinery Vehicles Office & other equipment Furniture, fixtures, fittings and electrical appliances Other fixed assets 										
	Total										

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:

1. Additions include fixed assets created out of Earmarked Funds and Grants transferred to Urban Local Body's fixed block as referred to in Schedule B-2 and B-4.
2. 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 April 2005 shall be equal to the closing asset balance as on 31 March 2005.
3. Land includes areas used as and for the purpose of public places such as parks, squares, gardens, lakes, museums, libraries, godowns etc.
4. Buildings include office and works buildings, commercial buildings, residential buildings, school and college buildings, hospital building, public buildings temporary structures and sheds, etc.
5. Roads and bridges include roads and streets, pavements, pathways, bridges, culverts and subways.
6. Sewerage and drainage include sewerage lines, storm-water drainage lines and other similar drainage system.
7. Waterworks include water storage tank, water wells, bore wells, Water pumping station, Water transmission & distribution system, etc.
8. No depreciation is to be charged on "Land.

Schedule B-12: Investments - General Funds

Account Code.	Particulars	With whom invested	Face value (Rs.)	Current year Carrying Cost (Rs.)	Previous year Carrying Cost (Rs)
1	2	3	4	5	6
	<ul style="list-style-type: none">• Central Government Securities• State Government Securities• Debentures and Bonds• Preference Shares• Equity Shares• Units of Mutual Funds• Other Investments				
	Total of Investments General Fund				

Schedule B-13: Investments - Other Funds

Account Code.	Particulars	With whom invested	Face value (Rs.)	Current year Carrying Cost (Rs.)	Previous year Carrying Cost (Rs)
1	2	3	4	5	6
	<ul style="list-style-type: none">Central Government SecuritiesState Government SecuritiesDebentures and BondsPreference SharesEquity SharesUnits of Mutual FundsOther Investments				
	Total of Investments General Fund				

Schedule B-14: Stock in Hand (Inventories)

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Stores Loose Tools Others		
	Total Stock in hand		

Schedule B-15: Sundry Debtors (Receivables)

Account Code	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
	<u>Receivables for Property Taxes</u> Less than 5 years More than 5 years* Sub - total Less: State Government Cesses/Levies in Taxes - Control Accounts				
	Net Receivables of Property Taxes				

	<u>Receivable of Other Taxes</u> Less than 3 years More than 3 years Sub- total Less: State Government Cesses/Levies in Taxes - Control Accounts				
	Net Receivables of Other Taxes				
	<u>Receivables of Cess Income</u> Less than 3 years More than 3 years Sub- total <u>Receivables for Fees and User Charges</u> Less than 3 years More than 3 years Sub- total				
	<u>Receivables from Other Sources</u> Less than 3 years More than 3 years Sub - total Receivables from Government Sub - total				
	Total of Sundry Debtors (Receivables)				

Schedule B-16: Prepaid Expenses

Account Code	Particulars	Current year Amount (Rs.)	Previous year Amount (Rs)
1	2	3	
	Establishment Administrative Operations & Maintenance		
	Total Prepaid expenses		

Schedule B-17: Cash and Bank Balances

Account Code	Particulars	Current year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
	<u>Cash Balance with Bank - Municipal Funds</u> Nationalized Banks Other Scheduled Banks Scheduled Co-operative Banks Post Office Sub-total		

	Balance with Bank - Special Funds Nationalized Banks Other Scheduled Banks Scheduled Co-operative Banks Post Office Sub-total		
	Balance with Bank - Grant Funds Nationalized Banks Other Scheduled Banks Scheduled Co-operative Banks Post Office Sub-total		
	Total Cash and Bank balances		

Schedule B-18: Loans, advances, and deposits

Account Code	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
	Loans and advances to employees Employee Provident Fund Loans Loans to Others Advance to Suppliers and Contractors Advance to Others Deposit with External Agencies Other Current Assets				
	Sub -Total				
	Less: Accumulated Provisions against Loans, Advances and Deposits [Schedule B-18 (a)]				
	Total Loans, advances, and deposits				

Schedule B-18 (a): Accumulated Provisions against Loans, Advances, and Deposits

Account Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Loans to Others Advances Deposits		
	Total Accumulated Provision		

Schedule B-19: Other Assets

Account Code	Particulars	Current year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
	Deposit Works Other asset control accounts		
	Total Other Assets		

Schedule B-20: Miscellaneous Expenditure (to the extent not written off)

Code No	Particulars	Current year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
	Loan Issue Expenses Deferred Discount on Issue of Loans Deferred Revenue Expenses Others		
	Total Miscellaneous expenditure		

7.0 Cash Flow Statement

Cash Flow statement is prepared in order to have information about the cash flows of an enterprise useful in providing users of financial statements with a basis to assess the ability of the enterprise to generate cash and cash equivalents and the needs of the enterprise to utilise those cash flows. A cash flow statement, when used in conjunction with the other financial statements, provides information that enables users of the financial statements to evaluate the changes in assets and liabilities of a ULB, its financial status, and the actual performance in terms of cash inflows and outflows. The ULBs may prepare a Statement of Cash flows apart from Income & Expenditure, Balance Sheet and Receipts and Payments statements.

- 7.1. Guidelines for preparation of the cash flow statements: The cash flow statement shall report cash flows during the period classified by operating, investing, and financing activities. An ULB 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 enterprise and the amount of its cash and cash equivalents. The cash flow statement shall be prepared as shown in the format below.
- 7.2. Steps in preparation of cash flow statement: Cash flow statement of an ULB shall be prepared by ascertaining the cash flow from each of the activity
- 7.3. Cash flows from operating activities are the principal activities contributing to or utilising the cash resources of the ULB and other activities that are not investing or financing activities. Identification of transactions into operating activities primarily depends on whether the activities relates to delivery of civic services by the ULB. Such activities include provision of solid waste management, repairs of roads, supply of water, etc.

7.3.1. The steps involved in calculation of cash flow from operating activities are as follows:

- 7.3.1.1. The amount of excess of income over expenditure (or vice versa) as per 'the Income and Expenditure Account' shall be entered in the Cash flow statement under 'Operating activities':

7.3.1.2. 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. Add all non-cash/non-operating expenditure to adjust and deduct all non-cash/non-operating income to adjust the Gross Cash Flow. A generalized list of such adjustments under incomes and expenses are given below:

Non-Cash Expenditure:

- Deprecations
- Write off
- Provisions
- Decline in the value of investment

Non-Operating Income

- Interest on deposits/loan received
- Investment incomes
- Profit or sale arising out of Assets
- Appreciation in the value of Investments

7.3.1.3. 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	Previous year	Movements
	(Col 1)	(Col 2)	(Col 1 - Col 2)
Inventories Receivables of Revenues			
Prepaid expenses			
Employee related payables			
Provision for expenses			

7.3.1.4. 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:

- Cyclone relief funds received;
- Receipts & payments on account of prior period income and expenses;

7.3.1.5. 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'.

7.4. Cash flows from investing activities generally involve acquisition and disposal of long-term assets and investments not included in cash equivalents.

7.4.1. The steps involved in calculation of cash flow from investing activities are as follows:

7.4.1.1. 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/ utilized 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.

- 7.4.1.2. 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. In addition, 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
 - proceeds from disposal of assets/investments

- 7.4.1.3. The amount of cash flows from investing activities as calculated above shall be shown as 'Net cash generated from/ (used in) investing activities'.

7.5. Cash flows from financing activities where financing activities are activities that result in changes in the size and composition Loans received by the ULBs.

- 7.5.1. The steps involved in calculation of cash flow from Financing Activities are as follows:

- 7.5.1.1. The movement in loans availed by the ULBs 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 expenses paid

<u>Movements in loans are calculated as follows:</u>	<u>Amount (Rs)</u>
Loan amounts received during the period	XXX
Less: Loan amounts repaid during the year	XXX
Net movement amount of loans received / (repaid)	<u>XX / (XX)</u>

- 7.5.1.2. 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

- 7.5.1.3. 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

7.6. Cash and cash equivalents at the end of the period means 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. 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. 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 ULB.

Name of the ULB
Statement of Cash Flow
As at 31 March 20XX

Particulars	Previous Year (Rs.)		Current Year (Rs.)	
[A] Cash flows from operating activities				
Gross surplus/ (deficit) over expenditure				
Add: <u>Adjustments for</u> Depreciation Interest & finance expenses Less: <u>Adjustments for</u> 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				
Changes in current assets and current liabilities (Increase) / decrease in Sundry debtors (Increase) / decrease in Stock in hand (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 {please specify}				
Net cash generated from / (used in) operating activities [A]				
[B] Cash flows from investing activities				
(Purchase) of fixed assets & CWIP (Increase) / Decrease in Special funds/grants (Increase) / Decrease in Earmarked funds (Purchase) of Investments <u>Add:</u> 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]				

[C] Cash flows from financing activities <u>Add:</u> Loans from banks/others received <u>Less:</u> Loans repaid during the period Loans & advances to employees Loans to others Finance expenses				
Net cash generated from (used in) financing activities [C]				
Net increase/ (decrease) in cash and cash equivalents (A + B + C)				
Cash and cash equivalents at beginning of period				
Cash and cash equivalents at end of period				
Cash and Cash equivalents at the end of the year comprises of the following account balances at the end of the year: <ul style="list-style-type: none">• Cash Balances• Bank Balances• Scheduled co-operative banks• Balances with Post offices• Balances with other banks				
Total of the breakup of cash and cash equivalents				

