

Uttar Pradesh Municipal Accounts Manual



Department of Urban Development,
Government of Uttar Pradesh

Preface

The Government of Uttar Pradesh (GoUP) aims to strengthen governance at the level of urban local bodies (ULBs) and to improve the accounting and financial management Systems of the ULBs across the state of Uttar Pradesh. To achieve the specific objective, the GoUP 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 Housing and Urban Affairs (MoHUA), initiated the formulation of National Municipal Accounts Manual, based on the Task Force Report.

The manual thus developed on the insistence of MoHUA, 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 GoUP 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 **Uttar Pradesh Municipal Accounting Manual (UPMAM)**. The GoUP 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 UPMAM discusses the manner of accounting and financial reporting under the accrual basis of accounting, which the ULBs of the State of Uttar Pradesh 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 assignment of updating the UPMAM for the state of Uttar Pradesh has been undertaken by Regional Centre for Urban and Environmental Studies (RCUES) Lucknow. The UPMAM has been drafted based on the terms of reference made specifically for the assignment and takes into consideration the existing municipal accounting systems, inputs from the National Municipal Accounting Manual (NMAM) developed by the Ministry of Housing and Urban Affairs, Government of India and inputs from discussions held at different levels so far. This Manual takes into account computerization of the Financial Accounting System (FAS) of the ULBs across the State and addresses technology issues appropriately.

U.P. MUNICIPAL ACCOUNT MANUAL-2018

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UTTAR PRADESH MUNICIPAL ACCOUNTS MANUAL-2018
(Accrual Based Double Entry Accounting System)

SECTION-1

CHAPTER

1

INTRODUCTION

CHAPTER 1

INTRODUCTION

Project Background

1.1 A Task Force was constituted by Comptroller and Auditor General of India (CAG) to recommend budget and accounting formats for Urban Local Bodies (ULBs) in India. The CAG Task Force had issued a 'Report on Accounting and Budget Formats for ULBs'. The Task Force report covered Budget and Accounting Formats and Significant Accounting Principles, Cost of important utilities and services and MIS reports. The Task Force recommended that the suggested formats for presentation of annual financial statements and the Budget formats with codification shall be adopted uniformly by all ULBs.

1.1.1 The Urban Local Bodies of Uttar Pradesh currently maintain their day to day accounts under cash – based single entry system. This accounting method does not take into consideration receivables, payables, non-cash items of expenditure, provisions etc., for which the real financial picture of the Urban Local Bodies remains obscure. The cash basis of accounting records transactions only on receipt and payment of cash (for income and expenditure items) and not when such income and expenses accrue to ULBs. As a result, an analysis of the true and fair view of the activities of the ULBs is not possible as income accrued (but not received) and expenditure incurred (but not paid for), are not reflected in the financial statements of the ULBs. To remove such deficiencies, Government of Uttar Pradesh has decided to introduce Accrual Based Double Entry System in all the ULBs in the State in terms of the recommendations of the CAG's Task Force on Accounting Reforms for Urban Local Bodies and the National Municipal Accounts Manual.

1.1.2 The accrual based double entry system of accounting will replace the existing system of single entry cash based accounting in all the Urban Local Bodies.

1.1.3 In all matters not explicitly provided in this Manual, the matters as prescribed in the National Municipal Accounts Manual, issued by the Ministry of Urban Development, Government of India and the Guidelines issued by Comptroller and Auditor General of India (CAG) shall be applicable.

1.2 APPLICABILITY

1.2.1 The Accounting Manual shall be applicable to all the Urban Local Bodies of the State. It shall cover Municipal Corporations, Nagar Palika Parishads and Nagar Panchayats.

1.3 OBJECTIVES OF THE UNIFORM ACCOUNTING MANUAL

1 To prescribe the Accounting Principles which will be followed by ULBs under the Accrual based double entry system of accounting.

2 To prescribe a uniform Chart of Accounts, that will facilitate comparison between different ULBs, and facilitate double entry system of accounting.

3 To prescribe new formats that will have to be followed by the ULBs.

4 To prescribe Guidelines for preparation of Opening Balance Sheet.

1.4 NEW ACCOUNTING SYSTEM

1.4.1 The new accounting system complies with the following requirements, unless mentioned specifically for a different treatment.

- Guidelines of Comptroller and Auditor General of India (CAG Generally Accepted

Accounting Principles i.e. Accounting Standards issued by the Institute of Chartered Accountants of India

- National Municipal Accounts Manual issued by the Ministry of Urban Development, Government of India. U.P. Municipal Accounts Manual does not include Chapters Octroi, Cess and Transportation as they do not form part of the municipal functions under the respective Municipal Acts of Uttar Pradesh.
- UP Municipalities Act, 1916
- UP Municipal Corporation Act, 1959
- UP Municipal Account Code and Municipal Corporation Accounts Rules (The revised Rules based on double entry Accrual system of accounting, will be notified separately by the Government).

1.4.2 The present system of single entry cash basis of accounting will be replaced by double entry Accrual system of accounting. This Accounting Manual based on double entry Accrual basis of accounting has been developed keeping in view the nature of operations of ULBs.

1.4.3 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.

BENEFITS OF ACCRUAL SYSTEM OF ACCOUNTING

1.4.4 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 amount 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 Receipt & Payment Account, 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.

1.4.5 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. The following important reports will be generated from the double entry Accrual system of accounting.

- Trial Balance
- Income and Expenditure Statement
- Balance Sheet
- Receipts and Payments Account; and
- Cash Flow Statement

1.5 ACCOUNTING DOCUMENTS

1.5.1 The accounting documents can be classified into the following based upon the nature of transactions.

- 1 Primary accounting documents
- 2 Primary Books of Accounts
- 3 Ledgers
- 4 Trial Balance

PRIMARY ACCOUNTING DOCUMENTS

1.5.2 The primary accounting document would reflect the evidence of the financial transaction.

1.5.3 The following primary accounting documents would be used by the ULBs

- 1 Bank Payment Voucher (B.P.V)
- 2 Receipt Voucher (R.V)
- 3 Cash Payment Voucher (C.P.V)
- 4 Journal Voucher (J.V)

1.5.4 Bank Payment Voucher will be used by the ULBs for making payments out of bank. The bank payment voucher would indicate the abstract of expenditure met by cheque. No cheque shall be drawn without a BPV and a corresponding entry will be made in the Cash Book. All information as prescribed in the Bank Payment Voucher shall be duly filled in.

1.5.5 Receipt vouchers can be of two types; Cash Receipt Voucher and Bank Receipt Voucher. The mode of the receipt shall be duly filled in the column for mode of receipt i.e. cash or bank. No receipt shall be accounted for in the Cash Book, unless a Receipt Voucher has been prepared for the same.

1.5.6 Cash payment voucher, shall be used by the ULBs for recording any payments made in cash.

1.5.7 Journal voucher shall be used for recording all non-cash transactions.

PRIMARY BOOKS OF ACCOUNTS

1.5.8 All the transactions recorded in the voucher are reflected in the primary books of accounts. The primary books of accounts, in the case of ULBs shall be the following

- 1 Cash Book
- 2 Journal book

CASH BOOK

- 1.5.9 Cash Book shall record all cash and bank transactions. This will reflect all transactions, with inputs from Bank Payment Voucher, Receipt Voucher and Cash Payment Voucher.
- 1.5.10 The Bank balance as per the Bank Statement shall be reconciled with the balance as per Cash Book, by preparing the Bank Reconciliation Statement (BRS). The BRS identifies all deposits made by ULB into the bank but not credited by the bank and also the cheques issued by the ULB but not presented for payment by the payees as on the date of reconciliation. The BRS also identifies direct Debits or Credits made by the bank in respect of the bank charges or deposits directly made into the bank. The ULBs shall account for such transactions on reconciliation.

JOURNAL BOOK

- 1.5.11 The Journal Book shall reflect all non-cash/ bank transactions with the inputs from the Journal Vouchers.
- 1.5.12 In the case of computerized accounts, Journal Book is generated from the system on the basis of the vouchers input into the system.

LEDGERS

- 1.5.13 Ledgers record all transaction relating to a particular account head, indicating the transactions that have taken place in respect of a given account head. For instance all transactions relating to "Property tax income from residential buildings" would be reflected in the Ledger.
- 1.5.14 In the case of computerized system, Ledger is generated from the system on the basis of voucher input into the system.

TRIAL BALANCE

- 1.5.15 A Trial Balance is a list of balances in all Ledger accounts and cash and bank balances as per cash and bank books. The Debit and Credit for each account head in the Ledger are totaled and the net Debit or Credit balance in these accounts is computed and the balances are arrived at in the Trial Balance.
- 1.5.16 The trial balance has separate columns for Debit and Credit balances. The total of Debit and Credit balances in the trial balance shall tally which ensures the arithmetical accuracy of the accounting transactions.

1.6 FINANCIAL STATEMENTS

- 1.6.1 Financial Statements consist of the following:

- 1 Income and Expenditure Statement
- 2 Balance Sheet

INCOME AND EXPENDITURE STATEMENT

- 1.6.2 The Income and Expenditure Statement shows the financial performance of the ULB for the period covered by the Statement. If the Statement is prepared annually then the Statement will show the yearly performance of the ULB. It will show the Excess of Income over Expenditure or vice-versa i.e. Surplus or Deficit for the period covered under the Statement.

BALANCE SHEET

- 1.6.3 The Balance Sheet of the ULB shall show the financial position of the ULB at a given point of time. The Balance Sheet prepared as on March 31, 2018 will show the financial position of the ULB, end of business, as on March 31, 2018.

Structure of Uttar Pradesh Municipal Accounts Manual

- 1.7 UP Municipal Accounts Manual contains the required forms, formats, procedures, accounting entries, periodical statements, reconciliation procedures, etc. The recommended principles for accounting have also been included. The manual also contains a section on "Chart of Accounts". This manual has been structured as follows:

SECTION-1: General

Chapter:	1-	Introduction
Chapter:	2-	Definitions. Accounting concepts & Accounting convention.
Chapter:	3-	Significant Accounting Principles.
Chapter:	4-	Codification Structure & Chart of Accounts
Chapter:	5-	General Accounting procedures
Chapter:	6-	Reconciliation Procedures
Chapter:	7-	Final Accounts

SECTION-2: Accounting for Transaction

Chapter:	8 -	Property & Other Taxes
Chapter:	9 -	Water supply
Chapter:	10 -	Assigned Revenues
Chapter:	11 -	Rental, Fees & Other Incomes
Chapter:	12 -	Public Works
Chapter:	13-	Stores
Chapter:	14 -	Employee related transactions
Chapter:	15 -	Health & Sanitation
Chapter:	16-	Other Revenue Expenditures
Chapter:	17 -	Grants
Chapter:	18 -	Borrowings (Loans Received)
Chapter:	19 -	Special Funds
Chapter:	20-	Investments
Chapter:	21 -	Fixed Assets
Chapter:	22 -	Lease & hire purchase
Chapter:	23 -	Loans & Advances
Chapter:	24-	Special Transactions
Chapter:	25 -	Addition / Merger of Local Bodies
Chapter:	26 -	Inter Unit Transactions
Chapter:	27-	Transactions relating to Municipal Schools Board

SECTION-3: Period-end Requirements

Chapter:	28-	Period-end Procedures
Chapter:	29-	Audit Report

SECTION-4: Others

Chapter:	30-	Budgeting & Management Information System
Chapter:	31-	Guidelines for Preparing Opening Balance Sheet

The Manual provides for integrating the accounting, budgeting and cost accounting system to enable better financial control and planning. Indicative and illustrative Budgeting and Costing formats have been added separately to the U.P. Municipal Accounting Manual as Appendix-1 and Appendix-2 respectively.

CHAPTER 2

**DEFINITIONS,
ACCOUNTING
CONCEPTS &
ACCOUNTING
CONVENTIONS**

CHAPTER 2

DEFINITIONS, ACCOUNTING CONCEPTS & ACCOUNTING CONVENTIONS

2.1 The various terms used in this Accounting Manual, the Accounting Concepts and Accounting Conventions under the Accrual System of Accounting are defined in this chapter. The objective of this chapter 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.

DEFINITIONS

2.2 The definitions of the terms used in this manual are those which are commonly understood and used. These have been taken, if available and appropriate, from:

- a. “A Dictionary for Accountants” by Eric L. Kohler; or
- b. “Guidance Note on Terms used in Financial Statements” issued by the Institute of Chartered Accountants of India (ICAI).

2.3 The definitions/descriptions/meanings of the various terms used in this manual are as follows.

1. **Act** – Act means “U.P. Municipalities Act, 1916” wherever referred in respect of Municipal Council & Nagar Panchayat, and in respect of Municipal Corporation, “U.P. Municipal Corporation Adhiniyam, 1959.”

1. (a) **Account** - A formal record of a particular type of transaction expressed in money or other unit of measurement and kept in a ledger. (*Kohler*)
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. It is also termed as trade creditor or sundry creditor. (*ICAI*)
4. **Accounting Period** - The period of time for which an operating statement is customarily prepared. (*Kohler*)
5. **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, sundry debtor. (*ICAI*) The words ‘Receivables’ and ‘Debtors’ are used interchangeably.
6. **Accounting Year** - The Financial Year starting from 1st April and ending on respective 31st March.
7. **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. (*ICAI*)
8. **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. (*Kohler*)

Uttar Pradesh Municipal Accounts Manual

Definitions, Accounting Concepts & Accounting Conventions

9. **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).
10. **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).
11. **Assets** - Tangible objects or intangible rights owned by the ULBs and carrying probable future benefits. (ICAI)
12. **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
13. **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. (ICAI)
14. **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. (ICAI)
15. **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. (ICAI)
16. **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. (ICAI)
17. **Capital Expenditure** - 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. (Kohler)
18. **Capital Work in Progress** - Expenditure on capital assets which are in the process of construction or completion. (ICAI)
19. **Cash Book** - A book of original entry for cash receipts, disbursements, or both. (Kohler)

Uttar Pradesh Municipal Accounts Manual

Definitions, Accounting Concepts & Accounting Conventions

20. **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. (ICAI)
21. **Chart of Accounts** - A systematically arranged list of accounts applicable to a specific concern, giving account names and numbers, if any. (Kohler)
22. **Code of Account** - A unique numeric or alphanumeric identification given to each Account to facilitate classification and ease of recording.
23. **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. (Kohler)
24. **Cost** - The amount of expenditure incurred on or attributable to a specified article, product or activity. (ICAI)
25. **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.
26. **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. (Kohler)
27. **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. (ICAI)
28. **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. (ICAI)
29. **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. (ICAI)
30. **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. (Kohler)
31. **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. (ICAI)
32. **Deficit** - The excess of expenditure over income of the ULB for an Accounting Period under consideration.
33. **Depreciation** - A measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, efflux ion 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 amortization of assets whose useful life is predetermined and depletion of wasting assets. (ICAI)
34. **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. (ICAI)

Uttar Pradesh Municipal Accounts Manual

Definitions, Accounting Concepts & Accounting Conventions

35. **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. (ICAI)
36. **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. (ICAI)
37. **Fixed Deposit** - Deposit for a specified period and at specified rate of interest. (ICAI)
38. **Fund** - The term fund refers to amount set aside for a general or specific purpose, whether represented by specifically earmarked assets or not. (ICAI)
39. **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. (ICAI)
40. **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. (Kohler)
41. **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. (ICAI)
42. **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. (Kohler)
43. **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). (ICAI)
44. **Inter unit transactions** - Transactions between one or more accounting units of the Urban Local bodies
45. **Journal Book** - The book of original entry in which are recorded transactions not provided for in specialized journals. (Kohler)
46. **Ledger** - A compilation of all accounts used for accounting purposes.
47. **Lease** - A lease is an agreement whereby the lesser 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. (ICAI)
48. **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),
(b) Due at a specified time in the future (e.g. funded debt, accrued liability), or
(c) Due only on failure to perform a future act (contingent liability). (Kohler)

Uttar Pradesh Municipal Accounts Manual

Definitions, Accounting Concepts & Accounting Conventions

49. **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.
50. **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. (ICAI)
51. **Prepaid Expense** - Payment for expense in an accounting period, the benefit for which will accrue in the subsequent accounting period(s). (ICAI)
52. **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. (ICAI)
53. **Provision for Unrealized Revenue** - A provision made for revenue considered doubtful of recovery. (ICAI)
54. **Receipt** - A written acknowledgement of something acquired; hence, an accounting document recording the physical receipt of cash/cheques. (Kohler)
55. **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, cheques, etc.) under certain headings. All non-cash related transactions are ignored while preparing this Statement
56. **Reconciliation** - It means adjusting the difference between two items (i.e. amounts, balances, accounts or statements) so that the figures agree. (ICAI)
57. **Revenue Expenditure** - It means outlay benefiting only the current year. It is treated as an expense to be matched against revenue. (ICAI)
58. **Sinking Fund** - A fund created for the repayment of a liability or for the replacement of an asset. (ICAI)
59. **Special Fund** - An amount set-aside for a specific purpose represented by specifically earmarked assets. (ICAI)
60. **Surplus** - The excess of income over expenditure of the ULB for an Accounting Period under consideration.
61. **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. (Kohler)
62. **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.

ACCOUNTING CONCEPTS & ACCOUNTING CONVENTIONS

2.4 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.

2.5 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.

2.6 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; and
- i. Realization Concept.

2.7 Accounting conventions are the customs or traditions guiding the preparation of accounts. They are adopted to make financial statements transparent 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.

ACCOUNTING CONCEPTS

2.8 Each of the Accounting Concepts is discussed below:

Entity Concept

2.9 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.

Dual Aspect or Accounting Equivalence Concept

2.10 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:

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

Going Concern Concept

2.11 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.

Money Measurement Concept

2.12 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.

Cost Concept

2.13 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.

Accounting Period Concept

2.14 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.

Accrual Concept

2.15 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 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.

Periodic Matching of Cost and Revenue Concept

2.16 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.

Realisation Concept

2.17 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 effected. 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 effected.

ACCOUNTING CONVENTIONS

2.18 Each of the accounting conventions are discussed below.

Convention of Disclosure

2.19 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.

Convention of Materiality

2.20 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.

Convention of Consistency

2.21 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.

Convention of Conservatism

2.22 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.

CHAPTER 3

SIGNIFICANT ACCOUNTING PRINCIPLES

CHAPTER 3

SIGNIFICANT ACCOUNTING PRINCIPLES

3.1 This chapter contains a compilation of the Significant Accounting Principles to be followed in preparation of the accounts of the Urban Local Body.

3.2 The Financial Statements of the Local Body shall contain a Statement of Significant Accounting Principles as notes to accounts in respect of important Accounting Principles adopted in preparing and presenting such information. The Significant Accounting Principles as mentioned in this chapter shall be followed consistently each year.

3.3 Where any of the Accounting Principles adopted by the local body while preparing its Financial Statements is not in conformity with the principles prescribed in this chapter and 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 ascertainable. 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.

3.4 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 Financial Statements of the period in which the change is adopted.

3.5 The following Accounting Principles shall govern the recording, accounting and Treatment of transactions relating to various activities as given below:

3.6 **Property and Other Taxes**

- a. Revenue in respect of Property and Other Taxes shall be recognized in the period in which they become due and demands are ascertainable.
- b. In case of new or changes in assessments, it can be accrued in the month in which the demand is served.
- c. Interest element and Penalties, if any, in demand shall be reckoned only on receipt.
- d. Revenue in respect of Notice Fee, Warrant Fee and Other Fees etc. charged shall be recognized when the bills for the same are raised.
- e. Revenue in respect of Property Transfer Charges shall be recognized on actual receipt.
- f. 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: 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%)

- g. 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.
- h. Refunds, remissions of taxes 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
- i. Write-offs of taxes shall be adjusted against the provisions made and to that extent recoverable gets reduced.
- j. Any subsequent collection or recovery of 'Receivables for Property & Other Taxes,' which were already written off shall be recognized as a 'Prior Period Income'.
- k. Demands raised with retrospective effect will be treated as prior period income to the extent it pertains to earlier years.
- l. Part-payments received in respect of Property and Other Tax levies shall be adjusted as per applicable Act of the state.
- m. Wherever self-assessment of taxes are 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

3.7 **Water Supply**

- a. 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.
- b. Revenue in respect of Notice Fee, Warrant Fee, Other Fees shall be recognized when the bills for the same are raised.
- c. Revenue in respect of Connection Charges for Water Supply shall be recognized on actual receipt.
- d. Revenue in respect of Water Tanker Charges and Road Damage Recovery Charges, Penalties shall be recognized on actual receipt.
- e. 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:
 - ☐ ☐ 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%)

- If water tax demand is raised separately, the taxes and charges shall be provided as follows:
 - ☐ Outstanding for more than 2 year but not exceeding 3 years: 50%
 - ☐ Outstanding for more than 3 years: 100% (additional 50%)
- f. 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.
- g. Refunds, remissions of taxes 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.
- h. Write-offs of taxes shall be adjusted against the provisions made and to that extent recoverable gets reduced
- i. Any subsequent collection or recovery of 'Receivables of Water Supply Income' which were already written off shall be recognized as a 'Prior Period Income'.

