



**RAMA K GUPTA & CO.**  
**Chartered Accountants**

# **STATUTORY AUDIT REPORT**

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**INDORE MUNICIPAL CORPORATION**

**FINANCIAL YEAR : 2016-17**

“JAI MATA DI”

**RAMA K GUPTA & CO.**  
**Chartered Accountants**

(Formally known as Lulla Gupta & Co.)



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Indore – (M.P.) 452001

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## INDEPENDENT AUDITOR'S OPINION

**To,**  
**The Municipal Commissioner,**  
**Indore Municipal Corporation,**  
**Indore**

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying standalone financial statements of **INDORE MUNICIPAL CORPORATION, INDORE**, which comprise the Balance Sheet as at March 31, 2017, and the Statement of Income & Expenditure Account and the Cash Flow Statement and the Statement for the year then ended, and a summary of significant accounting policies.

### **MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS**

The authorities of the corporation are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows of the corporation in accordance with the accounting principles generally accepted by the corporation.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these financial statements prepared under accrual based accounting system of the corporation based on National Municipal Accounting Manual (NMAN).

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under double entry system of accounting under NMAN. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **OPINION**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the NMAN in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs (financial position) of the company as at March 31, 2017;
- (b) In the case of the Statement of Income & Expenditure, of the deficit of the corporation for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

We report the following observations and discrepancies which we are giving in **“ ANNEXED REPORT ”** to be read everytime with this Statutory Audit Report .  
Subject to above : we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept and maintained by the Corporation so far as appears from our examination of such books and subject to the observations made below.
- c) The Balance Sheet, the Statement of Income and Expenditure, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

### **A.1.3. Grants, Contribution for Specific Purpose**

It has been stated that General Purpose Grant of revenue nature are recognized on accrual basis.

As per the characteristic of specific revenue grant, we advise that same has to be considered on actual basis and not on accrual basis.

### **A.1.4 Provisions for Receivables**

It has been observed that amount receivable from Property and other taxes is not classified between various time limits specified in the provision clause. Due to which actual amount of provision may be differ from that of shown in the Financial Statements.

As required by the National Municipal Accounting Manual (NMAN) issued by the Government of India, Ministry of Urban Development November 2004 in terms of chapter 32 of NMAN, we give in the “Annexure A” a statement on the matters specified in paragraphs 2 of the chapter, to the extent applicable.

(1) We further report that:

- (a) We have obtained all the information and explanations knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the corporation so far as it appears from our examination;

(c) The Balance Sheet, the Statement of Income & Expenditure dealt with by this Report are in agreement with the books of account

(d) With respect to Fixed Assets of the corporation Balance stated in Balance sheet are subject to physical verification, revaluation and impairment if any. In absence of mentioned information we are unable to quantify the financial effect if any..

(e) With respect to Bank Reconciliation our observations and explanation given by the management the bank balance is arrived at after reconciliation with respective bank statements . Some of the bank balance are subject to confirmation and adjustments arising due to reconciliation. Also due to various reasons , as explained from time to time some entries in reconciliations could not be matched and may be outstanding on both sides in different groups.

(f) The audit has been undertaken according to the details provided and explanations given on all the financial and non financial matters and the detailed point during audit has been pointed in annexed report.

(g) In our opinion and to the best of our information and according to the explanations given to us:

i. The Corporation has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts.

**For RAMA K GUPTA & CO.**  
Chartered Accountants

**CA ANKUR GUPTA**  
(Partner)  
**M. N. 429684**  
Date: **04/06/2018**  
Place: **Indore**



**INDORE MUNICIPAL CORPORATION**  
**INCOME AND EXPENDITURE STATEMENT**  
 (FOR THE PERIOD FROM 1 APRIL, 2016 TO 31ST MARCH, 2017)

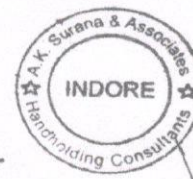


(Amount in Rs.)