Note: items in () brackets denote as that they are to be deducted

8.0 Receipts and Payments Account

The Receipts and Payments Account shows the sources of funds and the applications of funds during the accounting reporting periods. The Receipts and Payments Account shall be prepared from the Balance Sheet, Income and Expenditure Statement, Ledgers and Cash Book. The following are the steps involved in the preparation of Receipts and Payments Account:

- 8.1. The opening and closing cash and bank balances should be ascertained and entered:
- 8.2. 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 Account.
- 8.3. 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 | Rs.XXX |
- This amount shall be reflected in the receipt side of the Receipts and Payments Account.
- 8.4. For revenue payments which are accounted for on accrual basis, the following shall be done:
- | | |
|--|--------|
| Payables at the beginning of the period | Rs.XXX |
| <u>Add:</u> Bills received/Expenditure Accounted during the period | Rs.XXX |
| <u>Less:</u> Payables at the end of the period | Rs.XXX |
| Cash paid during the year | Rs.XXX |
- This amount shall be reflected in the payment side of the Receipts and Payments Account.
- 8.5. 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.
- 8.6. The Receipts and Payments Account shall be prepared as shown in the format below. It should be noted that the following gives an illustrative list of receipts and payments.
- 8.7. The following shall be noted in relation to preparation of Receipts and Payments Account:
- 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 ULB 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 ULB, should be shown as ' Receipts'. Similarly, corresponding payments made to the Contractor, though not made in cash by the ULB, should be shown as ' Payments'.

Receipts and Payments Account for the period from to

Code No.	Head of Account	Current Period Amount	Corresponding Previous Period	Code No.	Head of Account	Current Period Amount	Corresponding Previous Period Amount
		(Rs.)	Amount (Rs.)			(Rs.)	(Rs.)
	Opening Balances Cash balances including Imprest Balances with Banks/Treasury (including balances in designated bank accounts)						
	<i>Operating Receipts</i>				<i>Operating Payments</i>		
	Tax Revenue Assigned Revenues & Compensations Rental income from Municipal Properties Fees & User Charges Sale & Hire Charges Revenue Grants, Contributions & Subsidies Income from Investments Interest Earned Other Income				Establishment Expenses Administrative Expenses Operations and Maintenance Interest & Finance Charges Programme Expenses Revenue Grants, Contributions & Subsidies Purchase of Stores Other Collections on behalf of State and Central Government		
	<i>Non-Operating Receipts-</i>				<i>Non-Operating Payments</i>		
	Loans Received Deposits Received Grants and contribution for specific purposes Sale proceeds from Assets				Other Payables Refunds Payable Repayment of Loans Refund of Deposits		

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.)
	Realization of Investment - General Fund Realization of Investment - Other Funds				Acquisition / Purchase of Fixed Assets Capital Work - in - Progress		
	Deposit works Revenue Collected in Advance Loans & Advances to Employees (recovery) Other Loans & Advances (recovery) Deposits with External Agencies (recovery) Other Receipts [specify]				Deposit works Investments - General Fund Investments - Other Funds Loans & Advances to Employees Prepaid Expenses Other Loans & Advances Deposits with External Agencies Other Payments [specify]		
					Closing Balances Cash balances including Imprest Balances with Banks/Treasury (including balances in designated bank accounts)		
	GRAND TOTAL				GRAND TOTAL		

9.0 Notes to Accounts

The Notes to Accounts shall comprise of Statement of Significant Accounting Principles, Statement on Contingent Liabilities, Subsidy Report, and Other Disclosures.

9.1. Statement of Significant Accounting Principles

- 9.1.1. The Statement of Significant Accounting Principles shall state important accounting principles followed by the ULB in respect of accounting for its transactions and in the preparation and presentation of the Financial Statements.
- 9.1.2. There may be instances where any of the accounting principles adopted by the ULB 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. In such a case, the particulars of the deviation shall be disclosed together with the reasons therefore 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.
- 9.1.3. 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.
- 9.1.4. The statement of significant accounting principles to be disclosed in the financial statements is given below.
 - 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.
 - Recognition of Revenue
 - *Revenue*
 - Property and Other Taxes are recognized in the period in which they become due and demands are ascertainable
 - Revenues in respect of Profession Tax on Organizations / entities are accrued in the year to which it pertains and when demands are raised.
 - Advertisement taxes are accrued based on Demand or the contract.
 - Revenue in respect of Trade License Fees is accrued in the year to which it pertains and when Demands are raised.
 - Assigned revenues like Entertainment Tax, Duty / Surcharge on transfer of Immovable properties are accounted during the year only upon actual receipt. However, at year-end, they are accrued if sanction order (or proceedings) is passed and the amount is ascertained.
 - 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, is recognized on actual receipt
 - *Provision against receivables*
 - 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.
 - Recognition of Expenditure
 - Expenses on Salaries, bonus and other allowances are recognized as and when they are due for payment
 - All revenue expenditures are treated as expenditures in the period in which they are incurred.
 - In case of works, expenditures are accrued as soon as the work has been measured and becomes due for payment.

- Provision for expenses are made at the year-end for all bills received up to a cut off date.
- Fixed Assets
 - *Recognition*
 - All Fixed Assets are carried at cost less accumulated depreciation. The cost of fixed assets include cost incurred/money spent in acquiring or installing or constructing the 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 expenses incurred up to that date.
 - All assets costing less than Rs. 5,000/- would be expensed / charged to Income & Expenditure Account in the year of purchase.
 - 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/-.
 - *Depreciation*
 - Depreciation is provided on Straight Line Method
 - *Revaluation of Fixed Assets:*
 - Revaluation of fixed assets is undertaken either at the time of issue of municipal bonds or when commercial development / lease of properties is made.
 - Increase in net book value arising on revaluation is credited to 'Revaluation Reserve Account'. Decrease in net book value is charged to Income and Expenditure account.
 - Revaluation reserve is amortized by equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.
- Borrowing cost
 - Borrowing cost is recognized as revenue expenditure on accrual basis except in the case of fixed assets.
- Inventories
 - Inventories are valued as follows:
 - Raw materials are valued at Cost based on first in first out method
 - Finished goods are valued at lower of the cost or market value.
- Grants
 - General Grants, which are of revenue nature, are recognized as income on actual receipt
 - Grants, which are re-imbursement of specific revenue expenditure is recognized as income in the accounting period in which the corresponding revenue expenditure is charged to the Income and Expenditure Account.
 - 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.
- Employee benefits
 - Separate Funds are formed for meeting the pension and other retirement benefits including Gratuity and Leave encashment.
 - Contribution towards Pension and other retirement benefit funds are recognized as and when it is due.
- Investments
 - All investments are initially recognized at Cost. The cost of investment shall include cost incurred in acquiring the investment and other incidental expenses incurred for its acquisition.
 - Long-term investments are carried 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.

- Short-term investments are carried at their cost or market value (if quoted) whichever is lower.

9.2. Statement on Contingent Liabilities

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 ULB, 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 ULB in the 'Statement on Contingent Liabilities':

- Amount of Capital Contracts remaining to be executed and not provided for;
- Amount of claim in respect of suits filed against the ULB for which the ULB may be liable, in case the ULB loses suits;
- Claim against the ULB not acknowledged as debts; and
- Other money for which the ULB is contingently liable;

9.3. Subsidy Report

- 9.3.1. In accordance with the provisions and rules of the act governing the ULB, and instructions of the Government, the ULB shall prepare a Subsidy Report on the following services, which shall be annexed to the Annual Financial Statements:
- Water supply and disposal of sewage;
 - Scavenging, transporting and disposal of wastes;
 - Municipal transport; and
 - Street lighting.
 - Hospitals
 - Schools
- 9.3.2. The Subsidy Report may be prepared in the illustrative format provided below. However, the ULBs shall adopt those formats as given in the rules and provisions of the act governing the ULBs and the local needs.

Subsidy Report for the period from to

Particulars	Current year's figures Amount (Rs.)	Previous year's figures Amount (Rs.)
EXPENDITURE		
Establishment expense Administration expenses Operation and Maintenance Expenses Interest on Loans and Financial Charges Depreciation Other Expenses		
TOTAL EXPENDITURE (A)		
INCOME		
Charges levied on rendering of Services		
Taxes levied Other Income		
TOTAL INCOME (B)		
SUBSIDY PROVIDED (A-B)		

- 9.3.3. The Subsidy, as computed above, indicates the extent of deficit of income as compared to the expenditure.

9.4. Other Disclosures

- 9.4.1. This section shall give other important financial information about the ULB, which have not been disclosed in the Financial Statements. These shall include:

- Details of the expenses incurred under various Government Circulars together with the details, in broad terms, of the beneficiaries;
- Details of honorarium paid to Councilors and Mayor;
- The following shall be disclosed separately in case of each of the incomes of the ULB:
 - amount of refunds, remissions and write-offs made during the year, and
 - arrears collected during the year;

9.4.2. In addition to disclosures required to be made as specified above, the ULB may also furnish information in respect of the following;

- Percentage of properties defaulting on property tax both in terms of number and value in comparison to total properties and income earned;
- Number of municipal hospital beds, dispensaries and other medical facilities per 1000 citizens in the municipal area;
- Details about the various health programs undertaken by the ULB from its own resources and the section of the population being benefited;
- 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;
- Details about the water purification and water distributed and billed in terms of quantity;
- Number of lamp-posts erected and the areas in which they are erected (the expenses incurred in respect of the street lighting shall be given in the Subsidy Report);
- Age analysis of receivables;
- Age analysis of payables; and
- Such other details as the ULB may decide to give for better disclosure and governance.