3.8 **Assigned Revenues**

- a. 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.
- b. 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.

3.9 **Rentals, Fees and Other Sources of income**

- a. Revenue in respect of Advertisement rights shall be accrued either based on Demand or based on the contract.
- b. Revenue in respect of Trade License Fees shall be accrued in the year to which it pertains and where the Demand is raised based on applicable Acts of the state.
- c. Revenues in respect of Profession Tax on Organizations / entities shall be accrued in the year to which it pertains where the demand is raised based on applicable Acts of the state.
- d. Revenues in respect of rents from properties shall be accrued based on terms of agreement.
- e. 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.
- f. 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.
- g. Revenue in respect of Notice Fee, Warrant Fee, Other Fees shall be recognized when the bills for the same are raised.
- h. Interest element and Penalties, if any, in demand shall be reckoned only on receipt.

- i. 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%
 - Outstanding for more than 3 years: 100% (additional 50%)
- j. 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.
- k. Refunds, 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.
- l. Write-offs of Other Incomes shall be adjusted against the provisions made and to that, extent recoverable is reduced.
- m. Any subsequent collection or recovery of 'Receivables of Rental, Fees and Other Incomes' which were already written off shall be recognized as a 'Prior Period Income'.

3.10 **Public Works**

- a. The cost of fixed assets shall include cost incurred/money spent in acquiring or installing or constructing fixed asset, 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.
- b. Any addition to or improvement to the fixed asset that results in increasing the utility or capacity or useful life of the asset shall be capitalized and included in the cost of 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 for a year, shall be charged off
- c. 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".
- d. 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.
- e. Deposit received under Deposit works shall be treated as a liability till such time the projects for which money is received is completed. Upon completion of the projects, the cost incurred against it shall be reduced from the liability.
- f. Revenues (percentage charges) in respect of Deposit works shall be accrued along with expenditure of Deposit works.

3.11 **Stores**

- a. 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.
- b. Accounting of 'goods received & accepted but no bills received' as at the cutoff Date shall be accounted based on purchase orders.
- c. The stock lying at the period-end shall be valued at cost in accordance with the First in – First out Method.

- d. Revenue in respect of disposal of material shall be recognized on actual receipt.
- e. Finished goods and work- in progress related to production produced 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.

3.12 **Employee Related Transactions**

- a. Expenses on Salaries and other allowances shall be recognized as and when they are due for payment (i.e. at the month end).
 - i. A provision for the salary and allowances for the month of March will be made on the last day of the financial year.
- b. 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.
- c. Formation of Trusts shall be considered for management of Provident Funds. However it will be the responsibility of the Urban Local Body to form the trusts and meet the shortfall of the fund if any.
- d. Provident Funds money shall be invested as per the guidelines applicable to any Employee Provident Fund. In respect of retirement benefit in the form of provident fund and other defined contribution schemes, the contribution payable by the employer for a year should be charged to the statement of profit & loss for the year. Thus besides the amount of contribution paid a shortfall of the amount of contribution paid compared to the amount payable for the year should also be charged to the statement of profit & loss for the year. On the other hand , if contribution paid is in excess of the amount payable for the year , the excess should be treated as a prepayment.
- e. In respect of gratuity benefit and other defined benefits schemes, the liability for retirement benefits is funded through a schemes administrated by a trust/ an insurer, an actuarial certificate should be obtained that contribution payable to the insurer is the appropriate accrual of the liabilities for the year.
 - a. Where the contribution paid during the year is lower than amount required to be contributed during the year to meet the accrued liabilities as certified by the actuary, the shortfall should be charged to the statement of profit & Loss for the year.
 - b. Where the contribution paid is in excess of the amount required to be contributed during the year to meet the accrued liability as certified by the actuary, the excess should be treated as a prepayment.
- f. Contribution due towards Pension and other retirement benefit funds shall be recognized as an expense and a liability. State Government to define the rate of contribution. One basis for such rate could be at 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, their applicable state laws can guide this.
- g. Interest receivable on loans given to employees shall be recognized as revenue at the end of the period in which these have accrued.
- h. In respect of loans to employees, penal interest livable on default in repayment of principal or payment towards interest shall be recognized on accrual basis.
- i. Bonus, ex-gratia, overtimes allowance; other allowances and reimbursements to the employees shall be recognized as an expense as and when they are due for payment.

3.13 **Health and Sanitation:**

- a. Revenue in respect of the following shall be recognized on actual receipt.
 - i. Hospital fees, maternity homes fees, diagnostic center fees and dispensaries fees
 - ii. Hospital training fees

- iii. Rent and/or hire charges in respect of ambulance, hearse, suction unit, meat van and road roller
- iv. Sale of fertilizers and waste, sale of animals and sale of scrap.
- b. Revenue in respect of Trade License Fees shall be accrued in the year to which it pertains and where the Demand is raised based on applicable Acts of the state.
- c. Revenue in respect of rent of equipment provided to the contractors, deducted from their bills, shall be recognized as and when the deductions are made.
- d. All revenue expenditures incurred shall be recognized on admission of the bills for payment by the ULB.
- e. Provision shall be made at the end of the respective financial year (i.e. 31st March) for all the bills, depending upon practicality and materiality involved.

3.14 Other Revenue Expenditures

- a. Other Revenue Expenditures shall be treated as expenditures in the period in which they are incurred.
- b. Provision shall be made at the end of the respective financial year (i.e. 31st March) for all the bills, depending upon practicality and materiality involved.
- c. 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 an expenditure for the period in which its benefit arises and/or services are received.
- d. 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.

3.15 Grants

- a. General Grants, which are of a revenue nature, shall be recognized as incomes on actual receipt.
- b. Grants towards revenue expenditure, received prior to the incurrence of the expenditure, shall be treated as a liability till such time that the expenditure is incurred.
- c. 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.
- d. 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 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.
- e. 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 till 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.

- f. Grants in the form of non-monetary assets (such as fixed assets given at a concessional rate) shall be accounted for on the basis of 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 One).
- g. 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.

3.16 Borrowings or Loans received

- a. Interest expenditure on loan shall be recognized on accrual basis.
- b. 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.
- c. 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 Statement.
- d. 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 Statement 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.

3.17 Special Funds

- a. Special Funds shall be treated as a liability on their creation.
- b. 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.
- c. 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.
- d. 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).

3.18 Investments

- a. 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.
- b. 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.
- c. Short-term investments shall be carried at their cost or market value (if quoted) whichever is lower.

- d. Interest on investments shall be recognized as and when due. At period-ends, interest shall be accrued proportionately.
- e. Dividend on investments shall be recognized on actual receipt.
- f. 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.
- g. 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.

3.19 Fixed Assets

- a. All Fixed Assets shall be carried at cost less accumulated depreciation. 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.
- b. 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.
- c. 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/-.
- d. All assets costing less than Rs.5,000 (Rupees Five thousands) would be expensed /charged to Income & Expenditure Account in the year of purchase
- e. 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.
- f. 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.
- g. Revaluation reserve shall be reduced by transfer of equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.
- h. Depreciation on all the movable assets is to be provided consistently on written down value method at the rates prescribed in Income Tax Act, 1961. Depreciation on all immovable assets would be provided on straight-line basis. (Rate to be decided as per the task force recommendations).
- i. 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.
- j. 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.

- k. 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.

3.20 Lease and Hire Purchase

a. Finance lease in the books of lessee

- At the commencement of the lease term, finance leases shall be recorded as an asset and a liability. Such recognition shall be at an amount equal to the cost.
- Finance lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated as to produce a constant periodic rate of interest on the remaining balance of the liability for each of the period.
- Depreciation on such assets shall be provided at the same rates as in case of owned assets.

b. Operating lease in the books of Lessor

- Assets given under operating lease shall be accounted as own assets in the same manner similar to any other fixed assets owned and used by the ULB.
- Lease income from operating leases shall be recognized as income on a straight-line basis over the lease term. Lease income shall be accrued on the respective due dates.
- Any amount incurred that results in improvement or increase of the useful life of the assets under operating lease shall be capitalized as like any other asset used by the ULB for its own operations;
- Depreciation on such assets shall be provided at the same rates as in case of owned assets.

c. Hire purchase in the books of buyer

- The purchase price shall be capitalized as the cost of fixed assets
- 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;
- 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
- The depreciation principle for assets purchased under HP should be consistent with that for owned assets.

d. Hire purchase in the books of seller

- The sale price (including the interest portion) shall be accounted as receivable from HP agreement;
- 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);
- 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 charges

3.21 Loans

- a. 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.

- b. Interest / penal interest earned on loans given out of specific fund/grant shall be directly credited to the specific fund/grant account.
- c. 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.
- d. 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.
- e. 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.

3.22 Addition / Merger of Local Bodies for up-gradation

- a. 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.
- b. 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
 - iv. Principles adopted for consolidation

3.23 Inter Unit Transactions

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

3.24 Municipal School Board

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

CHAPTER 4

CODIFICATION STRUCTURE & CHART OF ACCOUNTS

CHAPTER 4

CODIFICATION STRUCTURE & CHART OF ACCOUNTS

INTRODUCTION

- 4.1 This chapter contains the recommendations relating to the Chart of Accounts and the Codification structure.
- 4.2 Chart of Accounts (COA) defines the heads under which the income and expenditure of local bodies are classified and facilitates maintenance of accounts and preparation of financial statements. A well designed COA shall not only fulfill accounting requirements but also the Budgeting and MIS requirements and shall be flexible enough to consolidate and collapse to facilitate generation of various information reports. The structure suggested in this chapter, have been developed based on the recommendations of Task Force Report with limited modifications to meet the above said requirements.
- 4.3 Detailed heads and codes have been provided in this chapter for all mandatory levels of information.

CODIFICATION STRUCTURE

- 4.4 The codification structure proposed facilitates capture of all type of financial information within an ULB, which are essential in a government set-up. Each type of classification is considered as a group. Considering the capacity and size of local bodies at an all India level, to which this manual pertains and the minimum requirements of various stakeholders' certain mandatory information are prescribed. The mandatory groups for all local bodies are
- Functions
 - Account Heads
- 4.5 Functions shall represent the various functions or services carried out by the local body. Account Heads shall represent the nature of the income or expenditure.
- 4.6 Budgets in ULBs are centered around its functions. Functions are provided through various responsibilities centre called Departments. Geographical dispersion of these activities may also be monitored more so in the context of introduction of Ward committees and decentralisation. Hence, some ULBs identify its income and expenditure budgets at function, functionary (department) and field level.
- 4.7 ULBs set up various funds for meeting certain objectives. Income and expenditure under these funds are to be identified and disclosed separately. However the method of disclosure may be different. When they adopt the integral concept, separate books of accounts are not maintained for the funds. Providing separate account heads to capture the income and expenditure for each such fund creates identity.
- 4.8 Thus, in addition there shall be three other optional groups apart from the mandatory groups of Functions and Account Head.
- Functionary (Responsibility center/department)
 - Field (Geographical center)
 - Funds
- 4.9 In all, there can be five groups. Funds, Function, Functionary, Field and Account Heads. Functions, Functionary and Field are called Budgeting centers.

- 4.10 Each group can have various levels within it to drill down further information. The levels even in the mandatory groups can be either mandatory or optional based on the requirements. First level in function and Account Heads are mandatory for all ULBs.. This would mean that all ULBs would have to use the function codes and account codes as defined in this manual only. Similarly for budgeting the functionary group would be mandatory.
- 4.11 An overview of the suggested structure for mandatory information and overall structure is provided in the exhibits given below as Exhibit 4.1 and 4.2.

Exhibit 4.1

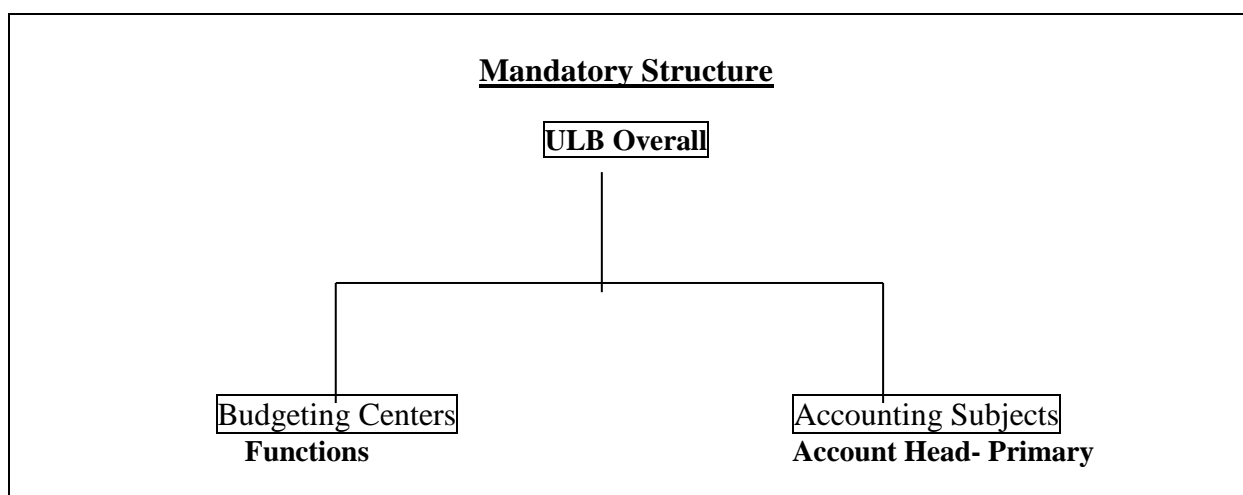
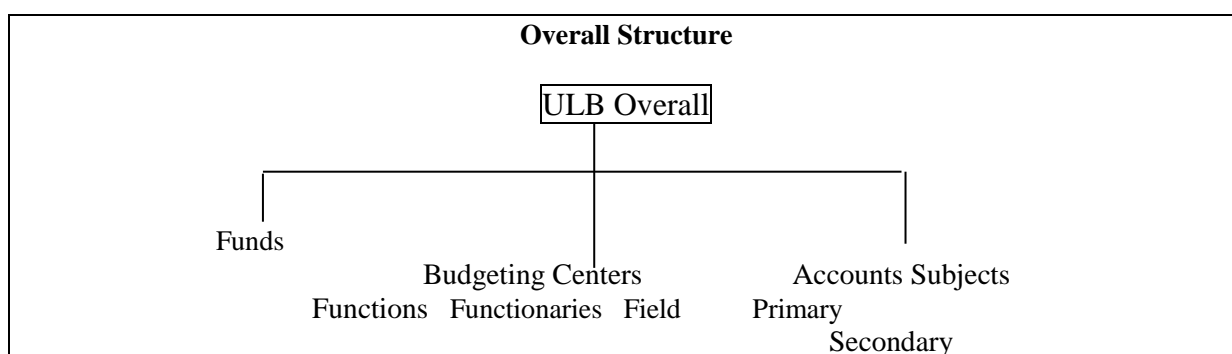


Exhibit 4.2



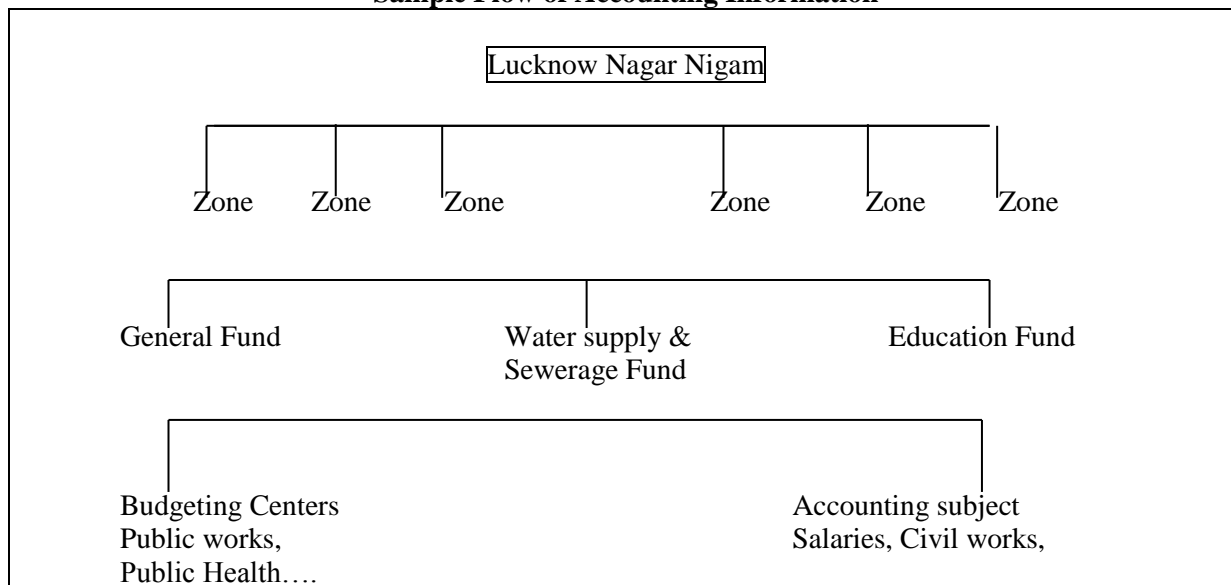
4.12 Each of the two mandatory and the three optional categories can be placed in any Sequence for the sake of MIS reports /Budget reports. These groups are mutually exclusive and can be operated individually or in a combined way.

4.13 In some local bodies, accounts are maintained in a decentralized set up. Each of the locations in which accounts are maintained is called Accounting Unit. For example in some big local bodies, accounts are maintained at Zones. In this case each Zone and the Head Office are called Accounting units. Each accounting unit will maintain accounts in the same way. All transactions are identified under the groups mentioned above at the Accounting Unit level. Then it is consolidated at Head Office level to present the information at the ULB level.

4.14 The overall flow of Financial Information is illustrated with the example of a ULB visited and is provided as Exhibit 4.3.

Exhibit 4.3

Sample Flow of Accounting Information



4.15 In this case, the lowest Accounting unit is Zones. If the accounting unit is lower than that say circles, then accounts are prepared Circle wise and can be consolidated Zone wise as well at the ULB level. The same process can be continued at any lower level. The intention here is to facilitate decentralization.

CODING LOGIC AND PROCEDURE

4.16 The codification logic for each of these groups is explained below.

Functions

4.17 Functions of the ULB can have three levels within it. First level under this group can represent various functions both obligatory and discretionary. Second Level in function could represent the particular type of service under a function and third level can represent particular cost center, which provides the service. The first level of Functions/codes is mandatory for all ULBs. All functions of the ULB are broadly classified under 10 major groups. Within this long listing of functions has been made. These functions are fitted within the group with each group having flexibility to go up to 9 sub functions. The detailed codes for each of the functions as referred above is defined and given as Appendix 1 enclosed with this manual. New codes or additions to this list of functions shall be made only at the U.P. level. A committee is likely to be set up under Ministry of Urban Affairs to which C& AG will also be a member who shall act as the authority to add new functions in the list. This can be triggered by a request from states. States can introduce two sub –levels of 2 digits each to suit their requirements.

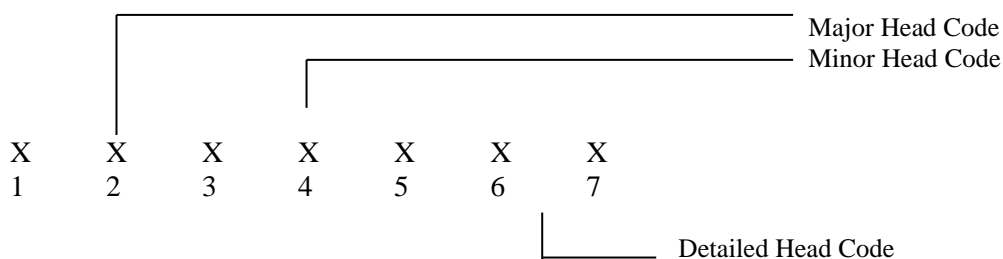
Accounting subjects

4.18 Accounting subjects can be divided into two levels: Primary and Secondary. Primary account code represents the subject of the income and expenditure.