	Item / Head of Account	Schedule No	Amount For the year 2016-17 (Rs.)	Amount For the year 2015-16 (Rs.)
<b>A</b>	<b>INCOME</b>			
	Tax Revenue	IE-1	4,432,404,772.53	3,369,458,580.13
	Assigned Revenues & Compensation	IE-2	5,387,422,012.00	5,344,829,517.00
	Rental Income from Municipal Properties	IE-3	39,796,493.37	35,480,482.00
	Fees & User Charges	IE-4	862,138,944.27	665,057,808.64
	Sales & Hire Charges	IE-5	30,165,787.00	20,255,719.00
	Revenue Grants, Contributions & Subsidies	IE-6	1,465,481,896.50	851,619,850.00
	Income from Investments	IE-7	48,621,705.00	28,371,624.00
	Interest Earned	IE-8	53,306,161.39	35,700,028.32
	Other Income	IE-9	508,227,716.10	533,659,576.50
	<b>Total - INCOME</b>		<b>12,827,565,488.16</b>	<b>10,884,433,185.59</b>
<b>B</b>	<b>EXPENDITURE</b>			
	Establishment Expenses	IE-10	2,869,669,488.00	2,320,747,070.34
	Administrative Expenses	IE-11	426,791,778.61	265,362,459.05
	Operations & Maintenance	IE-12	3,056,857,414.03	2,169,578,945.60
	Interest & Finance Expenses	IE-13	363,720,917.06	310,464,576.79
	Programme Expenses	IE-14	25,811,175.00	15,928,667.00
	Revenue Grants, Contributions & Subsidies	IE-15	204,182,406.50	32,841,050.00
	Provisions & Write off	IE-16	1,127,876,682.99	900,132,546.44
	Miscellaneous Expenses	IE-17	19,909,876.51	172,782,317.40
	Depreciation		1,705,340,554.34	1,568,920,527.64
	<b>Total - EXPENDITURE</b>		<b>9,800,160,293.03</b>	<b>7,756,758,160.25</b>
<b>C</b>	Gross Surplus / (Deficit) of Income over Expenditure before Prior Period Items (A-B)		<b>3,027,405,195.13</b>	<b>3,127,675,025.33</b>
<b>D</b>	Add/Less: Prior Period Items (Net)	IE-18	-	-
<b>E</b>	Gross Surplus / (Deficit) of Income over Expenditure after Prior Period Items (C-D)		<b>3,027,405,195.13</b>	<b>3,127,675,025.33</b>
<b>F</b>	Less: Transfer to Reserve Funds		610,870,495.28	514,335,097.84
<b>H</b>	<b>Net Balance being Surplus / (deficit) carried over to Municipal Fund (E-F-G)</b>		<b>2,416,534,699.84</b>	<b>2,613,339,927.49</b>

  
 Commissioner  
 Indore Municipal Corporation

  
 Additional Commissioner - Finance  
 Indore Municipal Corporation



  
 A. K. Surana & Associates  
 Handholding Consultants

Place Indore  
 Date





# INDORE MUNICIPAL CORPORATION

## BALANCE SHEET

(AS AT 31 MARCH 2017)



(Amount in Rupees)