9.5. Internal Audit

9.5.1. Auditing has generally been associated with only accounting and financial records. It is the independent examination of financial information of any entity, whether profit making or not, and irrespective of its size, or legal form, when such an examination is conducted with the view to expressing an opinion thereof.

9.5.2. The stress is clearly on verification of accounting data with a view to reporting on the reliability of the accounting statements. Verification of accounting data involves a careful evaluation of all evidence available to the auditor in support of various transactions. Thus an auditor examines internal evidence i.e. records, vouchers, and books of accounts. He also tests and evaluates the relevant systems in the organization. He also obtains external evidence such as confirmation of bank balances. He may decide to conduct physical counts and service or even call for independent expert opinion regarding technical matters.

9.5.3. Developments in the last few decades have extended the scope of auditing, it is no longer concerned only with financial accounting records, but it may also involve a review of costing records, operations, and performances.

9.5.4. There are five primary concepts of auditing:

- 9.5.4.1. Evidence – it includes all influences on the mind of an auditor, which affect his judgment about the truthfulness of propositions submitted to him for review.
- 9.5.4.2. Due audit care – It refers to the extent of care taken by a reasonable man having adequate technical training and proficiency as an auditor
- 9.5.4.3. Fair presentation – It covers three concepts

1. Propriety – whether the accounting statements are drawn up in conformity with the accepted accounting principles.
 2. Adequate disclosure – it refers whether the needs of the readers of the financial and accounting statements have been adequately covered.
 3. Audit obligation – it implies that an auditor is obliged towards the readers of his report indicating the extent of examination conducted.
- 9.5.4.4. Independence – An auditor should be free from bias and prejudice and should possess an independent approach.
- 9.5.4.5. Ethical conduct - An auditor should remain within the ambit for professional or legal code of conduct.
- 9.5.5. Internal Audit: It is an independent appraisal of activity within an organization for the review of accounting, financial and other organizational practices as a protective and constructive arm of management. Internal audit implies an audit of the accounts by the employees of the organization. The work is done by a separate set of staff (called internal auditors) who may or may not have professional audit qualifications. In case of ULBs in Orissa, governed by the Orissa Municipal Corporation Act, 2003, the responsibility of internal audit lies with the Chief Municipal Auditor (**CMA**) and his Internal Audit Department (**IAD**).
- 9.5.6. Traditionally, people understand internal audit as an activity of self imposed internal check and audit, which also supposedly involved the activity of going around telling people what they were doing wrong. However even if one sees it in a narrow sense, the contribution of the activity of internal audit is potentially of major importance as an effective internal audit system leads to improved accountability, ethical and professional practices, effective risk management, improves quality of output and supports decision making and performance tracking.
- 9.5.7. Historically it was always held that internal auditing is confined to merely ensuring that the accounting and allied records have been properly maintained, the assets management system is in place in order to safeguard the assets and also to see whether policies and procedures are in place and are duly being complied with. With changing times, this concept has undergone a sea change with regard to its definition and scope of coverage. Modern approach suggests that it should not be restricted to financial issues alone but also on issues such as cost benefit analysis, resource utilization and their deployment, matters of propriety, effectiveness of the management, etc.
- 9.5.8. Internal audit is to be understood as an independent and objective appraisal service within an office/organization.

9.6. Municipal Commissioner's Report on the Qualifications and Comments Made in the Report of the Chief Municipal Auditor

- 9.6.1. The Municipal Commissioner shall in his report include his comments on the report of the Chief Municipal Auditor, including explanations relating to qualifications mentioned by the Chief Municipal Auditor, stating clearly the facts of the matter and the steps taken in respect of those qualifications. The Municipal commissioner shall also comment upon the performance of the ULB 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 Municipal Commissioner shall, in his report, explain the reason therefore and shall also state the steps taken to improve performance in that area.
- 9.6.2. Further, the Municipal commissioner'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.

9.7. Standing Committee's Action Taken Report

- 9.7.1. The Standing Committee 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 ULB in respect of the qualifications made in the Report of the Municipal Chief Auditor and the Municipal Commissioner's Report.
- 9.7.2. The Action Taken Report shall contain a section for Standing Committee's comments on the comments and qualifications contained in the Report of the Municipal Chief Auditor and the Municipal Commissioner's Report.

9.8. Financial Ratio Analysis

- 9.8.1. A ratio is an arithmetical relationship between two figures. Ratios are indicators of performance of the ULB/Department. Financial Ratio Analysis is a study of ratios between various items or groups of items in the Financial Statements of the ULB.
- 9.8.2. On preparation of Financial Statements, the Accounts Department shall compute and present the following Financial Ratios as depicted in the format below.

Financial Ratios as on.....

Sr. No.	Particulars	Current Year	Previous
	Income Ratios		
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 Ratio... (%)		
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. . .(%)		
	Expense Ratios		
8	Establishment Expenses to Total Income Ratio. . .(%)		
9	Administrative Expenses to Total Income Ratio. . .(%)		
10	Operations & Maintenance to Total Income Ratio. . .(%)		
11	Interest Expense 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 Expense 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.)		

9.8.3. The Financial Ratios shall be calculated while using the formulas shown below.

Computation of Financial Ratio

Sr. No.	Financial Ratio	Method of Computation	Description of the Ratio
	Income Ratios		
1	Tax Revenue to Total Income Ratio... (%)	$\frac{\text{Tax Revenue}}{\text{Total Income}} \times 100$	These Ratios depict the share of each income in the Total Income of the ULB. Higher share of an individual income in the total income shows a high dependability on that source and therefore a high risk. The ULB should try and develop other sources of income to reduce this risk.
1A	Property & Other Taxes to Total Income Ratio. . (%)	$\frac{\text{Property \& Other Taxes}}{\text{Total Income}} \times 100$	
1B	Octroi/Cess to Total Income Ratio... (%)	$\frac{\text{Octroi/Cess}}{\text{Total Income}} \times 100$	
2	Assigned Revenues & Compensations to Total Income Ratio... (%)	$\frac{\text{Assigned Revenues \& Compensations}}{\text{Total Income}} \times 100$	
3	Rental Income from Municipal Properties to Total Income Ratio. . (%)	$\frac{\text{Rental Income from Municipal Properties}}{\text{Total Income}} \times 100$	
4	Fees & User Charges to Total Income Ratio. . (%)	$\frac{\text{Fees \& User Charges}}{\text{Total Income}} \times 100$	

Sr. No.	Financial Ratio	Method of Computation	Description of the Ratio
5	Revenue Grants, Contributions & Subsidies to Total Income Ratio... (%)	$\frac{\text{Revenue Grants, Contributions \& Subsidies}}{\text{Total Income}} \times 100$	
	Expense Ratios		
6	Establishment Expenses to Total Income Ratio. . . (%)	$\frac{\text{Establishment Expenses}}{\text{Total Income}} \times 100$	These Ratios depict the share of each expense in the total income of the ULB. The ULB 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 Expenses to Total Income Ratio. . . (%)	$\frac{\text{Administrative Expenses}}{\text{Total Income}} \times 100$	
8	Operations & Maintenance to Total Income Ratio... (%)	$\frac{\text{Operations \& Maintenance}}{\text{Total Income}} \times 100$	
9	Interest Expense to Total Income Ratio... (%)	$\frac{\text{Interest Expense}}{\text{Total Income}} \times 100$	
	Net Income Ratios		

Sr. No.	Financial Ratio	Method of Computation	Description of the Ratio
10	Cash Surplus / Deficit to Total Income Ratio. . . (%)	$\frac{\text{Cash Surplus or Deficit}}{\text{Total Income}} \times 100$ <p>Where Cash Surplus or Deficit is obtained from Receipts & Payments Account as difference between Operating Receipts and Operating Expenses.</p>	This ratio indicates the cash surplus or deficit generated as a percentage to the total income of the ULB.
	Efficiency Ratios		
11	Gross Property Tax Receivables Ratio... (No. of Days)	$\frac{\text{Average Gross Property Tax Receivable} \times 365}{\text{Demand for property tax raised during the year}}$ <p>Where Average Gross Property Tax (P.T.) Receivable = (Opening P.T. Receivable + Closing P.T. Receivable)/2</p>	These ratios indicate the average number of days for which the receivables are outstanding on an average. The ULB should try and keep these days very low.
12	Gross Cess Receivables Ratio... (No. of Days)	$\frac{\text{Average Gross Cess Receivable} \times 365}{\text{Demand for cess income raised during the year}}$ <p>Where Average Gross Cess Receivable = (Opening Cess Receivable + Closing Cess Receivable)/2</p>	
13	Property Tax Receivable to Property Tax Income Ratio... (%)	$\frac{\text{Property Tax Receivable at the end of the year}}{\text{Demand for property tax raised during the year}} \times 100$ <p>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 unrealized property tax)</p>	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.