4.19 **Primary Account Codes:** 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 and for each State to define certain of its unique requirements. The code is structured into:

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

4.20 The structure of the Code of Accounts is schematically presented below:



Major Head code

4.21 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'

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

- Code 1-10 shall denote 'Tax Revenue' related accounts
- Code 2-10 shall denote 'Establishment Expenses' related accounts
- Code 3-50 shall denote 'Other Liabilities' related accounts
- Code 4-10 shall denote 'Fixed Assets' related accounts

4.23 It is to be noted that the financial statements of an ULB are drawn at Major Head codes of account and hence this is a mandatory level of information. No major code addition is likely to happen, as this format is the final one. In case the same is required it has to be approved by the committee only.

Minor head code

4.24 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.

4.25 The Minor Head Codes provide further details of transactions in respect of the Major Head Code it is associated with. 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 Salries & Allowances
- Under the Major Head Code 350 relating to 'Other Liabilities', the Minor Head Code 10 shall denote 'Creditors'
- Under the Major Head Code 410 relating to 'Fixed Assets', the Minor Head Code 20 shall denote 'Buildings'.

4.26 It is to be noted that the schedules to financial statements of an 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. Additions to minor codes can be made by the state governments as per the logic provided in the manual. All additions made shall be intimated to the committee. Committee may introduce additional minor codes as mandatory at some periodicity based on the intimations received.

Detailed head code

4.27 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.

4.28 The Detailed Head Codes provide further details of transactions in respect of the Minor Head Code it is associated with. For example,

- Under the Minor Head Code of Account 110-01 covering Property Tax, the Detailed Head Code 01 shall denote 'Property Tax from Residential Properties'. Thus, under the Minor Head Code of Account 110-01 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 110-01-01.
- Under the Minor Head Code of Account 210-10 covering 'Establishment Expenses under Salaries, Wages and Bonus, the Detailed Head Code 10 shall denote 'Salaries & Allowances – Officers'
- Under the Minor Head Code of Account 350-10 covering Creditors, the Detailed Head Code 01 shall denote 'Suppliers'
- Under the Minor Head Code of Account 410-20 covering Buildings, the Detailed Head Code 01 shall denote 'Art Gallery Building'

4.29 It is to be noted that the detailed heads are to be identified by the States. States can also give flexibility to the ULB to add new heads. An illustrative listing of detailed head under minor heads is listed in Appendix 2.

4.30 Secondary Account codes: This is optional and would depend on requirements of local body. These would typically represent the subsidiary ledgers and other analysis ledgers. For example, contractors control account can be maintained contractor wise at this level. This level is needed only for the internal control of the ULB and has no relevance at the state or U.P. level. It is therefore not proposed to prescribe any codification structure for the same.

Funds

4.31 Depending on requirements, levels can be introduced. Funds can have sub- level within it. The codification structure for the funds may consist of the following:

- Major Fund and
- Minor Fund

4.32 Major Fund code would represent the broad categorization of Funds and minor Fund within it represents a particular Fund.

4.33 The Code of a Fund shall be numeric and can be 4 digits. The structure of the Code for Fund is schematically presented below:





4.34 For example, Employee Funds can be a major fund and Pension fund can be Minor Fund within that

Functionary

4.35 In the government set-up, demands for expenditure are drawn by the department discharging the functions and become the responsibility center for the assigned functions Functionary group represents this. Each sub-level within this group typically can represent the organizational structure within the ULB. This level is used only for the internal control of the ULB. It is therefore not proposed to prescribe any codification structure for the same.

Field

4.36 Field represents the way the ULBs are aligned geographically. Sub-levels in this will be based on the Territorial hierarchy. Number of digits at each level can range from 1-3 depending on the size of the local body. This is different from accounting unit as explained under the overview section of this chapter. Field represents the area to which the expenditure or payment relates. Location or Accounting unit represents the unit at which it is accounted. This level is needed only for the internal control of the ULB. It is therefore not proposed to prescribe any codification structure for the same.

ULB Codes

4.37 In addition to this to facilitate state level or U.P. level aggregation, each ULB can be assigned a code. This could represent the state to which it is attached and the unique code assigned by the State. While state code can be assigned at the U.P. level, the state governments shall prescribe a code for each Municipal body. This can be in the following format.

STATE – DISTRICT – CATEGORY – CODE

4.38 Category can represent the way local bodies are classified within the state. (e.g. Corporations, Municipality etc.)

GENERAL GUIDELINES AND INSTRUCTIONS FOR USAGE OF CHART OF ACCOUNTS

4.39 The following guidelines should be followed while using the chart of accounts:

- Function codes, Major and Minor Head Codes given in the manual would apply uniformly to all Urban Local Bodies.
- Any requirement for an addition to Function head shall be requested by the States to the committee. Only the committee set up in this regard can add new codes under this head
- No major code addition is likely to happen as this format is more or less the final one. In case the same is required it has to be approved by the committee only.
- States can add minor heads at the state level. All additions made shall be intimated to the committee. Committee may introduce additional minor codes as mandatory at some periodicity based on the intimations received.
- States shall identify the detailed heads.
- ULBs shall identify the operative Detailed Heads, with the same description and code number for accounting purposes. These Heads will be commonly used in all the ULBs within a State. Detailed Heads unique to a particular ULB can also be added with the approval of the State Government.

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- Some Urban Local Bodies may have further break up in their activities requiring sub-heads at a level above Detailed Heads. ULBs can induct sub-heads under Minor Head and thereafter Detailed Heads may be suitably opened, with the approval of State Government.
- The Accounts Department shall maintain a master index of all the Code of Accounts being utilised by the Municipal Body.
- Ledger Accounts corresponding to the Account Codes need to be opened by an ULB only in respect of those transactions which arise at that ULB. Thus all the Account Codes given in this Report may not be used by every ULB.

CODING APPLICABILITY TO TRANSACTIONS AND ILLUSTRATIONS

4.40 For better appreciation of coding logic in recording transactions, a few illustrations are provided below. This primarily covers the two mandatory groups and Fund group. The logic adopted for Function group can be extended to other groups in Budgeting centres like Functionary or Field.

4.41 Recording of transactions under these codification levels is explained with some illustrations.

- a. Tuition Fee of Rs. 10,000/-** collected by the 'Primary school in an ULB where they maintain separate Fund for Education. Information to be captured under all three levels of codification structure is given below. Debit: Cash / Bank

Level 1 Funds: Education Fund is a separate fund under the Municipal Fund Group. (Code for Municipal Fund – Education: 10-03)

Level 2 Budgeting Centres: Not applicable for cash and Bank Accounts

Level 3 Accounting subjects: Cash account under the Asset head cash and Bank Balances. (Code for Cash and bank Balances – Cash: 450- 10) Credit: Income

Level 1 Funds: Education Fund is a separate fund under the Municipal Fund Group. (Code for Municipal Fund – Education: 10-03)

Level 2 Budgeting Centres: This is an income under the Education function/ service collected by the Primary schools department. (Code for Education – Primary Schools: 82)

Level 3 Accounting subjects: Tuition Fee is a user Charge under the Income from Fees and User Charges. (Code for Fees and User Charges – Other Fees: 140-40) Accounting Entry to be passed is given below:

Fund Code *	Account Code	Accounting Entry (Illustrative Heads)	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures
10-03 10-03	450-10-(a) 140-40-(a)	Cash account To Fees & user charges – Other Fees	Dr. Cr.	10,000	10,000

* This is applicable only when an ULB maintain accounts under each Fund. Codes shall be defined by ULB based on logic provided earlier in the chapter and codes provided here are illustrative only.

** Except Function code, other code numbers are defined by the ULB depending on its requirements and codes provided are illustrative.

(a) Insert Detailed Head Codes of Account as applicable.

- b. 'Electricity charges for Machinery'** paid amounting to Rs.20,000 for motor pumps of water where separate Fund for Water Supply and sewerage is maintained for Rs.50,000/- Debits: Revenue Expense

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Level 1 Funds: Water Supply and Sewerage Fund is a separate fund under the Municipal Fund Group. (Code for Municipal Fund – Water Supply and Sewerage 10-02)

Level 2 Budgeting Centres: This is an expense under the water supply function by the Public Works department. (Code for Water Supply –51)

Level 3 Accounting subjects: Electricity charges paid are revenue expenditure under the Operations and Maintenance Expense. (Code for Operations and Maintenance –Power & Fuel: 2-30-10)

Credit: Cash / bank

Level 1 Funds: Water Supply and Sewerage Fund is a separate fund under the Municipal Fund Group. (Code for Municipal Fund – Water Supply and Sewerage 10-02)

Level 2 Budgeting Centres: Not applicable for cash and Bank Accounts

Level 3 Accounting subjects: Cash account under the Asset head cash and Bank Balances. (Code for Cash and bank Balances – Cash: 450- 21)

Fund Code *	Account Code	Accounting Entry (Illustrative Heads)	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures
10-02	230-10-(a)	Operations & Maintenance – Power & Fuel	Dr.	20,000	
10-02	450-21-(a)	To Bank account***	Cr.		20,000

* This is applicable only when an ULB maintain accounts under each Fund. Codes shall be defined by ULB based on logic provided earlier in the chapter and codes provided here are illustrative only.

** Except Function code, other code numbers are defined by the ULB depending on its requirements and codes provided are illustrative.

*** Specify name of the Bank and the account number

(a) Insert Detailed Head Codes of Account as applicable

- c. **Purchase of Ambulance** for Hospital run by the ULB for Rs. 2, 00,000/-. Debits: Capital Expense

Level 1 Funds: General Fund under the Municipal Fund Group. (Code for Municipal Fund – General Fund 10-01)

Level 2 Budgeting Centres: This is an expense under Hospital Services. (Code for Hospital Services: 35)

Level 3 Accounting subjects: Ambulance is an asset under the Vehicles. (Code for Fixed asset – Vehicles – Ambulance: 410-50) Credit: Liability

Level 1 Funds: General Fund under the Municipal Fund Group. (Code for Municipal Fund – General Fund 10-01)

Level 2 Budgeting Centres: Not applicable for control/ suspense accounts.

Level 3 Accounting subjects: Suppliers control account under the Liability head Other Liabilities (Code for Other Liabilities – Creditors: 350-10)

Fund Code *	Account Code	Accounting Entry (Illustrative Heads)	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures
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10-01	410-50-(a)	Fixed assets-Vehicles-Ambulances	Dr.	200,000	
10-01	350-10(a)***	Other liabilities (Sundry creditors)***	Cr		200,000

** This is applicable only when an ULB maintain accounts under each Fund. Codes shall be defined by ULB based on logic provided earlier in the chapter and codes provided here are illustrative only.*

*** Except Function code, other code numbers are defined by the ULB depending on its requirements.*

(a) Insert Minor & Detailed Head Codes of Account as applicable

- d. Payment of Other Liabilities** (Sundry Creditors) for purchase of Ambulance amounting to Rs. 200,000 through Main Bank account. Debits: Other Liabilities Account

Level 1 Funds: General Fund under the Municipal Fund Group. (Code for Municipal Fund – General Fund 10-01)

Level 2 Budgeting Centres: Not applicable for control/ suspense accounts.

Level 3 Accounting subjects: Suppliers control account under the Liability head Other Liabilities (Code for Other Liabilities –Creditors: 350-10)

Credit: Cash/Bank

Level 1 Funds: General Fund under the Municipal Fund Group. (Code for Municipal Fund – General Fund 10-01)

Level 2 Budgeting Centres: Not applicable for cash and Bank Accounts

Level 3 Accounting subjects: Main Bank account under the Asset head cash and Bank Balances. (Code for Cash and bank Balances – Cash: 450-21)

Fund Code *	Account Code	Accounting Entry (Illustrative Heads)	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures
10-01	350-10-(a)	Creditors – Suppliers	Dr.	200,000	
10-01	450-21-(a)	Bank Account***	Cr.		200,000

** This is applicable only when an ULB maintain accounts under each Fund. Codes shall be defined by ULB based on logic provided earlier in the chapter and codes provided here are illustrative only.*

*** Except Function code, other code numbers are defined by the ULB depending on its requirements.*

****Specify Name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

- 4.42 It may be noted that two levels that is Fund and Accounting subjects are to be captured for every debit and credit in an entry, whereas Budgeting centers details are captured only for the respective budgetary control accounts for example Revenue Expenditure, Income, and Capital Expenditure. Whenever Budgeting centers are not applicable “00” may be used to denote the field in an IT environment. Once a transaction is identified to a fund all debits and credits in the transaction is attached to the same Fund and hence common for the entire entry.
- 4.43 To summaries, Fund code shall be same for all debits and credits in a transaction, Budget Codes will be applicable only for certain debits and credits in a transaction; Account codes shall vary for every debit and Credit in a transaction.

Functions Listing

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Function Group Code	Function - Group	Function Code	Function Description	Illustrative List of Other functions possible grouping
00	General Administration			
		01	Municipal Body	General Body, All Committees, Mayor / Council Members office, Secretariat
		02	Administration	General Admin, Public Relations, IT, Legal, Vigilance
		03	Finance, Accounts, Audit	
		04	Election	
		05	Record Room	
		06	Estate	
		07	Stores & Purchase	
		08	Workshop	
		09	Census	
10	Planning & Regulations			
		11	City and Town Planning	
		12	Building Regulation	
		13	Economic Planning	
		14	Encroachment Removal	
		15	Trade License/ Regulations	
20	Public Works			
		21	Roads and Pavement	
		22	Bridges and Fly overs	
		23	Subways & Causeways	
		24	Street Lighting	
		25	Storm water Drains	
		26	Traffic Signals	
		27	Guest Houses	
30	Health			
		31	Public Health	Immunisation, Polio,
		32	Epidemic/Prevention Control	Malaria Control
		33	Family Planning	
		34	Primary Health Care	
		35	Hospital Services	
		36	Burial and Cremations	
		37	Vital Statistics	
		38	Prevention of Food Adulteration	
		39	Ambulance / Hearse Services	
40	Sanitation and Solid Waste Management			

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Function Group Code	Function - Group	Function Code	Function Description	Illustrative List of Other functions possible grouping
		41	Solid Waste Management	
		42	Public Convenience	
		43	Veterinary Services	
		44	Cattle Pounding	
		45	Slaughter Houses	
50	Civic Amenities			
		51	Water Supply	
		52	Sewerage	
		53	Fire Services	
		54	Arts & Culture	
		55	Community / Marriage Centers	
		56	Amusement	
		57	Museums	
		58	Municipal Markets	
60	Urban Forestry			
		61	Parks, Gardens	
		62	Play Grounds	
		63	Lakes and Ponds	
		64	Urban Forestry	
		65	Environment Conservation	
		66	Zoos	
70	Urban Poverty Alleviation & Social Welfare			
		71	Welfare of Women	
		72	Welfare of Children	
		73	Welfare of Aged	
		74	Welfare of Handicapped	
		75	Welfare of SC/ST/OBC	
		76	Slum Improvements	
		77	Housing	
		78	Urban Poverty Alleviation	
		79	Others	
80	Other Services			
		81	Electricity	
		82	Education	
		83	Transportation	
		84	Facility for pilgrims	
90	Revenues			
		91	Property Taxes	
		92	Octroi / Entry Cess	
		93	Advertisement Tax	
		94	Professional Tax	

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Function Group Code	Function - Group	Function Code	Function Description	Illustrative List of Other functions possible grouping
		95	Tax on Animals	
		96	Tax on Vehicles	
		97	Toll	
		99	Other Taxes	

Chart of Accounts
Listing – Income

Major Code	Major Head Description	Minor Code	Minor Head Description		Detailed Heads	Remarks
110	Tax Revenue					
		01	Property Tax	01	Residential, ,	
				02	, Commercial	
				03	Land	
				04	Service Charges	
		02	Water Tax			
		03	Sewerage Tax			
		04	Conservancy Tax			
		05	Lighting Tax			
		06	Education Tax			
		07	Vehicle Tax			
		08	Tax on Animals	01	Tax on Dogs	
				02	Tax on other Animals	
		09	Electricity Tax			
		10	Trade & Professional Tax			
		11	Advertisement Tax	01	Land hoarding	
				02	Bus	
				03	Shelters	
				04	Traffic signals	
		12	Pilgrimage Tax			
		80	Others Taxes			
		90	Tax Remission & Refund		All Types of Taxes	
120	Assigned Revenues & Compensations					
		10	Taxes and Duties collected by others	01	Theatre Tax,	
				02	Duty on Transfer of Properties	
		20	Compensation in lieu of Taxes/duties			
		30	Compensations in lieu of Concessions		Property Tax compensations due to concessions certain set of tax payers	
130	Rental Income from Municipal Properties					
		10	Rent from Civic Amenities	01	Markets,	
				02	Shopping complexes,	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Detailed Heads	Remarks
				03	Auditorium	
				04	Art Galleries	
				05	Marriage / community halls,	
				06	Playgrounds,	
				07	Nurseries	
		20	Rent from Office Buildings	01	Quarters	
		30	Rent from Guest Houses			
		40	Rent from lease of lands			
		80	Other rents	01	Lease Rentals	
		90	Rent remission and refund			
140	Fees & User Charges					
		10	Empanelment & Registration Charges	01	Carts	
				02	Rickshaw & Cycle	
				03	Contractors,	
				04	Patients,	
				05	Professionals,	
				06	P W contractors	
		11	Licensing Fees			
				01	Hawking,	
				02	Shops,	
				03	Bazaars,	
				04	Staff Quarters,	
				05	Plumbing License,	
				06	Cattle Pounding	
				07	Slaughtering,	
				08	Butchers and Traders of meat,	
				09	Poultry	
		12	Fees for Grant of Permit	01	Transit,	
				02	Escort,	
				03	Layout,	
				04	sub-division, Plan	
		13	Fees for Certificate or Extract	01	Copying	
				02	Birth & Death certificates,	
				03	Occupancy Certificate,	
		14	Development Charges	01	Development	
				02	Betterment,	
				03	Demolition,	
				04	Open space contribution	
				05	Parking contribution	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Detailed Heads	Remarks
		15	Regularization Fees	01	Encroachment	
				02	Regularization,	
				03	Revalidation,	
				04	Conversion fees	
		20	Penalties and Fines			
		40	Other Fees	01	Advertisement Fees	
				02	Tuition Fees	
				03	Other School Fees & Charges	
				04	Survey fees,	
				05	Connection, Disconnection charges	
				06	Notice Fees	
				07	Warrant Fees	
				08	Mutation Fees,	
				09	Property Transfer Charges	
				10	Library Fees	
		50	User Charges	01	Medicines	
				02	Pathology charges,	
				03	Room/Bed charges	
				04	Operation theatre charges	
				05	Cattle hospital	
				06	Cattle Pounding	
				07	Ambulance,	
				08	Funeral Van,	
				09	Garbage Collection Charges,	
				10	Littering and Debris collection,	
				11	Septic Tank clearance,	
				12	Sewerage clearance charges,	
				13	crematorium Charges,	
				14	Burial Ground Charges	
				15	Pay & use toilets,	
				16	Water Supply,	
				17	Sale of Electricity	
				18	Water Tanker,	
				19	Meter charges	
				20	Fire extinguishing	
				21	Lighting charges,	
				22	Ticket charges,	
				23	Luggage charges,	
				24	parking fees	
		60	Entry Fees	01	Parks	
				02	Playgrounds,	
				03	Swimming Pool,	
				04	Zoo	
				05	, Museum,	
				06	Library,	
				07	, Parking Lots	
		70	Service/Administrative Charges	01	Service Charges,	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Detailed Heads	Remarks
				02	Percentage on Deposit works,	
				03	Plan Preparation charges,	
				04	Road Damage Recovery charges,	
				05	stacking,	
				06	Rebate from state Government	
		80	Other Charges			
		90	Fees Remission and Refund	01	Water Supply	
150	Sale & Hire Charges					
		10	Sale of Products	01	Tree-Guards,	
				02	Garbage,	
				03	Manure,	
				04	Rubbish,	
				05	Compost,	
				06	Nursery plants,	
				07	Fruits,	
				08	, Flowers	
				09	Grass	
				10	Trees,	
		11	Sale of Forms & Publications	01	Tenders,	
				02	Data,	
				03	Plans,	
				04	Maps	
		12	Sale of stores & scrap	01	Obsolete stores	
				02	, Obsolete assets	
		30	Sale of Others	01	Old newspaper	
		40	Hire Charges for Vehicles	01	Buses	
		41	Hire Charges on Equipments	01	Rollers,	
				02	Tools & Equipments,	
				03	Medical Equipments	
160	Revenue Grants, Contribution and Subsidies					
		10	Revenue Grant	01	Road Development grants,	
				02	Family welfare Grant,	
				03	Census Grant etc	
		20	Re-imbursement of expenses			
		30	Contribution towards schemes/Subsidies	01	State Government	
				02	From others	
170	Income from Investments					
		10	Interest	01	Fixed Deposits,	
				02	Government Securities	
				03	, Post office deposits	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Detailed Heads	Remarks
		20	Dividend			
		30	Income from projects taken up on commercial basis			
		40	Profit on Sale of Investments			
		80	Others			
171	Interest Earned					
		10	Interest from Bank Accounts	01	SB accounts	
		20	Interest on Loans and advances to Employees	01	House Building Advance (HBA)	
				02	Conveyance,	
				03	Computer,	
				04	Festival,	
				05	Vehicle	
		30	Interest on loans to others			
		80	Other Interest	01	Interest on Hire Purchase (HP)	
180	Other Income					
		10	Deposits forfeited			
		11	Lapsed Deposits	01	Contractors, Suppliers	
		20	Insurance Claim Recovery			
		30	Profit on Disposal of Fixed asses			
		40	Recovery from Employees			
		50	Unclaimed Refund Payable/ Liabilities Written Back	01	Stale Cheques	
		60	Excess Provisions written back	01	Property Tax,	
				02	Advertisement Tax,	
				03	Rent	
				04	Water Supply,	
		80	Miscellaneous Income	01	Entry charges from Mela and Utsav	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Detailed Heads	Remarks
				02	Stall charges	
				03	Parking lot charges	
				04	Advertisement charges	