	Particulars	Schedule No.		Current Year	Previous Year
<b>A</b>	<b>SOURCES OF FUNDS</b>				
<b>A1</b>	<b>Reserves and Surplus</b>				
	Municipal (General) Fund	B-1	13,291,627,014.56		11,147,212,453.72
	Earmarked Funds	B-2	389,364,554.00		342,115,039.00
	Reserves	B-3	13,770,804,158.61		12,861,547,710.43
	<b>Total Reserves and Surplus</b>			<b>27,451,795,727.18</b>	<b>24,350,875,203.15</b>
<b>A2</b>	<b>Grants, Contributions for Specific Purpose</b>	B-4		<b>4,240,296,914.04</b>	<b>3,735,321,906.54</b>
<b>A3</b>	<b>Loans</b>				
	Secured Loan	B-5	-		126,242,618.30
	Unsecured Loans	B-6	3,091,568,812.00	<b>3,091,568,812.00</b>	3,396,275,999.00
	<b>Total Loans</b>				<b>3,522,518,617.30</b>
	<b>TOTAL OF SOURCES OF FUNDS [A1-A3]</b>			<b>34,783,661,453.22</b>	<b>31,608,715,726.99</b>
<b>B</b>	<b>APPLICATION OF FUNDS</b>				
<b>B1</b>	<b>Fixed Assets</b>				
	(Including Statues and Heritage Assets)				
	Gross Block	B-11	28,978,267,196.00		26,108,203,588.00
	Less: Accumulated Depreciation		13,461,292,689.05		11,755,952,134.71
	Net Block			15,516,974,506.95	14,352,251,453.29
	Capital Work-in-Progress			8,872,339,828.90	8,433,132,557.90
				<b>24,389,314,335.85</b>	<b>22,785,384,011.19</b>
<b>B2</b>	<b>Investments</b>				
	Investment - General Fund	B-12		711,304,287.00	711,303,887.00
	Investment - Other Fund	B-13		325,485,838.00	222,277,579.00
	<b>Total Investments</b>			<b>1,036,790,125.00</b>	<b>933,581,466.00</b>
<b>B3</b>	<b>Current Assets, Loans &amp; Advances :</b>				
	Stock in Hand (Inventories)	B-14		109,732,160.30	77,204,998.09
	<b>Sundry Debtors (Receivables) :</b>				
	Gross Amount Outstanding	B-15	12,468,572,444.02		11,298,600,419.40
	Less: Accumulated Provision against bad and doubtful receivables		7,643,035,394.01	4,825,637,050.02	6,860,212,132.85
	Prepaid Expenses	B-16		7,457,639.11	5,906,726.76
	Cash and Bank Balances	B-17		2,975,002,815.37	2,258,868,923.12
	Loans, Advances and Deposits	B-18		4,537,554,711.10	3,760,641,744.17
	<b>Total Current Assets</b>			<b>12,455,384,375.90</b>	<b>10,541,010,678.69</b>
<b>B4</b>	<b>Current Liabilities and Provisions</b>				
	Deposits Received	B-7		890,614,907.00	764,552,656.00
	Deposit Works	B-8		465,457,403.82	236,746,019.00
	Other Liabilities (Sundry Creditors)	B-9		1,708,197,234.91	1,618,151,413.77
	Provisions	B-10		47,682,457.80	45,794,381.13
	<b>Total Current Liabilities</b>			<b>3,111,952,003.53</b>	<b>2,665,244,469.90</b>
<b>B5</b>	<b>Net Current Assets (B3-B4)</b>			<b>9,343,432,372.37</b>	<b>7,875,766,208.79</b>
<b>C</b>	<b>Other Assets</b>	B-19		14,124,620.00	13,984,041.00
<b>D</b>	<b>Miscellaneous Expenditure (to the extent not written off)</b>	B-20		-	-
	<b>TOTAL OF APPLICATION OF FUNDS [B1+B2+B3+B4+B5+C+D]</b>			<b>34,783,661,453.22</b>	<b>31,608,715,726.99</b>

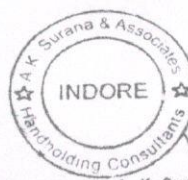
Notes to the Balance Sheet and Significant Accounting Policies

B-21

Note: The Schedules referred to above are an integral part of the Balance Sheet.

*(Signature)*  
Commissioner  
Indore Municipal Corporation  
Place : Indore

*(Signature)*  
Additional Commissioner - Finance  
Indore Municipal Corporation



*(Signature)*  
A. K. Surana & Associates  
Handholding Consultants