Sr. No.	Financial Ratio	Method of Computation	Description of the Ratio
14	Cess Receivable to Cess Income Ratio... (%)	<u>Cess Receivable at the end of the year X 100</u> 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 unrealized cess)	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.
15	Inventory Ratio.(No. of Days Consumption)	Average Stock X 365 Store consumed during the year Where Average Stock = (Opening Stock + Closing Stock)/2	This ratio shall be calculated in respect of major stores of the ULB, for example, engineering stores, water supply stores, electricity stores, etc. This ratio indicates the average number of days of stock lying with the ULB. High number of days would indicate that the ULB 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.
18	Operations & Maintenance to Gross Fixed Assets Ratio... (%)	<u>Operations & Maintenance X 100</u> Gross Block of Fixed Assets (as at the end of the year)	This ratio indicates expenses incurred towards repairs & maintenance as a percentage of gross block of fixed assets. Although this is an essential expense 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.
19	Interest Expense 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	This ratio indicates the range of interest expenditure on loans availed by the ULB. The ULB should compare this with other ULBs and Government Bodies to ensure that loans are availed at competitive rates.
	Leverage Ratios		

Sr. No.	Financial Ratio	Method of Computation	Description of the Ratio
20	Loans to Reserves Ratio or Debt-Equity Ratio. . (times)	$\frac{\text{Loans}}{\text{Reserves \& Surplus}}$	This ratio measures the use of debt finance as a percentage to own funds of the ULB.
21	Interest Coverage Ratio.(times)	$\frac{\text{Surplus + Depreciation + Interest (incl. interest capitalized)}}{\text{Interest (incl. interest capitalized)}}$	This ratio indicates the comfort level with which the ULB can meet its interest burden. This ratio is very important from the lender's point of view also.
22	Debt Service Coverage Ratio... (times)	$\frac{\text{Surplus + Depreciation + Interest (incl. interest capitalized)}}{\text{Debt installments to be serviced (paid) during the next year + Interest (including interest to be capitalised)}}$	This ratio indicates the comfort level with which the ULB can service (pay) its debt installments and meets its interest burden. This ratio is very important from the lender's point of view also.
	Investment Ratios		
23	Earmarked Fund Investments to Earmarked Funds Ratio... (%)	$\frac{\text{Earmarked Fund Investments} \times 100}{\text{Earmarked Funds}}$	This ratio indicates the percentage of earmarked funds invested by the ULB.
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	This ratio indicates the range of interest earned on investments made by the ULB. The ULB should compare this with other ULBs and Government Bodies to ensure that investments are made at best rates.
	Liquidity Ratio		
25	Current Assets to Current Liabilities Ratio. . (times)	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	This ratio indicates the ability of the ULB to meet its obligations in the short run, usually one year.
	Asset Ratios		
26	Fixed Assets to Total Assets Ratio.. (%)	$\frac{\text{Fixed Assets} \times 100}{\text{Total Assets}}$	This ratio indicates the share of fixed assets in the total assets of the ULB.
	Performance Ratios		

Sr. No.	Financial Ratio	Method of Computation	Description of the Ratio
27	Income per Employee (Rs.)	<u>Total Income as per Income & Expenditure Account</u> No. of Employees of the ULB	These ratios indicate average income earned and average expenditure incurred per employee and per citizen of the ULB. These ratios should be compared with other ULBs and Government Bodies to benchmark the performance of the ULB with others.
28	Expenditure per Employee... (Rs.)	<u>Total Expenditure as per Income & Expenditure Account</u> No. of Employees of the ULB	
29	Income per Citizen. . . (Rs.)	<u>Total Income as per Income & Expenditure Account</u> No. of Citizens in the Municipal Area	
30	Expenditure per Citizen... (Rs.)	<u>Total Expenditure as per Income & Expenditure Account</u> No. of Citizens in the Municipal Area	

Volume VIII

***Adjustments, Period-end Procedures, and
Reconciliation***

VOLUME CONTENTS

- 1.0 Adjustments and Period-end Procedures**
- 2.0 Reconciliation Procedures**

Adjustments, Period-end Procedures And Reconciliation

1.0 Adjustments and Period-end Procedures

This volume contains the recommendations relating to the procedures to be followed by the ULB governed by the Orissa Municipal Corporation Act, 2003 to facilitate preparation of periodical accounts. Each ULB would prepare periodical accounts at quarterly or such other shorter period as may be decided and this shall be in addition to the annual accounts. 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 quarterly and annual procedures. The procedures to be followed on a daily, monthly, quarterly, and annual basis are covered under the following heads:

1.1. Daily Procedures

- Closing of Cash Book
- Physical verification of cash balance
- Deposit of collections (both cash and cheque) in the bank
- Checking ledger accounts with the books of original entries, i.e., Cash Book and Journal Book
- Verification of number of receipts issued as reported by the collection office with the Collection Register
- Updation of Subsidiary Ledgers

1.2. Monthly Procedures

- Bank Reconciliation
- Recording of expenditures incurred against permanent advance
- Payment of provident fund dues and pension contribution in respect of employees on deputation
- Reconciliation of Function wise Income/Expense Subsidiary Ledgers with respective TB totals
- Compilation of details of closing stock for recording the consumption of stores at the end of the months
- Closing of ledger accounts

1.3. Quarterly Procedures

- Reconciliation of deposits, advances, receivables and incomes
- Provision for period-end expenses

- Transfer of revenue grant received in advance for specific purpose to grant income
- Recognition of grant income for revenue expenditure incurred in respect of grant receivable as reimbursement
- Accrual of interest on borrowings
- Recording of provision for bills remaining unpaid in respect of Special Fund expenditure
- Accrual of interest on investments
- Accrual of interest on loans to employees
- Reconciliation of Capital Work in Progress
- Reconciliation of Inter Unit Balances
- Passing of adjustment entries
- Closing of ledger accounts

1.4. Annual Procedures

- Physical verification of stores
- Physical verification of fixed assets
- Transfer of funds from special funds to Special Funds (Utilised)
- Confirmation of all categories of advances
- Provision for unrealized revenue
- Accounting of prepaid expenses
- Contribution of difference in interest to the provident fund
- Expenditure for the benefit of Backward classes or similar other welfare schemes
- Confirmation from Government/Quasi-government and Government owned agencies
- Closing of ledger accounts

1.5. Each of the above procedures has been described in detail as follows:

1.6. Daily Procedures

- **Balancing of Cash Book:** The Cash Book shall be totalled 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.
- **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 Book itself. This shall be certified by the Cashier and the Head of the Accounts Department. The cash balance as physically verified should match with the closing cash balance as per the Cash Book.
- **Deposit of collections (both cash and cheque) in the Bank:** The cash and cheque collection shall be remitted to the Accounts Department or deposited with the Bank (Main Bank or Designated Banks) Care has to be taken that the money is remitted or deposited either on the same day or by the next working day. Further, it shall be ensured that the funds are transferred from the Designated Bank Accounts to the Main Bank Account at such periodicity as may be prescribed by the states.

- Checking of ledger accounts with the books of original entries, i.e., Cash Book and Journal Book: The daily postings of the entries in the Ledger Accounts from the Cash Book and the Journal Book shall be checked and certified by the Head of the Accounts Department 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.
- Verification of number of receipts issued as reported by the collection office with the Collection Register. On receipt of Challan 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 Challan for Remittance of Money. The number of receipts cancelled shall be reported in the Challan for Remittance of Money.
- Updation of Subsidiary Ledger: The Accounts Department shall update the following Subsidiary Registers at the end of each day:
 - Functions wise Income Subsidiary Ledger in respect of all major heads of Income during the day;
 - Functions wise Expense Subsidiary Ledger in respect of all major heads of Expenses during the day;

1.7. Monthly Procedures

- Bank Reconciliation: Bank Reconciliation shall be carried out for each of the Banks either on a monthly basis or for such shorter time interval as the ULB may decide. The procedure for bank reconciliation has been provided later in this volume.
- 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 expenses incurred against the permanent advance. The Register of Permanent Advance maintained at the Departments shall be updated on a daily basis for the expenses incurred and updated for payment order prepared and sent to the Accounts Department.
- Payment of provident fund dues and pension contribution in respect of employees on deputation. The Accounts Department shall ensure that the provident fund deducted from the salaries of the employees on deputation and the pension contribution payable for their benefit have been paid on time to the Government.
- Reconciliation of Function wise Income/Expense Subsidiary Ledgers with respective ledger accounts: Subsidiary ledgers of all Function wise Income and Expense shall be reconciled. The following is an illustrative list of Subsidiary Ledgers for which the Accounts Department shall prepare reconciliation statements on a monthly basis:
 - Functions wise Income Subsidiary Ledger in respect of all major heads of Income during the day;
 - Functions wise Expense Subsidiary Ledger in respect of all major heads of Expenses during the day.

- Compilation of details of closing stock for preparation of financial statements at the end of the month: At the end of each month, the Stores-in-charge shall prepare a Statement of Closing Stock for the stocks held in the Stores and issues made for various purposes from the entries made in the Stores Ledger.
- Closing of ledger accounts: The ledger accounts shall be totalled and balanced at the end of each month or such shorter period as the ULB may decide. The closing balances for each of ledger accounts shall be determined and posted in the Trial Balance prepared for that period.

1.8. Quarterly Procedures

- 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 ULB; receivables in respect of various sources of income and money received from various sources of income shall be reconciled at the end of each quarter.
- Provision for period-end expenses: At the end of an accounting period (quarter), all the departments of the ULB shall prepare a Statement of Outstanding Liability for Expenses.
 - Provision for expenses incurred on original work/ operations or maintenance work being executed by the Public Works Department for which either no payment has been made, or part payment has been made against the bills received, shall be made.
 - 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. Provision shall also be made for materials received for which bills are not received at the values indicated in the Purchase Order.
 - 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.
 - Provision for interest accrued but not due on the money borrowed through loans or debentures shall be made.
 - 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.
 - Provision for Depreciation on Fixed assets shall be calculated in accordance prescribed in this manual.
- Transfer of revenue grant received in advance for specific purpose to grant income. The balance in the Revenue Grant Account received in advance, to the extent utilised during the period shall be transferred to the respective Grant Income Account. Where such transfer has not been made, the Accounts Department shall pass the relevant entries.