Chart of Account: Listing – Expenses

Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
210	Establishment Expenses					
		10	Salaries, Wages and Bonus	01	Salaries & Allowances- Officers,	
				02	Staff,	
				03	Wages,	
				04	Ex gratia,	
				05	Bonus,	
				06	Performance Bonus	
		20	Benefits and Allowances	01	Overtime Allowance,	
				02	LTC,	
				03	Medical Reimbursement	
				04	Tuition	
				05	Fees,	
				06	Education Allowance	
				07	Uniform to staff,	
				08	Compensation to staff,	
				09	Honorarium to Corporators,	
				10	, Officers and Staff,	
				11	Training,	
				12	Staff welfare expenses,	
				13	HRD activities	
		30	Pensions	01	Pension,.	
				02	Family pension.	
				03	Pension contribution	
				04	Pension Fund	
				05	Deficit Contribution to other Funds.	
		40	Other Terminal & Retirement Benefits	01	Leave encashment,	
				02	Death cum Retirement gratuity,	
				03	Contribution to pf or other Funds	
				04	Leave Salary Contribution	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
220	Administrative Expenses					
		10	Rent, Rates and Taxes			
		11	Office maintenance	01	Electricity	
				02	Water	
				03	Security expenses	
		12	Communication Expenses	01	Telephone	
				02	Mobile	
				03	Fax	
		20	Books & Periodicals	01	Magazines	
				02	Newspapers	
				03	Journals	
		21	Printing and Stationery	01	Service postage,	
				02	Printing	
				03	Stationery	
				04	Computer consumables	
		30	Traveling & Conveyance	01	Fuel	
				02	Traveling	
				03	Petrol & Diesel	
		40	Insurance			
		50	Audit Fees			
		51	Legal Expenses	01	Legal Expenses	
				02	Legal Fees	
				04	Suit compromises	
		52	Professional and other Fees	01	Architect	
				02	Engineer	
				03	Technical Fees	
				04	Consultancy Charges	
		60	Advertisement and Publicity	01	Hospitality Expenses	
				02	Advertisement	
				03	Organization of Festivals	
		61	Membership subscription &			
		80	Others			
230	Operations & Maintenance					
		10	Power & Fuel			
		20	Bulk Purchases	01	Electricity	
				02	Water	
		30	Consumption of Stores	01	Stores	
		40	Hire Charges	01	Machinery Rent	
		50	Repairs maintenance - Infrastructure &	01	Roads & Bridges	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
			Assets			
				02	Fly-overs	
				03	Water Supply&Sewerage	
				04	Street Lighting	
				05	Storm Water Drains	
				06	Traffic signals	
		51	Repairs & maintenance - Civic Amenities	01	Parks	
				02	Gardens	
				03	Lakes	
				04	Play Grounds	
				05	Arts & Culture	
				06	Parking Lots	
				07	Markets	
				08	Houses	
				10	Hospitals	
				11	Swimming Pools	
				12	Stadium	
				13	Nursery	
				14	Play Materials	
				15	Public Toilets	
		52	Repairs & maintenance -Building	01	Office Buildings	
		53	Repairs & maintenance - Vehicles	01	Out side Repairs	
				02	Work shop Repairs	
				03	Replacement of Spares	
		59	Repairs & maintenance - Others	01	Furniture Fixture	
				02	Electrical appliances	
				03	Office equipment	
				04	Other FA	
				05	Survey & Drawing equipments	
		80	Other operating & maintenance	01	Testing & inspection	
				02	Water Purification	
				03	Garbage Clearance	
				04	Patients food	
				05	Patients laundry	
				06	Tax for Public Transport vehicles	
240	Interest & Finance Charge					
		10	Interest on Loans			

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
			from Central Government			
		20	Interest on Loans from State Government			
		30	Interest on Loans from Government Bodies & associations			
		50	Interest on Loans from Banks & Other Financial Institutions			
		60	Other Interest	01	Leases	
				02	HP	
		70	Bank Charges			
		80	Other Finance Expenses	01	Discount on early / prompt payment	
250	Programme Expenses					
		10	Election Expenses			
		20	Own Programme	01	Mela & Utsav	
		30	Share in programme of others			
260	Revenue Grants, Contribution and Subsidies					
		10	Grants			
		20	Contribution			
		30	Subsidies			
270	Provisions and Write off					
		10	Provisions for Doubtful receivables	01	Property Tax	
				02	Cess	
				03	Fees and User Charges	
				04	Rent	
		20	Provision of other Assets	01	Stores	
				02	Fixed assets	
				03	Investments	
		30	Revenues written off	01	Property Tax	
				02	Assigned Revenues	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
				03	Grants	
		40	Assets written off	01	Stores	
				02	Fixed assets	
		50	Miscellaneous Expense written off	01	Issue expenses	
271	Miscellaneous Expenses					
		10	Loss on disposal of Assets			
		20	Loss on disposal of Investments			
		30	Decline in Value of Investments			
272	Depreciation					
		20	Buildings			
		30	Roads & Bridges			
		31	Sewerage and Drainage			
		32	Waterways			
		33	Public Lighting			
		40	Plant & machinery			
		50	Vehicles			
		60	Office & Other Equipments			
		70	Furniture, Fixtures, Fittings and Electrical Appliances			
		80	Other Fixed Assets			
280	Prior Period Item					
			Income			
		10	Taxes	01	Taxes	
				02	Toll,	
		20	Other - Revenues			
		30	Recovery of revenues written off	01	All types of Taxes	
				02	Fees & User Charges	
		40	Other Income			
			Expenses			
		50	Refund of Taxes	01	All type of Taxes	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
		60	Refund of Other Revenues	01	Water Supply	
				02	Rent	
		80	Other expenses			

Chart of Account: Listing – Liability

Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
310	Municipal(General)Fund					
		10	Municipal Fund	01	Closing Balance,	
				02	Adjustments to Opening balance sheet	
		90	Excess of Income and Expenditure			
311	Earmarked Funds	10-49	Special Funds (Specify each Fund name)	01	All developmental funds and special purpose Funds. E.g... Examples Road Fund, Water Supply Fund, City Development Fund etc)	0 - Opening Balance, 1- 9 Additions to Grants during the period, 11-29 Revenue Income earned, 30- 49 Capital Income earned, 50- 69 Revenue Expenses payments, 70- 89 capital expenses payments
		50-69	Sinking Funds (Specify each Fund Name)	01	Replacement Funds	
					Examples, all employee related funds like PF, Pension etc.	
		70-99	Trust or Agency Funds (Specify each Fund Name)			
312	Reserves					

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
		10	Capital Contribution			
		11	Capital Reserve			
		20	Borrowing Redemption reserve(if no sinkign fund is created)			
		30	Special Funds (utilised)			
		40	Statutory Reserve			
		50	General Reserve			
		60	Revaluation Reserve			
320	Grants, Contribution for specific purposes				Specify Name of each specified grant	
		10	Central Government			0- Opening Balance, 1- 9 Additions to Grants during the period, 11 - 29 Revenue Income earned, 30- 49 Capital Income earned, 50- 69 Revenue Expenses payments,
		20	State Government			
		30	Other government Agencies			
		40	Financial Institutions			
		50	Welfare Bodies			
		60	InterU.P. Organizations			
		80	Others			
330	Secured Loans				(Use detailed head codes for different loans)	
		10	Loans from Central Government			

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
		20	Loans from State Government			
		30	Loans from Government Bodies & Association			
		40	Loans from InerU.P. Agencies			
		50	Loans from Bank and Other Financial Institutions	01	HP	
		60	Other Term Loan			
		70	Bonds & Debentures			
		80	Other Loans			
331	Unsecured Loans				(Use detailed head codes for different loans)	
		10	Loans from Central Government			
		20	Loans form State Government			
		30	Loans from Government Bodies & Association			
		40	Loans from InerU.P. Agencies			
		50	Loans from Bank and Other Financial Institutions			
		60	Other Term Loan			
		70	Bonds & Debentures			
		80	Other Loans			
340	Deposits				EMD, Security	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
	Received				Deposit	
		10	From Contractors / Suppliers	01	Transit	
				02	Water Electricity	
				03	Rental etc.	
		20	Deposits – Revenues			
		30	From Staff			
		80	From Others			
341	Deposit Works					
		10	Civil Works			
		20	Electrical Works			
		80	Others			
350	Other Liabilities				Suppliers, Contractors, Expenses, Payables against funds, Payables against grants, Payable against Specific Scheme, Contractors Advance Control account	
		10	Creditors	01	Gross Salary	
				02	Net Salaries	
				03	Salaries unpaid	
				04	P.F. payable	
				05	Pension	
				06	Gratuity	
				07	Welfare Funds	
				08	Leave Salary payable	
		11	Employee liabilities	01	Loans	
				02	HP	
		12	Interest Accrued and due	01	F deductions	
				02	LIC	
				03	Loans	
				04	Societies Service Tax	
				05	Profession Tax	
				06	TDS	
				07	Contract Tax	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
				08	Trade Tax	
				09	Sales Tax	
				10	Service Tax	
				11	Works Contract	
		20	Recoveries payable	01	Court Attachment	
				02	Other Revenues	
				03	Grants	
				04	Deposit Works	
				05	Attached Properties	
				06	State Government Levy and Tax control	
				07	Water Supply	
				08	Rent	
		40	Refunds payable	01	Property Tax	
				02	Water Supply	
				03	License Fees	
				04	Rent	
				05	Advertisement charge	
		41	Advance Collection of Revenues	01	Compensation payable	
				02	Stale Cheque	
				03	HP Payable	
				04	Lease Charges payable	
				05	HP Interest receivable Control Account etc.	
		80	Others	01	Assets	
				02	Investments	
				03	Attached properties	
		90	Sale Proceeds			Note: This account will not have balance at the year end
360	Provisions	10	Provisions for Expenses			
		20	Provision for	01	Interest	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
			Interest		Accrued but not due	
		30	Provision for Other Assets	01	Stores	
				02	Investments	

Chart of Account: Listing – Assets

Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
410	Fixed Assets					
		10	Land	01	Grounds	
				02	Open markets	
				03	Parks	
				04	Gardens	
		20	Buildings			
		30	Roads & Bridges	01	Concrete	
				02	Black Topped	
				03	Others	
		31	Sewerage and Drainage	01	Open	
				02	Underground	
		32	Waterways	01	Bore wells	
				02	Open wells	
				03	Reservoirs	
		33	Public Lighting	01	Lamp posts	
				02	Transformers	
		40	Plant & Machinery			
		50	Vehicles	01	Ambulance	
				02	Buses	
				03	Cars	
				04	Jeeps	
				05	Cranes	
				06	Trucks	
				07	Tankers	
		60	Office & Other Equipments	01	Air conditioners	
				02	Computers	
				03	Faxes	
				04	Photocopiers	
				05	Refrigerators	
		70	Furniture, Fixtures, Fittings and Electrical Appliances	01	Cabinets	
				02	Cupboards	
				03	Chairs	
				04	Chairs	
				05	Fans	

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
				06	Electrical Fittings	
		80	Other Fixed Assets			
		90	Assets under Disposal			Note: This account will not have balance at the year end
411	Accumulated Depreciation					
		20	Buildings			
		30	Roads & Bridges			
		31	Sewerage and Drainage			
		32	Waterways			
		33	Public Lighting			
		40	Plant & machinery			
		50	Vehicles			
		60	Office & Other Equipments			
		70	Furniture, Fixtures, Fittings and Electrical Appliances			
		80	Other Fixed Assets			
412	Capital Work in Progress					
		10	Specific Grants			
		20	Special funds			
420	Investment General Fund					
		10	Central Government Securities			
		20	State Government Securities			
		30	Debentures and Bonds			
		40	Preference Shares			
		50	Equity Shares			
		60	Units of Mutual Funds			
		80	Other Investments			

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
		90	Accumulated Provision			
430	Stock in hand					
		10	Stores	01	Closing stock	Opening stock and Purchases to have nil balance
				02	Closing stock	
				03	Purchases	
		20	Loose Tools			
		80	Others			
431	Sundry Debtors (Receivables)					
		10	Receivables for Property Taxes		Year wise	
		19	Receivable for Other Taxes			
		30	Receivable for Fees & User Charges	01	License Fees	
				02	Advertisement Fees	
				03	Water Supply	
		40	Receivable from other sources	01	Rent	
				02	Interest accrued & due	
				03	Interest accrued & not due	
				04	Undertakings	
				05	Interest due from employees	
		50	Receivable from Government	01	Grants	
				02	Assigned Revenues	
		80	Receivables control accounts	01	Property Taxes	Note: This account will not have balance at the year end
				02	Water Supply	
			<i>State Govt Cesses/ levies in Taxes Control accounts</i>			
		91	State Govt Cesses/ levies in Property Taxes – Control account			
		92	State Govt Cesses/ levies in Water Taxes - Control account			
		99	State Govt Cesses/			

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
			levies in Other Taxes - Control account			
432	Accumulated Provisions against Debtors(Receivables)					
		10	Provision for outstanding Property Taxes			
		11	Provision for outstanding Water Taxes			
		12	Provision for outstanding Other Taxes			
		30	Provision for outstanding Fees & User Charges	01	Water Supply	
				02	Rent	
		40	Provision for outstanding other receivable			
			<i>State Govt. Cesses/ levies in Taxes- Provision accounts</i>			
		91	State Govt Cesses/ levies in Property Taxes - Provision account			
		92	State Govt Cesses/ levies in Water Taxes - Provision account			
		99	State Govt Cesses/ levies in Other Taxes			

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
			- Provision Account			
440	Pre- paid Expenses					
		10	Establishment			
		20	Administration			
		30	Operations & Maintenance			
450	Cash and Bank Balance					
		10	Cash			
			<i>Balance with Bank - Municipal Fund</i>			
		21	Nationalized Banks			
		22	Other Scheduled Banks			
		23	Scheduled Cooperative Banks			
		24	Post Office			
			<i>Balance with Bank - Special Funds</i>			
		41	Nationalized Banks			
		42	Other Scheduled Banks			
		43	Scheduled Cooperative Banks			
		44	Post Office			
			<i>Balance with Bank - Grant Funds</i>			
		62	Nationalized Banks			
			Other Scheduled Banks			
		63	Scheduled Cooperative Banks			
		64	Post Office			
460	Loans, Advances and Deposits					

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
		10	Loans and advances to employees		HBA,	
				02	Conveyance,	
				03	Computer advance,	
				04	Festival advance,	
				05	Vehicle Advance	
		20	Employee Provident Fund Loans			
		30	Loans to Others			
		40	Advance to Suppliers and contractors	01	Public Works,	
				02	Stores,	
				03	Materials Issued to Contractors/Stores,	
				04	Lease Rentals	
				05	HP accounts	
		50	Advance to others	01	Permanent Advance,	
				02	Advance against projects,	
				03	Advance against scheme,	
				04	Grants	
		60	Deposits with external Agencies	01	Electricity,	
				02	Telephones,	
				03	Water,	
				04	Petrol Pumps,	
		80	Other current assets	01	HP Installments received,	
				02	Interest Receivable on Loans & advances,	
				03	Scheme Expenses	
461	Accumulated Provisions against Loans, Advances and Deposits					

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Major Code	Major Head Description	Minor Code	Minor Head Description		Details Head	Remarks
		10	Loans to Others			
		20	Advances			
		30	Deposits			
470	Other Assets	10	Deposit Works - Expenditure	01	Civil,	Note: This account will not have balance at the year end.
				02	Electrical,	
				03	Others	
		20	Inter Unit Account			Note: This account will not have balance after consolidation of all AUs accounts
		30	Interest Control Payable	01	Lease,	
				02	HP	
480	Miscellaneous Expenditure to be written off					
		10	Loan Issue Expenses			
		20	Discount on Issue of loans			
		30	Others			

CHAPTER

5

GENERAL

**ACCOUNTING
PROCEDURES**

CHAPTER 5

GENERAL ACCOUNTING PROCEDURES

INTRODUCTION

- 5.1 This chapter discusses the Books of Accounts to be maintained and the General Accounting Procedures to be followed by the ULB under the accrual based accounting system.

RULES OF ACCOUNTING

- 5.2 The three basic rules for recording the transactions are:

- (a) Debit the receiver and Credit the giver;
- (b) Debit what comes in and Credit what goes out;
- (c) Debit all expenses (and losses) and Credit all incomes (and gains);

- 5.3 The basic rule of accounting flows from the accounting equation:

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

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

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

- 5.5 An decrease in the asset, e.g., Cash may result in:

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

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

- 5.6 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.
- 5.7 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
-----------------	-----------	-----------

Type of Account

- (a) Real Accounts – accounts relating to tangible things, for e.g. Cash, Fixtures and Goods etc.
- (b) Personal Accounts – accounts relating to transactions with persons necessitated by ‘Credit’ transactions or ‘Debit’ transactions
- (c) Nominal Accounts – accounts relating to gains or losses e.g. rent, discount etc.

BOOKS OF ACCOUNTS

5.8 The books of accounts shall be maintained separately for each financial year as prescribed in the Rules made under the Act.

5.9 The following are the primary Books of Accounts that shall be maintained at the ULB:

- a Cash Book (Form GEN-1) Shall be the Book of Original Entry for recording transactions involving cash .. The Cash Book has two sides viz. “Receipt” and the payment”. All collections on behalf of the ULBs shall be recorded on the “Receipt” side and all the payments shall be recorded on the “Payment” side. A Separate Cash Book shall be maintained with single cash column.
- (b) A separate bank book shall be maintained with multiple bank columns.

Exhibit 5.1 provides the format of the Cash Book.

Exhibit 5.1 Cash Book

Date:-----

Sr.no.	Recpt. Voucher No-	Code of account	Particulars of Receipts	L/F	Cash Amount (Rs.)	Sr. no.	Pymt. Voucher no-	Code of Account	Particulars of Payment	L/F	Cash Amount (Rs.)

Note: - In case of computer generated cash book column of L/F shall be deleted.

c. **Journal Book (Form GEN-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 & 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. Exhibit 5.2 provides the format of the Journal Book.

Exhibit 5.2

Journal Book

Date: -----

Sr.no	Jrnl. vchr. No.	Code of Account	Particulars	L/F	Debit Amount Rs.,	Credit Amount Rs.

Note: - In case of computer generated Journal book column of L/F shall be deleted.

c. Ledger (Form GEN-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 GEN-2) or which is recorded on the “Payment” side of the Cash Book (Form GEN-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, Bank 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. The posting of the entries from the books of original entry to the Ledger has been explained later in this chapter. Exhibit 5.3 provides the format of the Ledger.

Exhibit 5.3
Ledger

Dr. Name ----- Code of Account ----- Cr.

Date	Particulars	C/B Folio	Debit	Credit	Dr./Cr.	Balance

ACCOUNTING DOCUMENTS

5.4 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 separately for Cash Book Voucher, Bank Book Voucher and Journal Voucher. The accounting documents to be prepared by the ULBs are described below:

- a. Cash /Bank Receipt Voucher (Form GEN-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 realization. ***Separate series of numbers shall be maintained for cash transactions and for 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.
- b. Cash/ Bank Payment Voucher (Form GEN-5) Shall be the document prepared for recording payment entries in the Cash Book.
- c. Contra Voucher form (GEN-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.
- d. Journal Voucher (Form GEN-7) shall be the document prepared for recording entries in the Journal Book. These entries would not involve any cash/bank related transactions.

OTHER REGISTERS/FORMS

5.5 Some of the general registers and forms which shall be required to be maintained are provided in Table 5.1 below:

Table 5.1 Other General Registers and Forms

Sr.No.	Name of the Form	Form Number
--------	------------------	-------------

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

5.5 The formats of all books, registers, and forms referred in this chapter and those listed (Form GEN-8 to GEN-36) above are annexed to this chapter.

PROCEDURE TO BE FOLLOWED FOR ACCOUNTING OF COLLECTIONS

5.7 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 Centers (i.e. branches of Designated Banks and other Collection Centers). The general procedure for the receipt, deposit and accounting of the collections shall be as follows:

- a) 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 GEN-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 GEN-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.
- b) 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.
- c) 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 GEN-8) to acknowledge the receipt of cash/cheque/demand draft/banker's

cheque from other collection offices. The receiving Collection Center shall record the receipt issued for receipt of the cheques/drafts received from other collection centers in its receipt register maintained in Form GEN -9.

- d) Entry in Collection Register. The Collection Offices and Collection Centers shall record the particulars of each Receipt issued in the Collection Register, maintained in Form GEN-11, on a daily basis. The Collection to be maintained in Form GEN- 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 anyone can be sent to the Accounts and other one will be retained as book copy.
- e) 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 GEN-12. The Summary of Daily Collection is a covering sheet that provides a summary of the total revenues collected by the Collection Office/Center.
- f) Collections at branches of Designated Banks directly from the payers. The officers, designated for the purpose of co-ordinating with the branches collecting the receipt directly from the payers, shall also prepare a Summary of DailyCollection in Form GEN – 12.
- g) Preparation of Bank Receipt Voucher. The Accounts Department shall prepare a Bank Receipt Voucher (Form GEN-4) and pass the entry for recording the collections based on the Summary of Daily Collection (Form GEN-12) received. For example, the following entry shall be passed in respect of receipt of Security Deposit received by cheque and deposited in Main Bank Account:

Code of Account	Accounting Entry	Dr/ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21 (a) 340-10-(a)	Bank Account * To Deposit Contractors – Security Deposit	Dr. Cr.	10,000.00	10000.00	Cash Book, Ledger

* Specify name of the Bank and Account number

(a) Insert Minor Head Codes of Account as applicable

- h) Entry in Bank Book. In practice, the above entry shall be passed in the Main Bank Book (Form GEN-1), on the “Receipt” side, as follows:

Bank Book of Name of ULB (Main)

Receipt							Payment						
Sr. No.	Date	Rcpt. Vchr. No.	Code of Account	Particulars of Receipt	L/F	Bank Amount (Rs.) Illustrative figures	Sr. No.	Date	Pymt. Vchr. No.	Code of Account	Particulars of Payment	L/F	Bank Amount (Rs.) Illustrative figures
	1/1/04		340-10-(a)	To Deposit from contractors – Security Deposit		10,000							

(Extracted Bank Book)

i. **Posting in the Ledger.** From the Bank Book, a posting shall be made to the Ledger (Form GEN-3) in the “Deposit from

Contractors - Security Deposit t” Account on the “Credit” side, as shown below:

Deposit from contractors - Security Deposit
Dr. Cr.

Date	Code of Account	Particulars	Folio	Debit	Credit	Balance
1/1/04	450-21-01	By Bank Account			10,000	10,000

j. Similarly, collections in respect of Property & Other Taxes shall be accounted as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 431-80-(a)	Bank Account * To Receivables control account - Property Tax	Dr. Cr.	25,000	25,000	Cash Book, Ledger

* Specify Name of Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

In practice, the above entry shall be passed in the relevant Cash Book (Form GEN-1), in the “Bank” column on the “Receipt” side and posted to the Ledger (Form GEN-3), as follows:

Cash Book of _____ (Name of Bank)

Receipt							Payment						
Sr. No.	Date	Rept. Vchr. No.	Code of Account	Particulars of Receipt	L/ F	Cash Amount (Rs.) Illustrative figures	Sr. No.	Date	Pymt. Vchr. No.	Code of Account	Particulars of Payment	L/ F	Cash Amount (Rs.) Illustrative figures
	1/1/04		431-80-(a)	To Recevables control account – Property Tax									

(Extracted Cash Book)

Receivables Control account

Dr. Cr.

Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)
					1/1/04	450-21-(a)	By Bank Account		25,000

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- i) The entries to be passed for recording the collection of revenues have been provided in the subsequent chapters, e.g., Chapter 6 - Property and Other Taxes, Chapter 9 - Water Supply, Chapter 10 –assigned revenues, Chapter 11 – Rents, Fees and Other Incomes, etc.
- j) Updation of Subsidiary Ledgers. The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major revenues in Form GEN – 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.
- k) This is illustrated with reference to the Function Health Department which have received from various type of heads as listed below:

Day 1

License fee: Rs. 1,000

Registration fees from patients: Rs. 500

Sale of Medicines: Rs. 10,000

Day 2

X-ray and Pathology Charges: Rs. 2,000

Sale of Tender Forms: Rs. 500

Receipt of Malaria Control Grant Rs.5,000

n. 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 as follows:

Table 5.2

Function wise Income Subsidiary Ledger

Function: Health

Date	Ref. No.	Particulars	Total Amount	Income			
				Revenue Grants	Fees & User charges	Sale & Hire Charges ...	
1	1	License Fees	1,000		1,000		
	2	Registration Fees from patients	500		500		
	3	Birth & Death Fees	10,000		10,000		
2	4	X-Ray and Pathology Charges	2,000		2,000		
	5	Sale of Forms	500			500	
	6	Malaria Control grant	5,000	5,000			
		Total for the month	19,000	5,000	13,500	500	
		Cum. total at the beginning of the month	NIL	NIL	NIL	NIL	NIL
		Cum. Total at the end of the month	21,000	5,000	13,500	500	

o. Each of the above 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.*

p. Summary of major head wise income for each of the function may be prepared from the Subsidiary Ledgers in the following format (Table 5.3).

Table 5.3
Summary of major head wise Income

Sl. No	Function code	Functions Head	Total Income	Major Heads of Income			
				Revenue Grants	Fees & User charges	Sale & Hire Charges	...
		Health Public Works Civic Amenities	19,000	5,000	13,500	500	
Total for the major Heads of Income			19,000	5,000	13,500	500	

q. Summary total of major heads of Income prepared as stated above must agree with the major income head wise schedules prepared from Trial Balance.

r. 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-realization of the cheques/drafts shall be updated in the Receipt Register (Form GEN-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 have actually deposited the cheques and coordinating with the bank, through a Statement on Status of Cheques Received, prepared in Form GEN-10.

s. Based on the Statement on Status of Cheques Received (Form GEN-10), the Accounts Department shall reverse the entry passed in “g” above i.e. on preparation of Bank Receipt Voucher.

For e.g. Security Deposit received by cheque and deposited in Main Bank Account is dishonoured. The Accounts Department shall pass the following entry for reversal of receipt.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a) 450-21-(a)	Deposit from contractors – Security Deposit To Bank Account*	Dr. Cr.	10,000	10,000	Bank Book, Ledger

* Specify name of the bank and Account number

t. Subsidiary Ledgers shall be adequately updated for the reversal entry to be passed in respect of Fees & User Charges and Sale & Hire Charges due to dishonour of cheques.

u. An administrative charge of is normally levied on the dishonored cheques.

v. 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. On the basis of the cheque prepared for the transfer or on the basis of 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 GEN-6). Accounting entries relating to this is explained below under ‘Accounting for Contra entries.’

PROCEDURE TO BE FOLLOWED FOR ACCOUNTING OF PAYMENTS

5.8 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:

a. 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 GEN-13.

b. 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 (Form GEN-14) is suggested. The state governments can modify this based on their requirements.

c. 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:

- Whether the supporting documents such as invoices, bills, etc are stamped with 'certified for payment' and signed by the authorities of the concerned department;
- Whether adequate budget appropriation/provision is available under the particular head.
- Whether evidence of entry into purchase /fixed assets/ investments register with folio and reference numbers are attached/ available;
- 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;
- 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.
- 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.

d. 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/Masurement 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.

e. The concerned department shall resolve the query raised (in d. 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.

f. Forwarding for payment. After a satisfactory verification of the payment order and its supporting, the payment order shall be released for payment

g. On approval of payment, entry shall be made in the Register of Bills for Payment maintained at Accounts Department (Form GEN-13) journal voucher is prepared.

h. Preparation of a Cash/Bank Payment Voucher. A Cash/Bank Payment Voucher (Form GEN-5) shall be prepared for payment and verified.

i. The entries to be passed for recording the expenditure and payments have been provided in the subsequent chapters, e.g., Chapter 11 - Public Works, Chapter 12- Stores, Chapter 13-Employee Related Transactions, Chapter 15-Other Revenue Expenditures, etc

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j. 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 GEN-15.

k. 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.

l. Recording of entry for payment. After the signing of the Cash / Bank Payment Voucher, the Accounts Department shall pass the entry for the payment.

For example, the Accounts Department shall pass the following entry for payment of rent in respect of municipal building:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220- 10-(a) 450-21-(a)	Rent, Rates & Taxes To Bank Account*	Dr. Cr.	5,000	5,000	Bank Book, Ledger

* Specify name of the bank and account number

(a) Insert Detailed Head Codes of Account as applicable

m. Entry in Bank Book. In practice, the above entry shall be passed in the Bank Book (Form GEN-1), on the “Payment” side, as follows:

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Bank Book of _____

Receipt Payment

Sr. No.	Rcpt.	Vchr. No.	Code of Account	Particulars of Receipt	L/ F	Bank Amount (Rs.) Illustrative figures	Sr. No.	Date	Pymt. Vchr. No.	Code of Account	Particulars of Payment	L/ F	Bank Amount (Rs.) Illustrative figures
								1/1/04	220-10-(a)		By Rent, Rates & Taxes		5,000

n. Posting in the Ledger. From the Cash Book, a posting shall be made to the Ledger (Form GEN-3) in the “Rent, Rates & Taxes” Account on the “Debit” side, as shown below:

Rent, Rates & Taxes Account

Dr. Cr.

Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)
1/1/04	450-21- (a)	To Bank Account*		5,000					

* Specify name of the bank and account number

(a) Insert Detailed Head Codes of Account as applicable

Similarly, payment made to a contractor towards construction of a building block shall be accounted as follows (separate Cash Book shall be maintained for Designated Public Works Bank Account):

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Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors - Contractors Control Account	Dr.	1,00,000		Cash Book, Ledger
450-21-(a)	To Bank Account*	Cr.		1,00,000	

* Specify name of the Bank and Account number

(a) Insert Minor Head Codes of Account as applicable

In practice, the above entry shall be passed in the Public Works Cash Book (Form GEN-1), in the “Bank” column on the “Payment” side and posted to the Ledger (Form GEN-3), as follows:

Cash Book of _____ the name of the ULB (Public Works)

Receipt							Payment						
Sr. No.	Date	Rept. Vchr. No.	Code of Account	Particulars of Receipt	L/F	Bank Amount (Rs.) Illustrative figures	Sr. No.	Date	Pymt. Vchr. No.	Code of Account	Particulars of Payment	L/F	Bank Amount (Rs.) Illustrative figures
								1/1/04		350-10-(a)	By Contractors Control Account		1,00,000

Contractors Control Account

Dr.					Cr.				
Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)
1/1/04	450-21-(a)	To Bank Account *		1,00,000					

(a) Insert Minor Head Codes of Account as applicable

- o. Updation of Subsidiary Ledgers for expenditures. The Accounts Department shall maintain separate Subsidiary Ledger for each of the Major expense head in Form GEN-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.
- p. This is illustrated with reference to the Function Public works, which have incurred various types of expenses as listed below.

Day 1

Salaries of staff Rs. 10,000

Books & Periodicals Rs. 1,000

Consumption of stores Rs.3,000

Day 2

Repairs to Roads Rs.20,000

Communication expenses Rs.1,000

Computer consumables Rs.2,000

- q. 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 as follows:

Table 5.4
Function wise Expenses Subsidiary Ledger

Function:

Date	Ref. No.	Particulars	Total Amount	Major Heads of Expenses			
				Establishment	Administration	Operations & maintenance	...
1	1	Salaries of staff	10,000	10,000			
	2	Books & Periodicals	1,000		1,000		
	3	Consumption of Stores	3,000			3,000	
2	4	Repairs to Roads	20,000			20,000	
	5	Communication expenses	1,000		1,000		
	6	Computer Consumables	2,000		2,000		
		Total for the month	37,000	10,000	4,000	23,000	
		Cum. total at the Beginning of the month	NIL	NIL	NIL	NIL	NIL
		Cum. Total at the end of the month	37,000	10,000	4,000	23,000	

- r. Each of the above 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.*

- s. Summary of major head wise expenses for each of the function may be prepared from the Subsidiary Ledgers in the following format (Table 5.5).

Table 5.5
Summary of major head wise expenses

Date	Function Code	Functions Head	Total Income	Major Heads of Expenses			
				Establishment	Administration	Operations & maintenance	...
1		Public Works	37,000	10,000	4,000	23,000	
2							
3							
Total for the major Heads of Expenses			37,000	10,000	4,000	23,000	

- t. 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.

ACCOUNTING FOR JOURNAL ENTRIES

5.9 For transactions other than those involving cash and/or bank, the Accounts Department shall prepare a Journal Voucher (Form GEN-7) for recording the entry in the Journal Book. The following example illustrates the recording of entry in the Journal Book:

5.10 For recording the entry in respect of the raising of demand in respect of Property and Other Taxes, the Accounts Department shall prepare a Journal Voucher (Form GEN-7) and pass the following entry in the Journal Book (Form GEN-2):

Journal Book of name of the ULB

Sr. No.	Date	Jrnl. Vchr. No.	Code of Account	Particulars	L/F	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures
1	1/1/04	XXX	431-10-(a) 110-01-(a)	Receivables for Property Taxes (Year...) To Property tax – Residential Properties		50,000	50,000

(a) Insert Detailed Head Codes of Account as applicable

Posting in the Ledger. From the Journal Book, a posting shall be made to the Ledger (Form GEN-3) as shown below:

Receivables for Property Tax (Year...) Account

Dr.

Cr.

Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)
1/1/04	110-01-(a)	To Property Tax - residential Properties		50,000					

Property tax – Residential properties Account

Dr.

Cr.

Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)	Date	Code of Account	Particulars	Folio	Amount (Rs.) (Illustrative figure)
					1/1/04	431-10-(a)	By Receivables of Property Taxes (Year...)		50,000

** Insert Detailed Head Codes of Account as applicable.*

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5.11 The Journal Entries are also passed for rectification of errors in recording of earlier transactions.

For example, if the income in respect of sale of Forms has been taken as Registration Fees from PW contractors:

a. The entry, which should have been actually passed, would be:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21- (a) 150-11-(a)	Bank Account* To Sale Forms - Tenders	Dr. Cr.	1,000	1,000	Cash Book, Ledger

* Specify name of the bank and account number

(a) Insert Minor Head Codes of Account as applicable

If the entry has been wrongly passed as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21- (a) 140-10-(a)	Bank Account* To Registration Charges – PW contractors	Dr. Cr.	1,000	1,000	Cash Book, Ledger

* Specify name of the bank and account number

(a) Insert Detailed Head Codes of Account as applicable

b. To rectify the above, the Accounts Department shall prepare a Journal Voucher (Form GEN-7) and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
140-10-(a) 150-11-(a)	Registration Charges – PW contractors To Sale of Forms – Tender	Dr. Cr.	1,000	1,000	Journal Book, Ledger

(a) Insert Detailed Head Codes of Account as applicable

PERMANENT/OFFICIAL ADVANCE

5.12 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 GEN-16. The details of the advances given shall be recorded in the Register of Advance maintained in Form GEN-16. The concerned department shall prepare Payment Order (Form GEN-15) for replenishment of the permanent advance.

5.13 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.

5.14 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.

BANK CHARGES:

5.15 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.

5.16 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 explained in Chapter 29 on Reconciliation Procedures, as items not accounted by the ULB. Accounting entry for Bank Charges shall be as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
240-70-(a) 450-21-(a)	Bank Charges To Bank Account*	Dr. Cr.	1,000	1,000	Cash Book, Ledger

* Specify name of the bank and account number

(a) Insert Detailed Head Codes of Account as applicable

STALE/OBSOLETE CHEQUES

5.17 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 realized, it becomes a stale cheque.

5.18 At period end, the Accounts Department shall review the Cheque Issue Register (Form GEN-15) and the Bank Reconciliation Statements (format provided in Table 30.2 of Chapter 30 on Reconciliation Procedures) to identify the cheques, which have become stale. It shall prepare a Bank Receipt Voucher (Form GEN-4) for recording a notional receipt in respect of the stale cheques. The necessary details shall be updated in the Cheque Issue Register (Form GEN-15). In respect of the stale cheques, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21- (a) 350-80-(a)	Bank Account* To Other Liability – Others - Liability in respect of Stale Cheques	Dr. Cr.	10,000	10,000	Cash Book,

* Specify name of the Bank and Account number

(a) Insert detailed Head Codes of Account as applicable

5.19 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 GEN 5). After approval and signing of the Bank Payment Voucher by the concerned authorities, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
-----------------	------------------	----------	--	---	--------------------------

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350-80-(a)	Other Liability – Others - Liability in respect of Stale Cheques	Dr.	10,000		Cash Book, Ledger
450-21- (a)	To Bank Account*	Cr.		10,000	

* Specify name of the bank and account number

(a) Insert Detailed Head Codes of Account as applicable

5.20 Liability in respect of Stale Cheques account shall be reviewed periodically and those Stale cheques which were not revalidated for a period of 3years 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. In case the matter is in dispute or under litigation the decision of write off should be taken on prudence. Accounts Department shall pass the following entry for recognition of other income:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-80-(a)	Other Liability – Others – Liability in respect of Stale Cheques	Dr.	5,000		Journal Book, Ledger
180-50-(a)	To Unclaimed Liabilities written back – Stale Cheques	Cr.		5,000	

(a) Insert Detailed Head Codes of Account as applicable

GENERAL INSTRUCTION FOR PAYMENTS

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

5.22 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.

5.23 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.

5.24 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 GEN-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.

5.25 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.

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

5.27 States 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

5.28 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.

ACCOUNTING FOR CONTRA ENTRIES

5.29 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 GEN-6). In respect of Contra Entries, the following entries shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
For recording cash deposited into bank					
450-21- (a) 450-10-(a)	Bank Account* To Cash	Dr. Cr.	10,000	10,000	Cash Book
For recording cash withdrawn from bank					
450-10-(a) 450-21-(a)	Cash To Bank Account*	Dr. Cr.	10,000	10,000	Cash Book
For recording transfer of funds from one bank to another					
450-21-(a) 450-21- (a)	Main Bank Account* To Designated Bank Account*	Dr. Cr.	10,000	10,000	Cash Book

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

5.30 Contra Entries shall also be recorded for rectification of entries involving cash and/or bank transactions. For example, if the amount deposited in the Designated Property Tax Bank Account has been wrongly debited to Designated Water Supply Bank Account, then the following entry shall be passed to rectify the error:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 450-21- (a)	Designated Property Tax Bank Account* To Designated Water Supply Bank Account*	Dr. Cr.	10,000	10,000	Cash Book

* Specify name of the bank and account number

(a) Insert Detailed Head Codes of Account as applicable

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Cash Book of _____ Name of ULB (Main)

Receipt

Sr. No .	Date	Rcpt. Vchr. No.	Code of Account	Particulars of Receipt	L/F	Payment										
						Cash Amount (Rs.) Illustrative figures	Bank Amount (Rs.) Illustrative figures	Sr. No.	Date	Pymt. Vchr. No.	Code of Account	Particulars of Payment	L/F	Cash Amount (Rs.) Illustrative figures	Bank Amount (Rs.) Illustrative figures	
	1/1/04		450-21- (a)	To Designated Health Fund Bank Account*			25,000									

* Specify name of the bank and account number

(a) Insert Detailed Head Codes of Account as applicable

Cash Book of _____ (Health Fund)

Receipt Payment

Sr. No .	Date	Rcpt. Vchr. No.	Code of Account	Particulars of Receipt	L/F	Bank Amount (Rs.) Illustrative figures	Bank Amount (Rs.) Illustrative figures	Sr. No.	Date	Pymt. Vchr. No.	Code of Account	Particulars of Payment	L/F	Bank Amount (Rs.) Illustrative figures	Bank Amount (Rs.) Illustrative figures	
							25,000		1/1/04		450-21- (a)	By Main Bank Account*			25,000	

* Specify name of the bank and account number

(a) Insert Detailed Head Codes of Account as applicable

Banking arrangements

5.31 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.