- Recognition of grant income for revenue expenditure 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 quarter. Where such income has not been recognized, the Accounts Department shall pass the relevant entries.
- Accrual of interest on borrowings: Interest charges on loans received, which is not due shall be accrued.
- 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.
- Accrual of interest on investments: Interest accrued but not due on investments made shall be accrued.
- Accrual of interest on loans advanced to employees. The amount of interest accrued in respect of loans provided to employees shall be determined and accrued.
- 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 quarter 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.
- Reconciliation of Inter unit Account balances: At the end of each period reconciliation of inter unit transactions is intended to identify the disputed / unaccepted inter unit transactions between an 'originating Accounting Unit (AU)' and the 'responding Accounting Unit (AU)' and take appropriate action for rectification. Further, reconciliation of inter unit account is necessary in the process of consolidation of ULB at the head office level as the balances of inter unit account balances shall be nullified.
- 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 shall be made by the Accounts Department.
- Closing of ledger accounts: The ledger accounts shall be totalled and balanced at the end of each quarter or such shorter period as the ULB may decide for preparation of Financial Statements. The closing balances for each of ledger accounts shall be determined and posted in the Trial Balance prepared for that period. The closing balance in the assets and liabilities ledger accounts of the period shall be carried forward as opening balance of the next period.

1.9. Annual Procedures

All the period-end procedures, including the passing of adjustment entries performed at the end of each quarter, 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.

- 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 ULB may decide. The verification shall be carried out by the Stores-in-charge in presence of the personnel of the Audit Department, 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.
- Physical verification of fixed assets: A Committee consisting of Municipal Commissioner, Head of the Accounts Department, Head of the Public Works Department and such other representatives as the ULB's Statutory Authority 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 Statutory Authority. For this, the Committee shall prepare a plan of action for physical verification of its fixed assets. The Accounts Department together with the Public Works 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.
- Transfer of funds from special funds: The balance in the Special Fund shall be transferred to the Special Fund (Utilised) on construction or purchase or acquisition of fixed asset at the time of capitalisation of the relevant expenditures into fixed asset. A control shall be kept on the projects executed under any Special Fund for effecting transfer of balance.
- 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 ULB for miscellaneous advance provided.

- Provision for unrealized revenue: A provision shall be made for the demands raised during the accounting period but remaining outstanding. The procedure for provisioning, the amount to be provided and the accounting entries have been outlined in the respective sections on income accounting. The arrears of Receivable shall be carried forward year-wise up to two years or five years depending on the provision norm applicable to that Income. On completion of the last year the amount outstanding in the specific year-wise receivable account shall be transferred to a general arrears account i.e. Receivable (Others) Account. Further, the Accounts Department shall make a provision based on the provisioning principle suggested for various types of Income.
- Accounting of prepaid expenses. At the year-end, all the expenses shall be scrutinized to identify those expenses whose benefit is likely to accrue in the next year and a prepaid entry shall be passed.
- Contribution of difference in interest to the provident fund. The difference between the interest earned on Provident Fund investment and interest payable on Provident Fund contribution to the employees shall be contributed by the ULB and an amount equivalent to the difference shall be transferred from the Main Bank Account to the Provident Fund Bank Account.
- Expenditure for the benefit of Backward Classes Welfare or similar other benefit schemes of the ULBs. At the year-end, the Accounts Department shall collate the expenditure incurred for the benefit of Backward Classes Welfare or similar other benefit schemes from the records maintained there. The difference between the amount spent and the amount required to be spent as per the Government's instruction shall be transferred from the Main Bank Account to Backward Classes Welfare Fund Bank Account or other similar benefit fund Bank Account with a corresponding creation of/addition to Backward Classes Welfare Fund.
- Confirmation from Government/Quasi-government and Government owned agencies. 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 given later. Based on replies received, the Accounts Department shall undertake appropriate remedial action, including passing of necessary rectification entries, for reconciling the balances.
- Closing of ledger accounts. In addition to closing of ledger accounts at the end of each quarter, the ledger accounts shall be balanced and totalled at the end of each accounting year, i.e., on 31 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.
- 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.

- For transfer of income ledger balances to income side of Income and Expenditure Statement:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.)	Credit Amount (Rs.)	Books to be entered into
	Tax Income - PTD	Dr.			Journal Book Ledger
	Cess Income	Dr.			
	Water Taxes	Dr.			
	Rebate from State Government	Dr.			
	Property Transfer Charges To Income & Expenditure Account	Dr. Cr.			

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". Insert Minor & Detailed Head Codes of Account

For transfer of expenditure ledger balances to expenditure side of Income and Expenditure Statement:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.)	Credit Amount (Rs.)	Books to be entered into
	Income & Expenditure Account	Dr.			Journal Book , Ledger
	To Establishment Expenditure	Cr.			
	To Rent, Rates & Taxes	Cr.			
	To Printing	Cr.			
	To Repairs & Maintenance - Building	Cr.			
	To Repairs & Maintenance - Roads & Bridges	Cr.			
	To Central Stores Consumed	Cr.			
	To Engineering Stores Consumed	Cr.			

Note: Balances of the expense ledger accounts shall be posted on the left-hand side of the Income and Expenditure Statement under the column heading "Expenditure". Insert Minor & Detailed Head Codes of Account

- 1.10.** The closing ledger balance in the assets and liabilities ledger accounts of the accounting year shall be carried forward as opening balance of the next accounting year.

2.0 Reconciliation Procedures

This portion of the volume describes the reconciliation procedures to be carried out periodically in respect of accounts by the Urban Local Body (ULB). 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 Tax 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 Tax Department.

- 2.1.** The reconciliation procedures are to be carried out by the Accounts Department, Audit Department and the concerned departments.

- 2.2.** The procedures will include the following:

- Bank Reconciliation,
- Inter-unit reconciliation,
- Reconciliation of deposits,
- Reconciliation of receivables and collections in respect of:
 - Water supply;
 - Property and other taxes;
 - Cess;
 - Other heads of revenues.
- Reconciliation of advances to:
 - Contractors/suppliers;
 - Departments of the ULB; and
 - Employees of the ULB;
- Reconciliation of loans received (borrowings),
- Reconciliation of payables including contractors' payables,
- Reconciliation of balances with Government, quasi-Government agencies, Government Corporations, and
- Reconciliation of loans given to others
- Reconciliation of the accounts for the income and expense heads falling under the following categories with the Function wise Income / Expense Subsidiary Ledgers maintained at the Accounts Department in respect of those categories:
 - Fees & User Charges,
 - Sale & Hire Charges,
 - Establishment Expenses,
 - Administrative Expenses, and
 - Repairs & Maintenance Expenses;

2.3. Bank Reconciliation

- Bank Reconciliation is a procedure which aims at reconciling the bank balance as shown in the Cash Book of the ULB with the bank balance as per the pass book/statement received from the bank. The Bank Reconciliation shall be carried out on a monthly basis or such other shorter time intervals as the ULB may decide for each of the bank accounts maintained by the ULB.
- The bank balances as per the Cash Book and the Pass Book may not tally for the reasons listed in the table below:

Factors necessitating Bank Reconciliation

Reconciliation factors	Effect on Cash Book bank balance	Effect on bank balance as per Pass Book
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 amount	No effect
Cheques received but not deposited	Bank balance increases to the extent of cheque received but not deposited	No effect
Debit of charges by bank for any services rendered	No effect	Bank balance reduces to the extent of charges levied
Direct deposit of amount in the bank account	No effect	Bank balance increases to the extent of deposit
Interest allowed and credited by the Bank	No effect	Bank balance increases to the extent of interest credited
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 Cash Book and Pass Book		

- The procedure to be followed for reconciling the bank balance as per the Cash Book with the balance as per the Pass Book/Bank Statement is as under:
 - The Bank Reconciliation shall be carried out on a monthly basis or at such shorter time intervals as the ULB 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 Book

- The credit entries in the Bank Pass Book shall be compared with the entries in the Receipt Register and the entries appearing in both shall be ticked. The date when the cheques have been realised shall also be recorded in the Cheque Receipt Register.
- 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 Cash Book.
- The unticked items represent the cheques received and deposited in the bank 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.
- 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 Pass Book and those items, which do not reconcile shall be carried forward to the next period's BRS.

Payment entries in the Cash Book

- The debit entries in the Bank Pass Book shall be compared with the entries in the Cheque Issue Register and the Cash Book and the entries appearing in both shall be ticked.
- The unticked item represents the cheques issued by the ULB 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.
- The unticked items in the Cash 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/Bank Statement and those which are not reconciled shall be carried forward to the next period's Bank Reconciliation Statement.
- All the cheques issued but not presented for payment within six months from their date of issue (or such shorter period as decided by the ULB) 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

- There may be instances of bank charging service charges/commission or making payment against the standing instructions issued by the ULB. 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 and later incorporated in the Cash Book.
- Care should be taken for identifying such items at the time of reconciliation and subsequently recording them in the Cash Book. Identification of bank charges entries in the Pass book 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

- The unticked items both in the Pass Book and the Cash Book shall be extracted for reconciliation in the following format classified according to their nature:

Bank Reconciliation Statement for Bank as on

Particulars	Amount (Rs.)	Amount (Rs.)
Bank Balance as per Cash Book		
Add: Cheques issued but not presented into bank (a cheque-wise list to be appended)		
Add: Cheques drawn but not actually issued to parties (a list to be appended)		
Add: Cheque issued and payment stopped by ULB (a list to be appended)		
Add: Credits of investment proceeds in Bank (e.g. Fixed Deposits) accounted by the bank but not accounted for in Cash Book		
Add: Amount (Cash or Cheque) deposited by the depositor(s) into bank but not accounted for in Cash Book		
Add: Credit given by Bank either for interest or for any other account but not accounted for in Cash Book		
Sub-total		
Less: Cheques Deposited but not cleared		
Less: Payments directly made by the bank but not accounted for in Cash Book		
Less: Cheques deposited but dishonoured		
Less: Service Charges / Bank Charges or any other charge levied by the Bank but not accounted for in Cash Book		
Bank Balance as per Pass Book/Bank Statement		

- 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 Cash Book and Pass Book should be appropriately stated.

2.4. Reconciliation of Inter - Unit Transactions

Reconciliation of inter unit transactions is intended to identify the disputed / unaccepted inter unit transactions between an 'originating Accounting Unit' and the 'responding Accounting Unit' and take appropriate action for rectification. Further, reconciliation of inter unit account is necessary in the process of consolidation of ULB at the head office level as the balances of inter unit account balances shall be nullified. The process of inter unit account reconciliation is as follows:

- The individual units shall generate the statement of accounts of other AUs for circulation to the respective AUs on a monthly basis or such other shorter time intervals as the ULB may decide. On receipt of the statement of accounts, the individual accounting units shall compare the balances as per their books and prepares reconciliation statement in the format given below for any differences.
- Further, on a half-yearly basis or such other shorter time intervals as the ULB may decide, the reconciliation statements prepared by the individual accounting units shall be submitted to the Head office of the ULB. Based on review of the reconciliation statements of the individual AUs, the Head of the accounts department shall ensure that the all the reconciliation items are captioned and combined balance under all IUT account heads are tallied with the balance appearing in the Register of Inter Unit Transfer. In case of any disputed inter unit transactions identified during the reconciliation process, the ULBs' accounts department shall take appropriate action in resolving the disputed IUTs.

Name of Urban Local Body
Name of Accounting Unit

Inter Accounting Unit Reconciliation Statement for the period

Date

Accounting Unit name (recipient AU):

Particulars	Amount (Rs.)		Remarks (Accepted/ Unacceptable)
	Debit	Credit	
Balance as per our books of account			
Add / Deduct: ATCs raised by us but not accounted for by responding AU	Add in debit balance	Deduct from credit balance	
Add / Deduct: ATDs raised by us but not accounted for by responding AU	Deduct from debit balance	Add in credit balance	
Add/ Deduct: ATCs raised by other AU but not received by us	Add in debit balance	Deduct from credit balance	
Add/ Deduct: ATDs raised by other AU but not received by us	Deduct from debit balance	Add in credit balance	
Add/ Deduct: ATDs received by us but not accounted for	Deduct from debit balance	Add in credit balance	

Add/ Deduct: ATCs received by us but not accounted for	Add in debit balance	Deduct from credit balance	
Balance as per Other AU (credit/ debit)			
Prepared by :	Checked by :	Approved by :	

Note: Details of the difference shall be given under each of the broad heads depicted above with a serial listings of Advise Number, Date and Description.

2.5. Reconciliation of Deposits

- Reconciliation of Deposits aims at reconciling the balance of Earnest Money Deposit, Security Deposit and any other deposits received by the ULB. The reconciliation shall be carried out between the records maintained at other departments and those maintained at the Accounts Department.
- The Deposit Reconciliation shall be carried out quarterly or at such shorter time intervals as the ULB may decide.
- The Department which had received the deposits shall prepare a Reconciliation Statement of Deposits Outstanding from the Deposit Register in the format provided 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.

Reconciliation Statement of Deposits Outstanding with the ULB

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 been received)	
<u>Less:</u> Deposits returned during the current accounting period (specify all the Payment Orders through which the deposit has been refunded)	
Less : Deposits Adjusted (Give details)	
Less : Deposits Lapsed	
Deposits outstanding at the end of the accounting period	

- The balances computed above would be reconciled with the balances for Deposits shown in the Ledger of the Accounts Department and the Deposit Register 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.

2.6. Reconciliation of Receivables and Collections

- The receivables and collections shall be reconciled on a quarterly basis or such other shorter time intervals as the ULB may decide. The procedure for reconciling the outstanding balance of receivables and collections shall be the same for all kinds of receivables, viz.:
 - Water Supply receivables;
 - Property Tax receivables;
 - Cess receivables;
 - Receivables on account of other heads of revenues.
- For instance, for reconciling water supply receivables and collections, the following shall be done:

Reconciliation Statement of Receivables and Collection Details **for Department as on**

Sr. No.	Particulars	Amount (Rs.)	Amount (Rs.)
A	OPENING BALANCE OF DEMAND OUTSTANDING		
i.	Demand outstanding in respect of the previous quarters/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	Add: Demand raised during the current Quarter / Period		
C	TOTAL DEMAND OUTSTANDING		
D	COLLECTIONS DURING THE CURRENT QUARTER/PERIOD		
i.	Collection of demand pertaining to current quarter / accounting period		
ii.	Collection of demand pertaining to previous quarters / accounting periods of the current accounting year during the current quarter / accounting period		
iii.	Collection of demand pertaining to demand for the previous accounting years collected during the current quarter/accounting period (This detail should be given year- wise, wherever applicable)		

iv.	Collection in advance pertaining to future accounting periods		
E	Total collections during the current quarter/accounting period (i + ii + iii + iv)		
F	CLOSING BALANCE OF DEMAND OUTSTANDING		
i.	Demand outstanding in respect of the current quarters/accounting periods [B - D(i)]		
ii.	Demand outstanding in respect of the previous quarters/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)]		

- 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.

2.7. Reconciliation of Advances Given

This section describes the reconciliation procedure to be followed on a quarterly basis or such shorter intervals as the ULB may decide for reconciling the advances given to, namely:

- Contractors/Suppliers;
- Departments of the ULB; and
- Employees of the ULB;
- **Reconciliation of advance given to Contractors/Suppliers**
 - 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.
 - The Department, which had initially sanctioned advance to the contractor/supplier, shall prepare a Reconciliation Statement of Advance Outstanding in the format given 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.

Reconciliation Statement of Advance Outstanding provided to Contractor/Supplier By Department as on

Particulars	Amount (Rs.)
Advance outstanding at the beginning of the accounting period	

Add: Further advance given during the current accounting period (specify all the Payment Orders through which advance have been provided)	
Total Advance Provided	
Less: Advance recovered during the current accounting period (specify all the Statement of Collection through which advance had been recovered)	
Less : Advance Adjusted (Give details)	
Advance outstanding at the end of the accounting period	

- 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**
 - The departments receiving the advances from the Accounts Department shall maintain a record of the advances received by them in Register of Permanent Advance. The Accounts Department shall also maintain a record of the advances provided to the departments in a Register of Advance.
 - 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 below. The confirmation received shall be tallied with the Register of Advances by the Accounts Department.

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)	
Total Advance Provided	
Less: Expenditure incurred against the advance provided	
Advance outstanding at the end of the accounting period	

- 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**

- The employees of the ULB may be provided with two kinds of advances namely - personal advance or miscellaneous advance.
- The details of the personal advances granted to the employees shall be recorded in a Register of Advances. 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 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.

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	
Add: Further advance given during the current accounting period (specify all the Payment Orders through which advance have been provided/replenished)	
Total Advance Provided	
<u>Less:</u> Advance recovered including recovery from the salary during the current accounting period	
Advance outstanding at the end of the accounting period	

- In case of miscellaneous advance provided to employees for incurring expenses 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, as in the format provided below. The statement obtained shall be confirmed with the records maintained in the Register of Advances.

**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	
Add: Further advance given during the current accounting period (specify all the Payment Orders through which advance have been provided / replenished)	
Total Advance Provided	
<u>Less:</u> Expenditure incurred against advance provided	

Less: Advance adjusted (Give details)	
Advance outstanding at the end of the accounting period	

- 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**
 - The Accounts Department shall maintain a record of all the loans borrowed in Register of Loan. 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 below stating therein, the amount borrowed or disbursed directly to Executing Agency, the amount repaid and interest accrued and paid on the loan.

**Confirmation Statement Of Loan Borrowed From
(Name Of The Lending Agency) As On**

Particulars	Amounts in Rs.	
Loan outstanding at the beginning of the accounting year		
Add: Installments received during the accounting year		
Sub-total loan outstanding		
Less: Installments paid during the accounting year		
Net Loan outstanding at the end of the accounting year (A)		
Total Interest Payable at the beginning of the accounting year		
Add: Interest accrued during the accounting year		
Total Interest Payable		
Less: Interest paid during the accounting year		
Total Interest Payable at the end of the accounting year (B)		
Total amount due (principal plus interest) at the end of the accounting year (A+B)		

- Based on the reply received, the ULB shall take steps for reconciliation of the difference, if any.

○ **Reconciliation Of Payables (Suppliers And Contractors)**

- The concerned departments and the Accounts Department maintain a Register of Bill for Payment in which all bills submitted for payment are recorded. The concerned department shall ascertain the information required as shown below and forward the details to the Accounts Department.