5.32 Illustrative list of arrangements with Banks:

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

INTERNAL CONTROLS

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

- a. 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 (other than Cashier).
- b. 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.
- c. Cash in chest should be insured for theft, fire etc.
- d. 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.
- e. 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.
- f. Original copy of the cancelled Receipt shall be attached with the duplicate copy with the words "Cancelled" marked on it.
- g. 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.
- h. 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 GEN - 12.
- i. 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.
- j. At the end of each month, the Accounts Department shall ensure compliance with the month-end procedure described in Chapter 11 – Rents, Fees and Other Incomes in respect of Fees & User Charges and Sale & Hire Charges, reference to which is invited.
- k. At the end of each month, the Accounts Department shall comply with the month end procedure in respect of:
 - Operations and Maintenance Expenses as described in Chapter 12 – Public Works,
 - Employee related expenses as described in Chapter 13 – Employee Related Transactions, and
 - Administrative Expenses as described in Chapter 16 – Other Revenue Expenditures.
- l. '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.

- m. 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.
 - n. 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.
- 5.34 The Head of Accounts Department shall certify all Reconciliation Statements.

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Form GEN-1

Name of the ULB
CASH BOOK

Receipt

Payment

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

Form GEN-3

_____ **Name of the ULB**

LEDGER

_____ **Account**

Dr.

Cr.

Date	Code of Account	Particulars	Folio	Debit (Rs.)	Credit	Balance

Form GEN-4

_____ Name of the ULB

CASH/BANK RECEIPT VOUCHER
NAME OF THE FUND:

Name of the Bank: _____
Pay-in-slip Ref. No./Date: _____

Date: _____

CRV/BRV No: _____

Budget		Code of Account	Account Description	Chalan 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.

Form GEN-5

_____ Name of the ULB
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 supportings shall be cancelled with 'paid' stamp.

_____ Name of the ULB
CONTRA VOUCHER

Date: _____

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			
	Narration				
		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

RECEIPT

Date : _____

Received from Shri _____ a sum of Rs. _____ (in words) towards _____
_____ vide cash/cheque/demand draft/Banker's cheque no _____ dated _____
drawn on _____ Bank, _____ Place of the Bank.

Signature of Authorised Officer

Signature of Clerk

Entered in Collection Register

N.B. Cheque/Draft/Banker's cheque are subject to realisation

Page No.

Note: Separate receipt books can be maintained for Cash / Cheques.

_____ Name of the ULB

RECEIPT REGISTER

Sr. No.	Receipt Number	Receipt Date	Mode of receipt Cash/ Cheque/draft	Name of the Drawer	Cheque/ Draft No.	Bank (for amounts received through Cheque/ draft	Cash (for amounts received by Cash)	Deposited into Bank Account No.	Date of Deposit	Date of Realisation	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 also 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 Cheques/drafts received

_____ Name of the ULB

STATEMENT ON STATUS OF CHEQUES RECEIVED

FROM _____ **BY** _____

Date: _____

Sr. No.: _____

Sr. No.	Sr. No. of the Statement of Cheques Deposited received	Date of the Statement of Cheques Deposited received	Cheque/ Draft No.	Amount (Rs.)	Deposited into Bank Account No.	Realised/ Returned	Date of Realisation/ Return intimation from the bank
1	2	3	4	5	6	7	8

Prepared By* : _____ **Received By*:** _____

Checked By* : _____ **Dated:** _____

Dated: _____

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

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Form GEN-11

COLLECTION REGISTER OF _____ **FOR THE YEAR 20__ to 20__**

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* :** _____

Checked By* :** _____ **Entered By :***** _____

Date: _____ **Checked By :***** _____

* 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.

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Form GEN-12

_____ Name of the ULB

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

Date: _____ **Sr. No. :** _____

Sr. 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 #				
1	Tax Department	Property Transfer Charges			
2		Penalties and transit fees			
3	Water Supply	Water Connection Charges			
		Water Tanker Charges			
		Road Damage Charges			
	Revenue accounted for on Accrual basis				
4	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 _____		Rs: _____		
	(For cheques realized)				
	Total		Rs. _____		
Prepared By** : _____			Examined and entered		
Checked By** : _____			Accountant/Authorized Officer		
Dated: _____			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.

Examples of cash basis of accounting of the few of the revenue items are as follows:

a. Transfer charges relating to Transfer of Properties has to be recognized only on actual receipt basis

Form GEN-13

_____ 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 Authorised 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.

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Form GEN-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.	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.....			
	(1) Amount allotted..				
	(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			
		Sum of Rs. (In words)			
		shown in the bill is Sanctioned.			
I have examined the claim and found it correct in all respects.					
	Date		Date		
Chief Accounts Officer		Commissioner		or the Authorised Officer	
	Pay Rupees (in words)	To			
	The Accountant for payment.			
				
	Date	Authorised Officer		Date	Commissioner or the Authorised Officer
	Received payment of Rs. (In words)..... in full settlement of the claim.	Paid by cheque/draft No. Date			
		And entered in the cash book on Page			
	Stamp	Chief Accounts Officer Commissioner or the Authorised Officer			
	Payees Signature				

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Form GEN-15

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

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.

Form GEN-16

_____ 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.

Form GEN-17

Name of the ULB
REGISTER OF PERMANENT ADVANCE
Of _____ for the year _____

Initial disbursement/Recoupment 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.
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_____ Name of the ULB

DEPOSIT REGISTER FOR THE YEAR ENDED 20_ to 20_

In respect of _____

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

Amount in Words: Rupees _____

Prepared By :* _____

Checked By :* _____

Dated: _____

Examined and entered

Accountant/Authorised Officer

Dated: _____

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

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Form GEN-20

Name of the ULB
DEMAND REGISTER OF _____ INCOME FOR THE YEAR 20__ to 20__
Department _____ Ward or Circle _____

Sr. No.	Date	Bill No	Property code	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	21
					Arrears															
					Year (Others)															
					Year (-3)															
					Year (-2)															
					Year (-1)															
					Current Year															
					Bill **															
Collections			Remission/Write-off										Balance							
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.)	Remarks
22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42

* 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 GEN-30 (Register of Refunds, Remissions and Write-offs for remission and write-offs in Column No. 24.

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.

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Form GEN-21

_____ **Name of the ULB**
BILL OF _____ INCOME
FOR THE PERIOD _____

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.

Particular s*	Arrears (Rs.)					Current Demand (Rs.)	Total (Rs.)
	Year (Others)	Year (-3)	Year (-2)	Year (-1)...	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 section ____ of the Act governing the ULB ; a notice of demand will be 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							
Prepared By:*** <div style="display: flex; justify-content: space-between;"> <div> Office: _____ Dated: _____ </div> <div> Checked By:*** _____ Commissioner/Authorised Officer </div> </div>							

* 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.

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Form GEN-22

Name of the ULB _____
SUMMARY STATEMENT OF BILLS RAISED FOR THE PERIOD
in respect of _____

Date: _____ **Sr. No.** _____

Particulars (Revenue Head-wise)	Arrears (Rs.)					Current Demand (Rs.)	Total (Rs.)
	Year (Others)	Year (-3)	Year (-2)	Year (-1)	Current Year's First Bill		
1	2	3	4	5	6	7	8
Property & Other Taxes							
Tax revenues (specify)							
Notice Fee							
Warrant Fee							
Other Fees							
Penalty							
Other, Specify _____							
Total bill raised for income of ULB							
Revenue collected in Advance Adjusted							
Total							
Amount in Words: Rupees _____							
Prepared By :* _____				Examined and entered			
Checked By :* _____				Accountant/Authorised Officer			
Dated: _____				Dated: _____			

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

- Note: 1. This statement should be prepared separately for each ward and then consolidated.
2. This Statement should be prepared on monthly basis.

_____ **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	Fres h Bill No.	Notice Fee				Warrant Fee				Other Fee			Penalty			Remarks
					Notice No.	Date of Issue	Date of Service	Fee Charg ed (Rs.)	War rant No.	Date of Issue	Date of Service	Fee Charged (Rs.)	Particulars	Date of Cha rge	Fee Charged (Rs.)	Bill No./ Document No. by whichevied	Date of Doc ume nt	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 GEN-23 (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: _____					
Prepared By* : _____ Examined and entered					
Checked By* : _____ Accountant/Authorised Officer					
Dated:			Dated:		

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

_____ Name of the ULB
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
								Reve -nue (Rs.)	Reve -nue (Rs.)	Reve -nue (Rs.)	Reve -nue (Rs.)	Notice Fee(Rs.)	Warrant 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 GEN-23).
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 _____

in respect of _____

_____ *Department*

Sr. No. _____

Particulars	Refunds	Remissions	
	Receivables of Revenue	Revenue received in advance	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/Authorised 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

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Form GEN-27

_____ Name of the ULB

SUMMARY STATEMENT OF WRITE-OFFS

FOR THE PERIOD _____

in respect of _____

_____ *Department* *Sr. No.* _____

Particulars		Write-offs		
		Taxes	State Education Cess	Employment Guarantee Cess
1		2	3	4
Arrears				
Year (Others)				
Year (-3)				
Year (-2)				
Year (-1)				
Current Year (20XX)				
Total				
Amounts in Words: Rupees _____				
<div style="display: flex; justify-content: space-between;"> <div> Prepared By: *** _____ Examined and entered Checked By: *** _____ Accountant/Authorised Officer Dated: _____ </div> <div> Dated: _____ </div> </div>				

* 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

STATEMENT OF OUTSTANDING LIABILITY FOR EXPENSES

As on _____

Date : _____

Department _____

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		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		
Number of Forms	Books		Initials		Date	Number of Forms	Books		Clerk	Authorised officer	Remarks	
	No.	No. of pages	Clerk	Authorised 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.

_____ **Name of the ULB**
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**									
Total for the year 20**-20**									

Opening Written Down Value (Rs.) (equal to	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 Authorised Officer	Remarks
--	----------------------	-----------------------------	----------------------------------	------------------	---------------------	--	------------------	------------------------------------	---------

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column 6 in first year)									
11	12	13	14	15	16	17	18	19	20
			(11-13)						
Total for the year 20**-20**									
Total for the year 20**-20**									

Notes:

1. All the structures should be categorised 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.
2. Each structure shall be recorded on a separate page in the register.
3. 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).
4. 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.
5. For each entry made, record the Name, Designation and Signature of the person making 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 / construction / improvement (from the date of acquisition/construction) for each of the Structure owned by the Municipal Body.
7. In Remarks column, indicate whether the Municipal Body has the ownership right to the property or have only utilisation 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 realised 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 Authorised Officer	Remarks
---	----------------------	-----------------------------	----------------------------------	------------------	---	--------------------------------	-----------------------------	---	------------------	---------------------------------	--	------------------------------------	---------

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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 categorised 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 alongwith the description of the property in column no. 3.
9. In case of Vehicles, specify the vehicle no., registration no., engine no. and chasis no. alongwith 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 / improve ment	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 / improve ment (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 Realised (Rs.)	Initials of the Author ised Officer	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16

Sr. No.	Date of acquisition / improve ment	Payment Order No.	Ref. No. of Cash Book / Journal Book / Ledger where	Ref. No. of Register of Immovable Property	Cost of acquisition / improve ment (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 Realised (Rs.)	Initials of the Author ised Officer	Remarks

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			entry is recorded												
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:

1. 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.
2. Each plot of land shall be recorded on a separate page in the register.
3. Specify if land is industrial/agricultural/residential in 'Description of Land'.
4. For each entry made, record the Name, Designation and Signature of the person making entry in the register and the person checking the entry.
5. 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 / utilised by the Municipal Body.

_____ **Name of the ULB**
FUNCTION –WISE INCOME SUBSIDIARY LEDGER

Function:

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

* For each Major Revenue, columns for functions relevant to revenue will only be opened.

_____ **Name of the ULB**
FUNCTION – WISE EXPENDITURE SUBSIDIARY LEDGER

Function:

SI. No	Function code	Functions Head	Total Income (Rs.)	Major Heads of Income						
				Establishment	(Administrative	Operations & Maintenance	Interest & Finance	Program me	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 major expenditure, columns for functions relevant to the expenditure will only be opened.

_____ Name of the ULB

ASSET REPLACEMENT REGISTER

Sr. No.	Source			Utilised					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.

_____ Name of the ULB

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 Realised (Rs.)	Initials of the Authorised Officer	Remarks	

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13			14	15	16	17	18	19	20	21	22
					(13-15)						
Total for the year 20**- 20**											
Total for the year 20**- 20**											

Note :

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.

CHAPTER 6

RECONCILIATION PROCEDURE

CHAPTER 6

RECONCILIATION PROCEDURES

INTRODUCTION

6.1 This chapter describes the reconciliation procedures to be carried out periodically in respect of accounts by the Urban Local Body (ULB).

6.2 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.

6.3 The reconciliation procedures are to be carried out by the Accounts Department, Audit Department and the concerned departments.

6.4 The procedures will include the following:

- a. Bank Reconciliation and PLA Reconciliation.
- b. Inter-unit reconciliation.
- c. Reconciliation of deposits,
- d. Reconciliation of receivables and collections in respect of:
 - i. Water supply;
 - ii. Property and other taxes;
 - iii. Other heads of revenues.
- e. Reconciliation of advances to:
 - i. Contractors/suppliers;
 - ii. Departments of the ULB; and
 - iii. Employees of the ULB.
- f. Reconciliation of loans received (borrowings) ,
- g. Reconciliation of payables including contractors' payables,
- h. Reconciliation of balances with Government, quasi-Government agencies, Government Corporations, and
- i. Reconciliation of loans given to others

- j. 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:
- i. Fees & User Charges,
 - ii. Sale & Hire Charges,
 - iii. Establishment Expenses,
 - iv. Administrative Expenses, and
 - v. Repairs & Maintenance Expenses.

BANK RECONCILIATION

6.5 Bank Reconciliation is a procedure which aims at reconciling the bank balance as shown in the Cash Book (Form GEN - 1) 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.

6.6 The bank balances as per the Cash Book and the Pass Book may not tally for the reasons listed in Table 5.1.

Table 6.1
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		

6.7 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:

- a. 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

- b. The credit entries in the Bank Pass Book shall be compared with the entries in the Receipt Register (Form GEN-9) and the entries appearing in both shall be ticked (4). The date when the cheques have been realized shall also be recorded in the Cheque Receipt Register.
- c. The daily total of cheques realized in the bank shall be derived from the Cheque Receipt Register and the total shall be tallied with the entry in the Cash Book.
- d. 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.
- e. 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

- f. The debit entries in the Bank Pass Book shall be compared with the entries in the Cheque Issue Register (Form GEN-15) and the Cash Book and the entries appearing in both shall be ticked (4).
- g. 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.
- h. 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.
- i. 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

- j. 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

k. The un-ticked items both in the Pass Book and the Cash Book shall be extracted for reconciliation in the following format classified according to their nature:.

Table 6.2
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 dishonored		
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

6.8 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. .

RECONCILIATION OF INTER – UNIT TRANSACTIONS

6.9 Reconciliation of inter unit transactions is intended to identify the disputed / unaccepted inter unit transactions between an ‘originating AU’ and the ‘responding 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. The process of inter unit account reconciliation is as follows:

i. 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 in table 6.3 for any differences..

ii. 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 actioned and combined balance under all IUT account heads are tallied with the balance appearing in the Register of Inter

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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.

Table 6.3

Name of Urban Local Body of _____
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.

RECONCILIATION OF DEPOSITS

6.10 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.

6.11 The Deposit Reconciliation shall be carried out quarterly or at such shorter time intervals as the ULB may decide.

6.12 The Department which had received the deposits shall prepare a Reconciliation Statement of Deposits Outstanding from the Deposit Register (Form GEN-18) in the format provided in Table 6.4 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.

Table 6.4

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	

Add: Deposits received during the current accounting period (specify all the Statement of Collections through which deposit has been received)	
Less: 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	

6.13 The balances computed above would be reconciled with the balances for Deposits shown in the Ledger of the Accounts Department and the Deposit Register (Form GEN-18) 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.

RECONCILIATION OF RECEIVABLES AND COLLECTIONS

6.14 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.

- a. Water Supply receivables;
- b. Property Tax receivables;
- c. Receivables on account of other heads of revenues.

6.15 For instance, for reconciling water supply receivables and collections, the following shall be done:

- a. The Water Supply Department based on their records, especially the Demand Register (Form WS-1) and the Collection Register (Form WS-2) shall ascertain the information required in Table 6.5 below and forward the details to Accounts Department.

Table 6.5

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		

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Sr. No.	Particulars	Amount (Rs.)	Amount (Rs.)
	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		
A	OPENING BALANCE OF DEMAND OUTSTANDING		
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)]		

6.16 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.

RECONCILIATION OF ADVANCES GIVEN

6.17 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:

- a. Contractors/Suppliers;
- b. Departments of the ULB; and
- c. Employees of the ULB.

Reconciliation of advance given to Contractors/Suppliers

6.18 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 (Form GEN-16).

6.19 The Department which had initially sanctioned advance to the contractor/supplier shall prepare a Reconciliation Statement of Advance Outstanding in the format provided in Table 6.6 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.

Table 6.6

**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	

6.20 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

6.21 The departments receiving the advances from the Accounts Department shall maintain a record of the advances received by them in Register of Permanent Advance (Form GEN-17). The Accounts Department shall also maintain a record of the advances provided to the departments in a Register of Advance (Form GEN-16).

6.22 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 in Table 6.7 below. The confirmation received shall be tallied with the Register of Advances by the Accounts Department.

Table 6.7
**Reconciliation Statement of Permanent Advance provided to
_____ Department as on _____**

Particulars	Amount (Rs.)
Advance outstanding at the beginning of the accounting period	
Add: 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	

6.23 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

6.24 The employees of the ULB may be provided with two kinds of advances namely –personal advance or miscellaneous advance.

6.25 The details of the personal advances granted to the employees shall be recorded in a Register of Advances in Form ES-2. 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 in Table 6.8 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.

Table 6.8
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	
Less: Advance recovered including recovery from the salary during the current accounting period	
Advance outstanding at the end of the accounting period	

6.26 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, in the format provided in Table 6.9 below. The statement obtained shall be confirmed with the records maintained in the Register of Advances in Form GEN-16..

Table 6.9
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	
Less: Expenditure incurred against advance provided	
Less: Advance adjusted (Give details)	
Advance outstanding at the end of the accounting period	

6.27 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

6.28 The Accounts Department shall maintain a record of all the loans borrowed in Register of Loan (Form Loan - 1). 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 in Table 6.10 stating therein, the amount borrowed or disbursed directly to Executing Agency, the amount repaid and interest accrued and paid on the loan.

Table 6.10
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)		

6.29 Based on the reply received, the ULB shall take steps for reconciliation of the difference, if any.

RECONCILIATION OF PAYABLES (SUPPLIERS AND CONTRACTORS)

6.30 The concerned departments and the Accounts Department maintain a Register of Bill for Payment (Form GEN – 13) in which all bills submitted for payment are recorded. The concerned department shall ascertain the information required as per Table 6.11 below and forward the details to the Accounts Department.

Table 6.11
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		

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	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		

Sr. No.	Particulars	Amount (Rs.)	Amount (Rs.)
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)]		

6.31 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.

RECONCILIATION OF BALANCES WITH GOVERNMENT, QUASI GOVERNMENT AGENCIES, GOVERNMENT CORPORATIONS, ETC.

6.32 Due to large number of transactions with various government, 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.

6.33 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 of the amount receivable from the authority/agency in Table 6.12, or of the amount payable to the authority/agency in Table 6.13, depending on whether sum is receivable from or payable to the concerned authority/agency.

Table 6.12
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)]		

Table 6.13
Confirmation Statement of balances payable to _____ as on _____

Sr. No.	Particulars	Amount (Rs.)	Amount (Rs.)
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 PAYMENTS		
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)].		

6.34 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.

6.35 Based on the reply received, the ULB shall take steps for reconciliation of the difference, if any.

RECONCILIATION OF LEDGER BALANCES IN INCOME AND EXPENSE ACCOUNTS WITH FUNCTION WISE INCOME/EXPENSE SUBSIDIARY LEDGERS

6.36 As explained in Chapter 5 – General Accounting Procedures, 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.

6.37 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.

CHAPTER

7

FINAL

ACCOUNTS

CHAPTER 7

FINAL ACCOUNTS

INTRODUCTION

7.1 This chapter 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.

7.2 The provisions and rules of the act governing 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.

7.3 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.

7.4 The Annual Report of the ULB shall include the following:

a. Financial Statements consisting of:

i. Balance Sheet;

ii. Income and Expenditure Statement;

iii. Statement of Cash flows (a summary of an enterprise's cash flow over a given period of time);

iv. Receipts and Payments Account (detailed as per the account heads);

v. Notes to Accounts; and.

vi. Financial Performance Indicators.

b. Report of the Municipal Chief Auditor

c. Municipal commissioner's Report on the Annual Financial Statements and the qualifications and comments made in the Report of the Municipal Chief Auditor; and

d. 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.

7.5 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.

7.6 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, apt 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. In respect of the accounting year, the ULB shall prepare all the statements and reports specified in para. 7.4.

7.7 The Financial Statements for the first 3 (three) quarters shall be placed by the Municipal commissioner before the Standing Committee within such period as specified in the applicable Acts.

7.8 The Annual Financial Statements shall be subject to audit by a Municipal Chief Auditor as prescribed in the provisions and rules governing the ULBs. The requirements of the Audit Report have been laid down in Chapter 29 on Audit Report. 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 in the applicable Acts. The Standing Committee shall 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 shall approve the Annual Financial Statements and Report. and place them before the General Body on or such date as may be specified in the applicable Acts. The General Body shall adopt the Annual Report not later than such date as may be specified in the applicable acts. 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.

TRIAL BALANCE

7.9 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.

7.10 The Trial Balance shall be prepared as shown in Table 7.1.

Table 7.1
Trial Balance for the period from _____ to _____

Code No	Particulars	Debit (Rs.)	Credit (Rs.)
		:	:
	Total		

7.11 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.

7.12 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.

7.13 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 may 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.

7.14 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.

7.15 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.

7.16 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.

CONSOLIDATION OF INDIVIDUAL ACCOUNTING UNIT'S TRIAL BALANCE

7.17 As explained in Chapter 26 each accounting unit shall maintain its books of account independently. The Accounting Units shall generate trial balance at the period ends.

7.18 The trial balances of each AU as at the period ends shall be forwarded to the head office of ULB for consolidation purposes. Consolidation of the trial balances of the AUs shall be done on a line-by-line basis. Format for consolidation of trial balance is given in Table 7.2 below:

Table 7.2
Trial Balance for the period from _____ to _____

Account Code	Account Head	Amount (Rs)											
		Unit A		Unit B		Unit C		Head office		Adjustments		Consolidated balance	
		Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.

7.19 All the inter-unit transaction account balances shall be nullified on consolidation of the accounts at the period ends by the Head office. For this purpose the IUTs shall be reconciled and the balances should match as explained in Chapter 26 on Inter Unit Transactions.

7.20 All Financial statements shall then be prepared based on consolidated Trial Balance as arrived at for the ULB as a whole.

INCOME AND EXPENDITURE STATEMENT

7.21 The ULB shall also prepare an Income and Expenditure Statement for every accounting period. The Income and Expenditure Statement 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.

31.22 Since the Financial Statements are prepared under accrual basis, the Income and Expenditure Statement shall include all the income earned during the year whether actually received or not and all the expenditure incurred whether actually paid or not.

7.23 The Income and Expenditure Statement 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.

7.24 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 Statement.

7.25 The Income and Expenditure Statement shall be prepared in the format shown in Table 7.3.

7.26 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 Statement or the Balance Sheet itself, as the case may be, such information can be furnished in a separate schedule or schedules to be annexed to and forming part of the Income and Expenditure Statement and the Balance Sheet.

BALANCE SHEET

7.27 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.

7.28 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.

7.29 The Balance Sheet shall be prepared in the format shown in Table 7.4.

7.30 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.

FUND ACCOUNTS OF THE ULBS

7.31 ULBs may maintain separate accounts for every fund. States may define what are the funds for which ULBs shall maintain separate books for Funds. For all those funds, ULBs shall maintain separate set of books of accounts. 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.

FINANCIAL STATEMENTS FOR MERGER OF ULBS

7.32 In case the financial statements are prepared on account of merger of two or more ULBs the accounting principles and disclosures in the merged financial statements is covered in Chapter 25 - Merger to which reference is invited.

Table 7.3

Income and Expenditure Statement for the period from _____ to _____

Code No.	Item/ Head of Account	Schedule No	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4	5
	INCOME			

1-10	Tax Revenue	I-1		
1-20	Assigned Revenues & Compensation	I-2		
1-30	Rental Income from Municipal Properties	I-3		
1-40	Fees & User Charges	I-4		
1-50	Sale & Hire Charges	I-5		
1-60	Revenue Grants, Contributions & Subsidies	I-6		
1-70	Income from Investments	I-7		
1-71	Interest Earned	I-8		
1-80	Other Income	I-9		
A	Total – INCOME			
	EXPENDITURE			
2-10	Establishment Expenses	I-10		
2-20	Administrative Expenses	I-11		
2-30	Operations & Maintenance	I-12		
2-40	Interest & Finance Expenses	I-13		
2-50	Programme Expenses	I-14		
2-60	Revenue Grants, Contributions & subsidies	I-15		
2-70	Provisions & Write off	I-16		
2-71	Miscellaneous Expenses	I-17		
2-72	Depreciation			
B	Total – EXPENDITURE			
<i>A-B</i>	<i>Gross surplus/ (deficit) of income over expenditure before Prior Period Items</i>			
2-80	Add: Prior period Items (Net)	1-18		
	<i>Gross surplus/ (deficit) of income over expenditure after Prior Period Items</i>			
2-90	Less: Transfer to Reserve Funds			
	Net balance being surplus/ deficit carried over to Municipal Fund			

Table 7.4
Balance Sheet of ULB as on _____

Code No.	Item/ Head of Account	Schedule No	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4	5
	LIABILITIES			
	Reserve & Surplus			
3-10	Municipal (General) Fund	B-1		
3-11	Earmarked Funds	B-2		
3-12	Reserves	B-3		
	Total Reserves & Surplus			
3-20	Grants, Contributions for specific purposes	B-4		
	Loans			
3-30	Secured Loans	B-5		
3-31	Unsecured Loans	B-6		
	Total Loans			
	Current Liabilities and Provisions			
3-40	Deposits Received	B-7		
3-41	Deposit works	B-8		
3-50	Other Liabilities (Sundry Creditors)	B-9		
3-60	Provisions	B-10		
	Total Current Liabilities and Provisions			
	TOTAL LIABILITIES			
	ASSETS			
	Fixed Assets			
4-10	Gross Block	B-11		
4-11	Less: Accumulated Depreciation			
	Net Block			

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4-12	Capital Work-in-Progress			
	Total Fixed Assets			
	Investments			
4-20	Investment – General Fund	B-12		
4-21	Investments – Other Funds	B-13		
	Total Investments			
	Current Assets, Loans and Advances			
4-30	Stock in Hand (Inventories)	B-14		
4-31	Sundry Debtors (Receivables)			
4-31	Gross amount outstanding	B-15		
4-32	Less: Accumulated provision against bad and doubtful Receivables			
	<i>Net amount outstanding</i>			
4-40	Prepaid Expenses	B-16		
4-50	Cash and Bank Balances	B-17		
4-60	Loans, advances and deposits	B-18		
4- 61	Less: Accumulated provision against Loans			
	<i>Net Amount outstanding</i>			
	Total Current Assets, Loans & Advances			
4-70	Other Assets	B-19		
4-80	Miscellaneous Expenditure (to the extent not written off)	B-20		
	TOTAL ASSETS			

7.33 The various schedules to the Income and Expenditure Account have been indicated below.

Schedule I-1: Tax Revenue [Code No 110]

Minor Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
110-01	Property tax		
110-02	Water tax		
110-03	Sewerage Tax		
110-04	Conservancy Tax		
110-05	Lighting Tax		
110-06	Education tax		
110-07	Vehicle Tax		
110-08	Tax on Animals		
110-09	Electricity Tax		
110-10	Professional Tax		
110-11	Advertisement tax		
110-12	Pilgrimage Tax		
110-51	Octroi & Toll		
110-52	Cess		
110-80	Other taxes		
	Sub-total		
	Less		
110-90	Tax Remissions and Refund [Schedule 1 – 1 (a)]		
	Sub-total		
	Total tax revenue		

Schedule I-1 (a): Remission and Refund of taxes

Code No	Particulars	Current year (Rs.)	Previous year (Rs.)
1	2	3	4
	Property taxes		
	Octroi and toll		
	Cess Income		
	Advertisement tax		
	Others		

	Total refund and remission of tax revenues		
--	---	--	--

* Insert the Detailed Codes of Account as applicable

Note: The totals of this Schedule should be equal to the amount as per the total in Schedule I – 1

Schedule I-2 : Assigned Revenues & Compensation [Code No 120]

Code No	Particulars	Current year (Rs.)	Previous year (Rs.)
1	2	3	4
120-10	Taxes and Duties collected by others		
120-20	Compensation in lieu of Taxes / duties		
120-30	Compensations in lieu of Concessions		
Total assigned revenues & compensation			

Schedule I-3: Rental income from Municipal Properties [Code No 130]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
130-10	Rent from Civic Amenities		
130-20	Rent from Office Buildings		
130-30	Rent from Guest Houses		
130-40	Rent from lease of lands		
130-80	Other rents		
	Sub-Total		
130-90	Less: Rent Remission and Refunds		
	Sub-total		
	Total Rental Income from Municipal Properties		

Schedule I-4 : Fees & User Charges [Code No 140]

Schedule I-4 (a): Fees & User Charges – Function wise

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
	Municipal Body Administration Finance, Accounts, Audit Election Record Room Estate Stores & Purchase Workshop		
	Census		
		
	Total income from fees & user charges – Function wise		

Note:

Functions as applicable in the ULBs and on which fees and user charges are raised shall be stated here. The total income from Fees & User Charges as per Schedule I-4 (a) should tally with the total income from Fees & User Charges as per Schedule I-4 (b).

Schedule I-4 (b): Fees & User Charges – Income head-wise [Code 140]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4

140-10	Empanelment & Registration Charges		
140-11	Licensing Fees		
140-12	Fees for Grant of Permit		
140-13	Fees for Certificate or Extract		
140-14	Development Charges		
140-15	Regularization Fees		
140-20	Penalties and Fines		
140-40	Other Fees		
140-50	User Charges		
140-60	Entry Fees		
140-70	Service / Administrative Charges		
140-80	Other Charges		
	Sub-Total.		
	Less:		
140-90	Rent Remission and Refunds		
	Sub-total		
	Total income from Fees & User Charges – Income head-wise		

The total income from Fees & User Charges as per Schedule I-4 (b) should tally with the total income from Fees & User Charges as per Schedule I-4 (a).

Schedule I-5 : Sale & Hire Charges [Code No 150]

Schedule I-5 (a): Sale & Hire Charges – Function wise

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
	Municipal Body Administration Finance, Accounts, Audit Election Record Room Estate Stores & Purchase Workshop Census.....		
	Total Income from Sale & Hire charges – Function wise		

The total income from Sale & Hire Charges as per Schedule I-5 (a) should tally with the total income from Sale & Hire Charges as per Schedule I-5 (b).

Schedule I-5 (b): Sale & Hire Charges – Income head-wise [Code No 150]

Detailed Head Code	Particulars	Current year (Rs.)	Previous Year (Rs.)
150-10	Sale of Products		
150-11	Sale of Forms & Publications		
150-12	Sale of stores & scrap		
150-30	Sale of Others		
150-40	Hire Charges for Vehicles		
150-41	Hire Charges for Equipment		
	Total Income from Sale & Hire charges – income head-wise		

The total income from Sale & Hire Charges as per Schedule I-5 (b) should tally with the total income from Sale & Hire Charges as per Schedule I-5 (a).

Schedule I-6: Revenue Grants, Contributions & Subsidies [Code No160]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
160-10	Revenue Grant		
160-20	Re-imbursement of expenses		
60-30	Contribution towards schemes		
	Total Revenue Grants, Contributions & Subsidies		

Schedule I-7: Income from Investments – General Fund [Code No 170]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
170-10	Interest on Investments		
170-20	Dividend		
170-30	Income from projects taken up on commercial basis		
170-40	Profit in Sale of Investments		
170-80	Others		
	Total Income from Investments		

Schedule I-8: Interest Earned [Code No 171]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
171-10	Interest from Bank Accounts		
171-20	Interest on Loans and advances to Employees		
171-30	Interest on loans to others		
171-80	Other Interest		
	Total. – Interest Earned		

Schedule I-9: Other Income [Code No180]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
180-10	Deposits Forfeited		
180-11	Lapsed Deposits		
180-20	Insurance Claim Recovery		
180-30	Profit on Disposal of Fixed asses		
180-40	Recovery from Employees		
180-50	Unclaimed Refund/ Liabilities		
180-60	Excess Provisions written back		
180-80	Miscellaneous Income		
	Total Other Income		

Note:

Details of profit earned on Fixed Assets disposed shall be given for each of the class of fixed assets, to the extent possible, together with the details of the gross block of the fixed asset sold, depreciation provided on that and the value realised on disposition below Schedule I-9.

Schedule I-10: Establishment Expenses [code no 210]

Schedule I-10 (a): Establishment Expenses – Function wise

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
	Municipal Body Administration Finance, Accounts, Audit Election Record Room		
	Estate		

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
	Stores & Purchase Workshop Census		
	Total establishment expenses – Function wise		

Note:

The total function wise expenses as per Schedule I-10 (a) should tally with the total Establishment expenses as per Schedule I-10 (b).

Schedule I-10 (b): Establishment Expenses – Expenditure head-wise

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
210-10	Salaries, Wages and Bonus		
210-20	Benefits and Allowances		
210-30	Pension		
210-40	Other Terminal & Retirement Benefits		
	Total establishment expenses – expense head wise		

Note:

The total function wise expenses as per Schedule I-10 (b) should tally with the total Establishment expenses as per Schedule I-10 (a).

Schedule I-11: Administrative Expenses [Code No 220]

Schedule I-11 (a): Administrative Expenses – Function wise

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
	Municipal Body Administration Finance, Accounts, Audit Election Record Room Estate Stores & Purchase Workshop Census		
	Total Administrative expenses– Function wise		

Note:

The total function wise expenses as per Schedule I-11 (a) should tally with the total administrative expenses as per Schedule I-11 (b).

Schedule I-11 (b): Administrative Expenses – Expenditure head-wise

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
220-10	Rent, Rates and Taxes		
220-11	Office maintenance		
220-12	Communication Expenses		
220-20	Books & Periodicals		
220-21	Printing and Stationery		
220-30	Travelling & Conveyance		
220-40	Insurance		
220-50	Audit Fees		
220-51	Legal Expenses		
220-52	Professional and other Fees		
220-60	Advertisement and Publicity		
220-61	Membership & subscriptions		
220-80	Other Administrative Expenses		
	Total establishment expenses – expense head wise		

Total administrative expenses – expense head wise

Note:

The total function wise expenses as per Schedule I-11 (b) should tally with the total administrative expenses as per Schedule I-11 (a).

Schedule I-12: Operations and Maintenance [Code No 230]

Schedule I-12 (a): Operations & Maintenance Expenses – Function wise

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
	Municipal Body		
	Administration		
	Finance, Accounts, Audit		
	Election		
	Record Room		
	Estate		
	Stores & Purchase		
	Workshop		
	Census		
		
	Total Operations & Maintenance expenses – Function wise		

Note: The total function wise expenses as per Schedule I-12 (a) should tally with the total Operations & maintenance expenses as per Schedule I-12 (b).

Schedule I-12 (b): Operations & Maintenance – Expenditure head-wise

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
230-10	Power & Fuel		
230-20	Bulk Purchases		
230-30	Consumption of Stores		
230-40	Hire Charges		
230-51	Repairs & maintenance – Infrastructure Assets		
230-52	Repairs & maintenance – Civic Amenities		
230-53	Repairs & maintenance – Buildings		

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
230-54	Repairs & maintenance – Vehicles		
230-59	Repairs & maintenance – Others		
230-80	Other operating & maintenance expenses		
	Total operations & maintenance - expense head wise		

Note:

The total function wise expenses as per Schedule I-12 (b) should tally with the total Operations & maintenance expenses as per Schedule I-12 (a).

Schedule I-13: Interest & Finance Charges [Code No 240]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
240-10	Interest on Loans from Central Government		
240-20	Interest on Loans from State Government		
240-30	Interest on Loans from Government Bodies & associations		
240-40	Interest on Loans from International Agencies		
240-50	Interest on Loans from Banks & Other Financial Institutions		
240-60	Other Interest		
240-70	Bank Charges		
240-80	Other Finance Expenses		
	Total Interest & Finance Charges		

Schedule I-14: Programme Expenses [Code No 250]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
250-10	Election Expenses		
250-20	Own Programmes		
250-30	Share in Programmes of others		
	Total Programme Expenses \		

Schedule I-15: Revenue Grants, Contributions & Subsidies [Code No 260]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
260-10	Grants [give details]		
260-20	Contributions [give details]		
260-30	Subsidies [give details]		
	Total Revenue Grants, Contributions & Subsidies		

Schedule I-16: Provisions & Write off [Code No 270]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4

270-10	Provisions for Doubtful receivables		
270-20	Provision for other Assets		
270-30	Revenues written off		
270-40	Assets written off		
270-50	Miscellaneous Expense written off		
	Total Provisions & Write off		

Schedule I-17: Miscellaneous Expenses [Code No 271]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
271-10	Loss on disposal of Assets		
271-20	Loss on disposal of Investments		
271-80	Other Miscellaneous Expenses		
	Total Miscellaneous expenses		

Schedule I-18: Prior Period Items (Net) [Code No 280]

Code No	Particulars	Current year (Rs.)	Previous Year (Rs.)
1	2	3	4
	Income		
280-10	Taxes		
280-20	Other – Revenues		
280-30	Recovery of revenues written off		
280-40	Other income		
	Sub – Total Income (a)		
	Expenses		
280-50	Refund of Taxes		
280-60	Refund of Other – Revenues		
280-80	Other Expenses		
	Sub – Total Income (b)		
	Total Prior Period (Net) (a-b) -.		

The various schedules to the Balance Sheet have been provided below:

Schedule B- 1: Municipal (General) Fund [Code No 310]

Code No.	Particulars	Opening balance as per the last account (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)
310- 10	Municipal Fund					
310- 90	Excess of Income & Expenditure					
	Total Municipal fund (310)					

*Addition includes contributions towards the fund, Adjustments to Opening Balance Sheet and also excess of income over expenditure

** Deduction includes contributions from the fund, Adjustments to Opening Balance Sheet and also excess of expenditure over the income

Schedule B- 2: Earmarked Funds

Schedule B – 2: Special Funds/ Sinking Fund/ Trust or Agency Fund [Code No 311]

Amount in Rs.

Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	Special Fund 5	Pension Fund	General Provident fund
Code No.							
(a) Opening Balance							
(b) Additions to the Special Fund							
(i) Transfer from Municipal Fund							
(ii) Interest/ Dividend earned on Special Fund Investments							
(iii) Profit on disposal of Special Fund Investments							
(iv) Appreciation in Value of Special Fund Investments							
(v) Other addition (Specify nature)							
Total (b)							
Total (a+ b)							
(c) Payments out of funds							
(i) Capital expenditure on							

Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	Special Fund 5	Pension Fund	General Provident fund
Code No.							
Fixed Assets*							
Others							
Sub –total							
(ii) Revenue Expenditure on							
Salary, Wages and allowances etc.							
Rent							
Other administrative charges							
Sub –total							
(iii) Other:							
Loss on disposal of Special Fund Investments							
Diminution in Value of Special Fund Investments							
Transferred to Municipal Fund							
Sub –total							
Total of (i+ ii+ iii) (c)							
Net balance at the yearend – (a+ b)-(c)							
Grant Total of Special Funds							

Note:

All funds are to be shown as separate fund either in the schedule or in a separate schedule with the corresponding indication in the balance sheet under “Funds” on liability side.

1. Additions during the year:

- a. Addition to Pension Fund would be out of the "Transfer to Funds" from Income and Expenditure Account as per the accounting principles.
 - b. Addition to General Provident and Contributory Provident Fund are the deductions from salary.
 - c. Interest from investments of Funds would be added to respective Funds.
2. Deductions during the year:
- a. Deductions from Pension Fund means payments made on account of Pension/ Family pension
 - b. Deduction from Gross Provident Fund/ Contributory Provident Fund - Advances/ Withdrawals.