Reconciliation Statement of Payables Details for Department as on

Sr. No.	Particulars	Amount (Rs.)	Amount (Rs.)
A	OPENING BALANCE OF UNPAID BILLS		
i.	Bill outstanding in respect of the previous quarters / 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	Add: Bills received during the current quarter/period		
C	GROSS TOTAL LIABILITY OUTSTANDING (A + B)		
D	PAYMENTS DURING THE CURRENT QUARTER/PERIOD		
i.	Payment of bills pertaining to current quarter / accounting period of the current accounting year		
ii.	Payment of bills pertaining to previous quarters/accounting periods of the current accounting year during the current quarter / accounting period		
iii.	Payment of bills pertaining to previous accounting years during the current quarter/accounting period (This detail should be given year-wise, wherever applicable)		
E	Total payments during the current quarter/accounting period (i + ii + iii)		
F	CLOSING BALANCE OF UNPAID BILLS		
i.	Bill outstanding in respect of the current quarters/accounting periods of the current accounting year [B - D(i)]		
ii.	Bill outstanding in respect of the previous quarters/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)]		

- 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.

2.8. Reconciliation Of Balances With Government, Ouasi-Government Agencies, Government Corporations, Etc

- Due to large number of transactions with various governments, quasi-government and government owned agencies; it becomes imperative to reconcile the balances between the books of account of the ULB and the government/agencies.

- 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 either,
 - the amount receivable from the authority/agency as shown below, or
 - the amount payable to the authority/agency also as shown below,depending on whether sum is receivable from or payable to the concerned authority/agency.

Confirmation Statement of balances receivable from _____ as on

Sr. No.	Particulars	Amount (Rs.)	Amount (Rs.)
A	AMOUNT OUTSTANDING AS AT THE BEGINNING OF THE ACCOUNTING YEAR		
	Demand outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable)		
B	Add: Bills for Demand raised for Services rendered or Goods supplied during the current Accounting Year		
C	GROSS TOTAL DEMAND OUTSTANDING (A + B)		
D	COLLECTIONS RECEIVED DURING THE CURRENT ACCOUNTING YEAR		
i.	Collections pertaining to current accounting year		
ii.	Collections pertaining to previous accounting years during the current accounting year (This detail should be given year- wise, wherever applicable)		
E	Total collections made during the current accounting year (i + ii)		
F	CLOSING BALANCE OF DEMAND OUTSTANDING		
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)]		

Confirmation Statement of balances payable to as on

Sr. No.	Particulars	Amount	Amount
A	AMOUNT OUTSTANDING AS AT THE BEGINNING OF THE ACCOUNTING YEAR		
	Bills outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable)		
B	Add; Bills received for payment during the current Accounting Year		
C	GROSS TOTAL LIABILITY OUTSTANDING (A + B)		
D	PAYMENTS MADE DURING THE CURRENT ACCOUNTING YEAR		
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 applicable)		
E	Total payments made during the current accounting year (i+ ii)		
F	CLOSING BALANCE OF OUTSTANDING		
i.	Bills outstanding in respect of the current accounting year [B - D(i)]		
ii.	Bills outstanding in respect of previous accounting years (This detail should be given year-wise, wherever applicable) [A - D(ii)]		

- In case, where both the amount is due and payable to any authority/agency, both the Statements shall be submitted for balance confirmation to the authority/agency concerned.
- Based on the reply received, the ULB shall take steps for reconciliation of the difference, if any.

2.9. Reconciliation of Ledger Balances in Income And Expense Accounts with Function wise Income / Expense Subsidiary Ledgers

- Function-wise Subsidiary Ledgers are to be opened in respect of all major income and expenses. The various incomes and expense accounts are to be posted directly from the Cash Book and/or Journal to the Main Ledger in the individual ledger accounts in respect of those income and expense heads. Simultaneously, entries are to be made in the Function-wise Subsidiary Ledger so that department-wise information is also readily available.
- 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.

Volume IX

***Budgets and
Management Information System***

VOLUME CONTENTS

1.0 Budgets

2.0 Management Information System (MIS)

Budgets and Management Information System

1.0 Budgets

This volume contains the overview of the Budgeting approach, process, budgetary controls (budgeting system) and MIS & other performance review / status reports of a ULB. 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 ULBs.

1.1. Approach to Budgeting

- Budget preparation process, calendar, approval and control process indicated in this volume is on Cash basis
- The objective of the budgeting system of an ULB 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 centres.
- Budget shall reflect the principles and programmes of the ULB.
- Budget must also enable ULB 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.
- Any receipt and payment shall reflect the above said objectives.
- To facilitate this, three 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 functionary as identifiable by personnel responsible for any function
 - the field as identifiable by the geographical boundaries over which the cost is incurred

1.2. Budgeting Process

- 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.
- 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 must be referred from the recommended Chart of Accounts.
- Budget shall be prepared for each of the revenue and capital account heads in form BUD-1 annexed to this volume.
- The form BUD-1 is to be prepared by individual budgeting units for each of the Major and Minor Heads of Account along with the details of the function and functionaries responsible for discharge of the functions and field towards which it relates. Functions, Functionary, Major Head, and Minor Heads are mandatory.
- It is advisable to have the budgets prepared at the detailed head also to ensure budgetary control. However, the ULB can decide whether budgets would be prepared at the field level like zones, or wards.
- In the medium term, ULBs are advised to move towards decentralised budgeting at the field level. In addition, as the Orissa Municipal Corporation Act, 2003 prescribes a ULB to maintain separate funds for Water Supply, the Sewerage and Drainage Account, Road Development and Maintenance Account, Bustee Services Account, the Commercial Projects Account, and the General Account. In such a situation, 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.

1.3. Bottom up budgeting

- 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
- The consolidated budgets shall be presented in a summary form (in form BUD - 3-7). Detailed Budget will also form part of the Budget Document of the ULBs.

1.4. Budgeting Calendar

- The budget preparatory process follows a budget calendar. The "budget calendar" provides various details of deadlines and dates by which various officials in the ULB need to prepare and place the budget before the concerned authorities.

- 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 the Orissa Municipal Corporation Act, 2003.
- The budgeting activity for any financial year shall commence by September or any other month of the financial year preceding it. The various stages of budget preparation and approval should be within the time limits as stipulated in this regard by the Orissa Municipal Corporation Act, 2003.
- An illustrative timetable for budgeting and review is given below:

Requisition from the Accounts section for Budget activity	By September
Receipt of Budgets plans for all Departments	By mid of October
Compilation of Budget for review by Municipal	By end of October
Budget finalisation by Municipal Commissioner for placing before the Standing Committee	At the beginning of November

1.5. Approval of Budget

- The Budget is the key document of any governmental set up. The Orissa Municipal Corporation Act, 2003 specifies the approving authority for approval of the budgets of the ULBs.
- A budget may not be a valid document unless it is properly approved / authorised by an approving authority.

1.6. Budget Revision

- Once a budget has been prepared subsequent revisions to the amount budgeted may arise. The Orissa Municipal Corporation Act, 2003 governing the ULBs specifies the circumstances for revision of budgets.
- Some of the forms in which budget allocations are changed are Re-appropriation, Additional Budget, reduction in Budget and Budget Cut.
- Budget Utilisation should be reviewed at quarterly and such other periodic rests as may be determined by Orissa Municipal Corporation Act, 2003 to identify and plan for any budgetary revision well in advance. Any budgetary revision would be in accordance with the provisions laid out in this regard by the Orissa Municipal Corporation Act, 2003 in this regard.

1.7. Budgetary Controls

- 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 lay down by the Orissa Municipal Corporation Act, 2003 in this regard.

1.8. Budget variance report (BVR)

- An important budgetary control tool used for monitoring and measurement is Budget variance report (BVR) and shall be prepared at the following levels:
 - at an overall ULB level;
 - at each of the Budgeting Centres.
- The BVR forms the basis of control as it can provide information on:
 - 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.
 - 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.
- The BVR should be prepared on a monthly basis or such periods as the State laws/Acts governing the ULB may define. Review mechanisms for disposing of the unfavorable variances would add value to the Management of ULB. The format of the BVR is annexed to this Volume as Form BUD - 8.

2.0 Management Information System (MIS)

Management Information System reports are necessary in ULBs 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 ULBs in various forms. MIS reports serve as critical inputs for any decision making on any of the conducts of the ULBs.

2.1. Bases and Coverage

- 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.
- As explained earlier, MIS covers non-financial aspects of the activities also. For example, the data on education: number of schools under ULB, number of teachers, number of students, and the pass percentage form part of such data. If these data are used integrally with financial aspect results in preparation of various analytical reports like cost of service delivery.
- 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)

- MIS reports concerning Financial Statements will include:
 - Income & Expenditure
 - Balance Sheet
 - Statement of Cash flows
 - Receipts & Payments Account
 - Subsidy Report
 - Financial Ratios
- ULBs may also prepare the following reports on a periodical basis, submit them to various governing committees for review, analysis, and decision making purposes.
 - Statement of Receivables (Form BUD - 9)
 - Statement of Payables (Form BUD - 10)
 - Ward wise Liability Summary Report (Form BUD - 11)
 - Revenue Trend analysis (Form BUD - 12)
- ULBs may also specify additional MIS reports, which are appropriate and necessary for their functioning and monitoring.

Name of the ULB

Name of the Functionary: (For e.g. Public Works Department)

Name of the Function: __ (For e.g. Road repairs/ Land and Buildings)

Budgeting Year: _____

Budget estimation Sheets format

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
	<u>REVENUES</u>				
Ward	<u>Tax Revenues</u> Property & Other Taxes Water Taxes				
	Sub-total (Tax Revenues)				
Ward	<u>Fees & User Charges</u> License Fees Advertisement Taxes				
	Sub-total (Fees & User Charges)				
Ward	<u>Interest Income</u> Interest from Bank Deposits Interest from Post Office Deposits				
	Sub-total (Interest Income)				
	TOTAL REVENUE RECEIPTS				

Field	Head of Account - Description of Item*	Actual for the previous year Rs	Budget Estimates for the current year	Revised Estimates for the current year	Budget Estimates for the next year
1	2	3	4	5	6
	<u>EXPENDITURES</u>				
Ward	<u>Establishment Expenses</u> Salaries & Wages Pension expenses				
	Sub-total (Establishment Expenses)				
Ward	<u>Operations & Maintenance</u> Repairs & Maintenance - Roads Repairs & Maintenance - Buildings				
	Sub-total (Operations & Maintenance)				
	TOTAL REVENUE EXPENDITURE				
	<u>CAPITAL RECEIPTS</u>				
Ward	<u>Loans</u> Loans from State Government				
	Sub-total (Loans)				
Ward	<u>Deposit works</u> Deposit works received				
	Sub-total (Deposit Works)				
Ward	<u>Deposits and Advances</u> Security Deposits				
	Sub-total (Deposits)				
	TOTAL CAPITAL RECEIPTS				

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
	<u>CAPITAL EXPENDITURE</u>				
Ward	<u>Fixed Assets</u> Purchase of Fixed Assets Capital Work in progress				
	Sub-total (Fixed Assets)				
Ward	<u>Investments</u> Investment in Government Securities Investment in Non- Govt. Securities				
	Sub-total (Investments)				
Ward	<u>Loans and Advances</u> Loans to Employees Loans to Others Miscellaneous Advances				
	Sub-total (Loans & Advances)				
	TOTAL CAPITAL EXPENDITURE				

Note: Similar to the above, the budget estimation shall be obtained for the entire Major, Minor and detailed account heads for each of the wards, functions, and functionaries.

BUD-2

Budgeting Year:

Name of the ULB
Budget estimate Consolidation format

Function	Functionary	Field	Head of Account - Description of Item	Actual for the previous year	Budget Estimates for the current year	Revised Estimates for the current year	Budget Estimates for the next year
1	2	3	4	5	6	7	8

Note: Consolidation shall be made for every item of detailed heads of account.

Name of the ULB
SUMMARY OF BUDGET FOR THE PERIOD

Particulars	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
Opening Balance*				
Add:				
Revenue Receipts				
Capital Receipts				
Less:				
Revenue expenditure				
Capital Expenditure				
Closing Balance *				

Note: *Balances denote cash and bank balance.*

Name of the ULB

MAJOR ACCOUNT HEAD WISE BUDGET FOR THE PERIOD

Sr. No.

Sl. 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 RECEIPTS					
	Tax Revenue					
	Assigned Revenues and Compensation					
	Rental Income - Municipal Properties					
	Fees and User Charges					
	Sale and Hire Charges					
	Revenue Grants, Contributions and Subsidies					
	Income from Investments					
	Interest Earned					
	Other Income					
	Total					
	REVENUE EXPENDITURE					
	Establishment Expenses					
	Administrative Expenses					
	Operations and Maintenance					
	Interest and Finance Charges					
	Program Expenses					

Sl. 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					
	Total					
	CAPITAL RECEIPTS					
	Grants, Contributions for Specific purposes Secured Loans Unsecured Loans Deposits Received Deposit Works Other Liabilities					
	Total					
	CAPITAL EXPENDITURE					
	Fixed Assets Capital Work in Progress Investments – General Fund Investments - Other Funds Stock in hand Prepaid Expenses Loans, advances and deposits Other Assets					
	Total					

Note: These totals shall be tallied with the totals in Forms BUD 5- 7.

Name of the ULB

SUMMARY OF FUNCTION WISE BUDGET FOR THE PERIOD

Form BUD – 5

Sr. No.

SI. No	Function	Code	Revenue Receipt Rs.	Revenue Expenses Rs.	Capital Receipts Rs.	Capital Expenditure Rs.	Net Inflow/ (Outflow) Rs.
1	2	3	4	5	6	7	8
	General & Administration						
	Planning & Regulations						
	Public Works						
	Health						
	Sanitation & Solid Waste Management						
	Civic Amenities						
	Urban Forestry						
	Urban Poverty Alleviation & Social Welfare						
	Other Services						
	Revenues						
	Total*						

Note: The total of columns 4 to 7 shall be tallied with those in Form BUD – 3

Name of the ULB

Form BUD – 6

SUMMARY OF FIELD WISE BUDGET FOR THE PERIOD

Sr. No.

Sl. No	Function	Code	Revenue Receipt Rs.	Revenue Expenses Rs.	Capital Receipts Rs.	Capital Expenditure Rs.	Net Inflow/ (Outflow) Rs.
1	2	3	4	5	6	7	8
	Field 1 Field 2 Field 3						
	Other Wards						
	Total*						

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.

Form BUD - 7

Name of the ULB

SUMMARY OF FUNCTION WISE BUDGET FOR THE PERIOD

Sr. No.

Sl. No	Function	Code	Revenue Receipt Rs.	Revenue Expenses Rs.	Capital Receipts Rs	Capital Expenditure Rs.	Net Inflow/ (Outflow) Rs.
1	2	3	4	5	6	7	8 (4+6)-(5+7)
1	Municipal Body						
2	Estate & Central Records						
3	Stores						
4						
5						
6							
7							
9							
10							
11							
12							
13	Others*						
	Total**						

All the functions carried out by the ULBs shall be captured in the format given above.

The total of columns 4 to 7 shall be tallied with those in Form BUD -3.

Name of the ULB
Quarterly Budget Variance Report
For the period from..... to.....

Code No.	Head of Account	Budget Estimate (Rs.)	Progressive Total at the end of each quarter Rs.				Variance Rs.	Remark
			Qtr. 1	Qtr. 2	Qtr. 3	Total		
1	2	3	4	5	6	7	8	9
	REVENUE RECEIPTS							
	Tax revenue							
	Assigned Revenues & Compensation							
	Rental income from Municipal Properties							
	Fees & User charges							
	Sale & Hire charges							
	Revenue Grants, contribution & subsidies							
	Income from Investments - General Fund							
	Income from Investments - Other Funds							
	Interest earned							
	Other income							
	Any other revenue receipts [specify]							
	Sub-total							
	REVENUE EXPENDITURE							
	Establishment Expenses							
	Administrative Expenses							
	Operations & Maintenance							
	Interest & Finance charges							
	Programme Expenses							
	Revenue Grants, contribution & subsidies							
	Miscellaneous Expenses							
	Any other revenue payments [specify]							
	Sub-total							

Similarly, the variances for Capital receipts and expenditures shall also be computed on a periodic basis.

Name of the ULB

Name of the Department: _____

Statement of Receivables for the month of
 (To be forming part of Monthly Accounts)

Code No.	Head of Account / Item	Receivables at the start of the month	Demand raised	Actual receipts during the month	Receivables at the end of the month
1	2	3	4	5	6
	<u>Property Taxes</u> Property Taxes Others				
	Sub-total				
	<u>Other Taxes</u> Water Supply Sewerage Tax Professional Tax [wherever on demand] Others				
	Sub-total				
	<u>Cess Income Fees & User Charges</u> License Fees Development Charges Others				
	Sub-total				
	<u>Other Sources</u> Rental Income Interest Accrued and due Interest Accrued and not due Others				

Code No.	Head of Account / Item	Receivables at the start of the month	Demand raised	Actual receipts during the month	Receivables at the end of the month
1	2	3	4	5	6
	Sub-total				
	<u>Government</u> Grants Assigned Revenues Others				
	Sub-total				
	Grand Total of Receivables				

Insert Detailed Head Codes of Account as applicable
Specify tax or other revenue accounts as applicable

Name of the ULB

Name of the Department _____

Statement of Payables for the month of.....

(To be forming part of Monthly Accounts)

Code No.	Head of Account / Item	Payables at the start of the month	Bills raised	Actual payments during the month	Payables at the end of the month
1	2	3	4	5	6
	Creditors Suppliers Contractors Payable against Grants Others				
	Sub-total				
	Employee Liabilities Gross Salary Pension Others				
	Sub-total				
	Recoveries Payable TDS Works Tax Others				
	Sub-total				
	Refunds Payable Taxes Others				
	Sub-total				
	Advance Collection Of Revenues Taxes Others				
	Sub-total				
	Grand total of Payables				

*Insert Detailed Head Codes of Account as applicable
Specify tax or other payable accounts as applicable*

Name of the ULB
Ward wise Works Liability Summary Report
For the year.....

Ward No.	Opening Balance		Current year		Total		Paid during the current year		Balance		Remarks
	No. of pending bills	Amount	No. of pending bills	Amount	No. of pending bills	Amount	No. of pending bills	Amount	No. of pending bills	Amount	
1											
2											
3											
4											
Total											

Name of the ULB
Revenue Trend Analysis
For the year ending

														BUD 12			
	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 [decreas e]	%age increase or [decreas e]
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17 [15-16]	18
	Tax revenue																
	Assigned Revenues & Compensation																
	Rental income from Municipal Properties																
	Fees & User charges																
	Sale & Hire Charges																
	Revenue Grants, contributions & subsidies																
	Income from Investments General Fund																
	Income from Investments - Other Funds																
	Interest earned																
	Other income																
	Total																