Schedule B- 3: Reserves [Code No 312]

Code No.	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)
312- 10	Capital Contribution					
312- 11	Capital Reserve					
312- 20	Borrowing Redemption Reserve					
312- 30	Special Funds (Utilised)					
312- 40	Statutory Reserve					
312- 50	General Reserve					
312- 60	Revaluation Reserve					
	Total Reserve funds					

Schedule B- 4: Grants & Contribution for Specific Purposes [Code No 320] Amount in Rs.

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 Organisations	Others
Code No.							
(a) Opening Balance							
(b) Additions to the Grants *							
(i) Grant received during the year							
(ii) Interest/ Dividend earned on Grant Investments							
(iii) Profit on disposal of Grant Investments							
(iv) Appreciation in Value of Grant Investments							
(v) Other addition (Specify nature)							
Total (b)							
Total (a+ b)							
(c) Payments out of funds							
(i) Capital expenditure on Fixed Assets*							
Others							
Sub –total.							

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 Organisations	Others
Code No.							
(ii) Revenue Expenditure on							

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Salary, Wages and allowances etc.							
Rent							
Other administrative charges							
Sub –total							
(iii) Other:							
Loss on disposal of Grant Investments							
Diminution in Value of Grant Investments							
Grants Refunded							
Sub –total							
Total (c) [i+ ii+ iii]							
Net balance at the year end – (a+ b)-(c)							
Total Grants & Contribution for Specific Purposes							

Note:

Plan funds received from Central/ State Government are to be shown as grant funds and not to be mixed up with earmarked funds

* For transferring completed capital assets, expenditure incurred will be capitalized and assets will be taken to Fixed Assets schedule (B- 11) and Capital contribution will be increased by the same amount .

Schedule B-5: Secured Loans [Code No 330]

Amount in Rs.

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
330-10	Loans from Central Government		
330-20	Loans from State government		
330-30	Loans from Govt. bodies & Associations		
330-40	Loans from international agencies		
330-50	Loans from banks & other financial institutions		
330-60	Other Term Loans		
330-70	Bonds & debentures		
330-80	Other Loans		
	Total Secured Loans		

Notes:

1. The nature of the Security shall be specified in each of these categories
2. Particulars of any guarantees given shall be disclosed
3. Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption
4. Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan under each of these categories separately;

5. 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 331]

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
331-10	Loans from Central Government		
331-20	Loans from State government		
331-30	Loans from Govt. bodies & Associations		
331-40	Loans from international agencies		
331-50	Loans from banks & other financial institutions		
331-60	Other Term Loans		
331-70	Bonds & debentures		
331-80	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 [Code No 340]

Amount in Rs.

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
340-10	From Contractors		
340-20	From Revenues		
340-30	From staff		
340-80	From Others		
	Total deposits received		

Schedule B- 8: Deposits Works [Code No 341]

Amount in Rs.

Code No.	Particulars	Opening balance as the beginning of the year Amount (Rs)	Additions during the current year Amount (Rs)	Utilisation / expenditure Amount (Rs)	Balance outstanding at the end of the current year Amount (Rs)
1	2	3	4	5	6
341- 10	Civil Works				

341- 20	Electrical works				
341- 80	Others				
	Total of deposit works				

Note:

1. The amount received from the department on whose behalf the deposit works have been undertaken would appear in col. 4
2. Expenditure incurred including percentage (departments) charges would appear in Col 5
3. Balance as in Col. 6 would appear in the balance sheet as a liability

Schedule B- 9: Other Liabilities (Sundry Creditors) [Code No 350]

Amount in Rs.

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350- 10	Creditors		
350- 11	Employee Liabilities		
350- 12	Interest Accrued and Due		
350- 20	Recoveries Payable		
350- 30	Government Dues Payable		
350- 40	Refunds Payable		
350- 41	Advance Collection of Revenues		
350- 80	Others		
	Total Other liabilities (Sundry Creditors).		

Schedule B- 10: Provisions [Code No. 360]

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
360- 10	Provision for Expenses		
360- 20	Provision for Interest		
360- 30	Provision for Other Assets		
	Total Provisions		

Schedule B- 11: Fixed Assets [Code No. 410 & 411]

Amount in Rs.

Code No	Particulars	Gross Block				Accumulated Depreciation				Net Block	
		Opening	Additions	Deductions	Cost at	Opening	Additions	Deductions	Total at	At the end	At the end of

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		Balance	during the period \$	during the period	the end of the year	Balance	during the period	during the period	the end of the year	Of current year	the previous year
1	2	3	4	5	6	7	8	9	10	11	12
410- 10	Land										
410- 20	Buildings										
410- 30	Infrastructure Assets										
410- 31	Roads and Bridges										
410- 32	Sewerage and drainage										
410- 33	Water ways										
410- 33	Public Lighting										
410- 40	Other assets										
410- 50	Plants & Machinery										
410- 60	Vehicles										
410- 70	Office & other equipment										
410- 70	Furniture, fixtures, fittings and electrical appliances										
410- 80	Other fixed assets										
	Total										

\$ - 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.

Additional disclosures to the Schedule

- i. 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.
- ii. The details & value of assets, which are not yet physically identified/ traced, shall be disclosed separately.
- iii. Details and value of assets under leases and hire purchase needs to be disclosed as a note

Note:

1. 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 st April 2004 shall be equal to the closing asset balance as on 31 st March 2004.
2. Land includes areas used as and for the purpose of public places such as parks, squares, gardens, lakes, museums, libraries, godowns etc.
3. Buildings include office and works buildings, commercial buildings, residential buildings, school and college buildings, hospital building, public buildings temporary structures and sheds, etc.
4. Roads and bridges include roads and streets, pavements, pathways, bridges, culverts and subways.
5. Sewerage and drainage include sewerage lines, storm water drainage lines and other similar drainage system.
6. Waterworks include water storage tank, water wells, bore wells, Water pumping station, Water transmission & distribution system, etc.
7. No depreciation is to be charged on "Land".

Schedule B-12: Investments - General Fund [Code 420]

Amount Rs.

Code No.	Particulars	With whom invested	Face value (Rs.)	Current year	Previous year
				Carrying Cost (Rs.)	Carrying Cost (Rs.)
1	2	3	4	5	6
420-10	Central Government Securities				
420-20	State Government Securities				
420-30	Debentures and Bonds				
420-40	Preference Shares				
420-50	Equity Shares				
420-60	Units of Mutual Funds				
420-80	Other Investments				
	Total of Investments General Fund				

1. Insert the other Heads of Account and the corresponding Codes of Account for other investments made by the ULB
2. Provide break-up of other investments as applicable

3. Aggregate amount of quoted investments and also market value thereof shall be disclosed.
Aggregate amount of unquoted investments shall also be disclosed.

Schedule B-13: Investments - Other Funds [Code 421]

Amount Rs.

Code No.	Particulars	With whom invested	Face value (Rs.)	Current year	Previous year
				Carrying Cost (Rs.)	Carrying Cost (Rs.)
1	2	3	4	5	6
421-10	Central Government Securities				
421-20	State Government Securities				
421-30	Debentures and Bonds				
421-40	Preference Shares				
421-50	Equity Shares				
421-60	Units of Mutual Funds				
421-80	Other Investments				
	Total of Investments Other Funds				

1. Insert the other Heads of Account and the corresponding Codes of Account for other investments made by the ULB

2. Provide break-up of other investments as provided for General Fund Investments.

Schedule B-14: Stock in Hand (Inventories) [Code 430]

Amount in Rs.

Code No.	Particulars	Current Year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
430-10	Stores		
430-20	Loose Tools		
430-30	Others		
	Total Stock in hand.		

Schedule B- 15: Sundry Debtors (Receivables) [Code No 431]

Code No.	Particulars	Gross Amount (Rs.)	Provision for Outstanding revenues (Rs.)	Net Amount (Rs.)	Previous year Net amount (Rs.)
1	2	3	4 (Code No 432)	5 = 3 – 4	6
431- 10	Receivables for Property Taxes				
	Less than 5 years *				
	More than 5 years*				
	Sub – total				
431- 91	Less: State Government Cesses/ Levies in Taxes – Control Accounts				
	Net Receivables of Property Taxes				
431- 19	Receivable of Other Taxes				
	Less than 3 years*				
	More than 3 years*				
431- 99	Sub- total				
	Less: State Government Cesses/ Levies in Taxes – Control Accounts				
	Net Receivables of Other Taxes				
431- 20	Receivables of Cess Income				
	Less than 3 years*				
	More than 3 years*				
	Sub- total				
431- 30	Receivables for Fees and User Charges				
	Less than 3 years*				
	More than 3 years*				
	Sub – total				
431- 40	Receivables from Other Sources				
	Less than 3 years*				
	More than 3 years*				
	Sub – total				
431- 50	Receivables from Government				
	Total of Sundry Debtors (Receivables)				

Note:

The provision made against accrual items would not affect the opening/ closing balances of the Demand and Collection Ledgers for the purpose of recovery of dues from the concerned parties/ individuals *Break up for provision for outstanding revenues are given in Column 4.

Schedule B-16: Prepaid Expenses [Code No 440]

Code No	Particulars	Current year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
440-10	Establishment		
440-30	Administrative		
440-20	Operations & Maintenance		
	Total Prepaid expenses		

Schedule B-17: Cash and Bank Balances [Code No 450]

Code No	Particulars	Current year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
450-10	Cash		
	Balance with Bank – Municipal Funds		
450-21	Nationalised Banks		
450-22	Other Scheduled Banks		
450-23	Scheduled Co-operative Banks		
450-24	Post Office		
	Sub-total		
450-41	Balance with Bank – _____ Special Funds		
450-42	Nationalised Banks		
450-43	Other Scheduled Banks		
450-44	Scheduled Co-operative Banks		
	Post Office		
	Sub-total		
	Balance with Bank – _____ Grant Funds		
450-61	Nationalised Banks		
450-62	Other Scheduled Banks		
450-63	Scheduled Co-operative Banks		
450-64	Post Office		
	Sub-total		
	Total Cash and Bank balances		

Schedule B-18: Loans, advances and deposits [Code 460]

Code No.	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
460-10	Loans and advances to employees				
460-20	Employee Provident Fund Loans				
460-30	Loans to Others				
460-40	Advance to Suppliers and Contractors				
460-50	Advance to Others				
460-60	Deposit with External Agencies				
460-80	Other Current Assets				
	Sub –Total				
461	- 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 (Code No 461)

Code No.	Particulars	Current Year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
461-10	Loans to		
461-20	Advances		
461-30	Deposits		
	Total Accumulated Provision		

Note: The totals of this Schedule should be equal to the amount as per the total in Schedule B – 18

Schedule B-19: Other Assets [Code No 470]

Code No.	Particulars	Current Year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
470-10	Deposit Works		
470-20	Other asset control accounts		
	Total Other Assets		

Schedule B-20: Miscellaneous Expenditure (to the extent not written off) [Code No 480]

Code No.	Particulars	Current Year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
480-10	Loan Issue Expenses Deferred		
480-20	Discount on Issue of Loans		
480-30	Deferred Revenue Expenses		
480-90	Others		
	Total Miscellaneous expenditure.		

CASH FLOW STATEMENT

7.34 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 utilize those cash flows.

7.35 A Cash Flow Statement, when used in conjunction with the other Financial Statements, provides information that enables users to evaluate the changes in assets and liabilities of an ULB, its financial status, and the actual performance in terms of cash inflows and outflows.

7.36 All ULBs shall prepare a Statement of Cash flows apart from Income & Expenditure, Balance sheet and Receipts and Payments statements.

GUIDELINES FOR PREPARATION OF THE CASHFLOW STATEMENTS

7.37 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. This information may also be used to evaluate the relationships among those activities. The cash flow statement shall be prepared as shown in Table 7.5.

STEPS IN PREPARATION OF CASH FLOW STATEMENT

7.38 Cash flow statement of an ULB shall be prepared by ascertaining the cash flow from each of the activity as explained in the previous para. Therefore steps involved in determining the cash flows from each of the activity are explained in the following paras separately.

Cash flows from operating activities

7.39 **Operating activities** are the principal activities contributing to or utilizing the cash resources of the ULB and other activities that are not investing or financing activities. Identification of transactions into operating or other activities primarily depends on whether the result of the activity is captured in Income and Expenditure statement and is not related to Investing or Financing activities. ..

7.40 The steps involved in calculation of cash flow from Operating Activities are as follows:

- a. 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': (which shall be the gross cash flow from operating activities)
- b. 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. Adjustments required for expenditure will be added and adjustments in respect of income will be deducted from the Gross Cash Flow. A generalized list of such adjustments under incomes and expenses are given below:

Expenditure:

- Deprecations
- Write off
- Provisions
- Decline in the value of investment

Income

- Interest on deposits/loan received
- Investment incomes
- Profit or sale arising out of Assets
- Appreciation in the value of Investments

- c. 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			

- d. 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:

- i. Cyclone relief funds received;
- ii. Receipts & payments on account of prior period income and expenses;
- e. 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.

Cash flows from investing activities

7.41 **Investing activities** generally involves acquisition and disposal of long-term assets and investments not included in cash equivalents.

7.42 The steps involved in calculation of cash flow from Operating Activities are as follows:

a. 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.

b. 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. Also 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.

c. The amount of cash flows from investing activities as calculated above shall be shown as 'Net cash generated from/ (used in) investing activities'.

Cash flows from financing activities

7.43 **Financing activities** are activities that result in changes in the size and composition Loans received by the ULBs.

7.44 The steps involved in calculation of cash flow from Financing Activities are as follows:

a. 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

Movements in loans are calculated as follows: Amount(Rs) Loan amounts received during the period XXX Less: Loan amounts repaid during the year XXX ----- Net movement amount of loans received/(repaid) XX/(XX) -----b. 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

c. 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

CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD

7.45 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.

7.46 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.

7.47 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.

Table 7.5
Statement of Cash Flow

Particulars	Previous Year (Rs.)		Current Year (Rs.)	
a. Cash flows from operating activities				
Gross surplus/ (deficit) over expenditure				
Adjustments for				
Add:				
Depreciation				
Interest & finance expenses				
Less:				
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				

Particulars	Previous Year (Rs.)		Current Year (Rs.)	
(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 (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 Add: 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 Add: Loans from banks/others received Less: 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:				
i. Cash Balances ii. Bank Balances iii. Scheduled co-operative banks iv. Balances with Post offices v. Balances with other banks				
Total				

Note: items in () brackets denote as that they are to be deducted.

RECEIPTS AND PAYMENTS ACCOUNT

7.48 The Receipts and Payments Account shows the sources of funds and the applications of funds during the accounting reporting periods.

7.49 The Receipts and Payments Account shall be prepared from the Balance Sheet, Income and Expenditure Statement, Ledgers and Cash Book.

7.50 The following are the steps involved in the preparation of Receipts and Payments Account:

- a. The opening and closing cash and bank balances should be ascertained and entered:
- b. 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.
- c. For revenue income accounted for on accrual basis, the following shall be done:

Receivables at the beginning of the period	Rs.	XXX
Add: Bills raised/Income accounted during the period	Rs.	XXX
Less: 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.

- d. For revenue payments which are accounted for on accrual basis, the following shall be done:

Payables at the beginning of the period	Rs.	XXX
Add Bills received / Expenditure Accounted during the period	Rs.	XXX
Less: 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.

- e. 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.

7.51 The Receipts and Payments Account shall be prepared as shown in Table 7.6. It should be noted that the following gives an illustrative list of receipts and payments.

7.52 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'..

Table 7. 6
Receipts and Payments Account for the period from _____ to _____

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.)
	Opening Balances# Cash balances including Imprest Balances with Banks/ Treasury (including balances in designated bank accounts)						
	Operating Receipts				Operating Payments		
1- 10	Tax Revenue			2- 10	Establishment Expenses		
1- 20	Assigned Revenues & Compensations			2- 20	Administrative Expenses		
1- 30	Rental income from Municipal Properties			2- 30	Operations and Maintenance		
1- 40	Fees & User Charges			2- 40	Interest & Finance Charges		
1- 50	Sale & Hire Charges			2- 50	Programme Expenses		
1- 60	Revenue Grants, Contributions & Subsidies			2- 60	Revenue Grants, Contributions & Subsidies		
1- 70	Income from Investments						
1- 71	Interest Earned			4- 30	Purchase of Stores		
1- 80	Other Income				Other Collections on behalf of State and Central Government		
	Non- Operating Receipts				Non- Operating Payments		
3- 30/ 31	Loans Received			3- 50	Other Payables		
3- 40	Deposits Received			3- 50	Refunds Payable		
3- 20	Grants and contribution for specific purposes			**	Repayment of Loans		
*	Sale proceeds from Assets			**	Refund of Deposits		
*	Realisation of Investment – General Fund			4- 10	Acquisition / Purchase of Fixed Assets		
*	Realisation of Investment – Other Funds			4- 12	Capital Work – in – Progress		
3- 41	Deposit works			3- 41	Deposit works		
3- 50	Revenue Collected in Advance			4- 20	Investments – General Fund		
*	Loans & Advances to Employees (recovery)			4- 21	Investments – Other Funds		
*	Other Loans & Advances (recovery)			4- 60	Loans & Advances to Employees		
*	Deposits with External Agencies (recovery)			4- 40	Prepaid Expenses		
	Other Receipts [specify]			4- 60	Other Loans & Advances		
				4- 60	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		

Balances banks operate for Grants and special funds

** Details in respect of these items will be available in the corresponding asset ledger accounts*

*** Details in respect of these items will be available in the corresponding liability ledger accounts.*

NOTES TO ACCOUNTS

7.53 The Notes to Accounts shall comprise of Statement of Significant Accounting Principles, Statement on Contingent Liabilities, Subsidy Report and Other Disclosures.

Statement of Significant Accounting Principles

7.54 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.

7.55 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, the particulars of the deviation shall be disclosed together with the reasons thereof 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.

7.56 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.

7.57 The statement of significant accounting principles to be disclosed in the financial statements is given below.

1. Basis of Accounting

The financial statements are prepared on a going concern and under historical cost basis under accrual basis of accounting. The method of accounting is the double entry system.

2. Recognition of Revenue

i. Revenue

a. Property and Other Taxes are recognized in the period in which they become due and demands are ascertainable

b. Revenues in respect of Profession Tax on Organizations / entities are accrued in the year to which it pertains and when demands are raised.

c. Advertisement taxes are accrued based on Demand or the contract.

d. Revenue in respect of Trade License Fees is accrued in the year to which it pertains and when Demands are raised.

e. 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.

f. 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

ii. Provision against receivables

a. 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.

3. Recognition of Expenditure

a. Expenses on Salaries, bonus and other allowances are recognized as and when they are due for payment

b. All revenue expenditures are treated as expenditures in the period in which they are incurred.

c. In case of works, expenditures are accrued as soon as the work has been measured and becomes due for payment.

d. Provision for expenses are made at the year-end for all bills received upto a cut off date.

4. Fixed Assets

i. Recognition

a. All Fixed Assets are carried at cost less accumulated depreciation. The cost of fixed assets includes 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.

b. All assets costing less than Rs.5,000/- would be expensed / charged to Income & Expenditure Account in the year of purchase.

c. 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/-.

ii. Depreciation

d. Depreciation is provided on Written Down Value 1

iii. Revaluation of Fixed Assets:

e. Revaluation of fixed assets is undertaken either at the time of issue of municipal bonds or when commercial development / lease of properties is made.

f. 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.

g. Revaluation reserve is amortized by equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.

5. Borrowing cost

Borrowing cost is recognized as revenue expenditure on accrual basis except in the case of fixed assets.

6. Inventories

Inventories are valued as follows:

a. Raw materials are valued at Cost based on first in first out method

b. Finished goods are valued at lower of the cost or market value..

7. Grants

- a. General Grants, which are of revenue nature, are recognized as income on actual receipt
- b. 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.
- c. 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.

8. Employee benefits

- a. Separate Funds are formed for meeting the pension and other retirement benefits including Gratuity and Leave encashment.
- b. Contribution towards Pension and other retirement benefit funds are recognized as and when it is due.

9. Investments

- a. 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.
- b. 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.
- c. Short-term investments are carried at their cost or market value (if quoted) whichever is lower.

Please mention Straight Line Method if straight line is adopted by the ULB.

STATEMENT ON CONTINGENT LIABILITIES

7.58 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':

- a. Amount of Capital Contracts remaining to be executed and not provided for;
- b. Amount of claim in respect of suits filed against the ULB for which the ULB may be liable, in case the ULB loses suits;
- c. Claim against the ULB not acknowledged as debts; and
- d. Other money for which the ULB is contingently liable.

SUBSIDY REPORT

7.59 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:

- a. Water supply and disposal of sewage;

- b. Scavenging, transporting and disposal of wastes;
- c. Municipal transport; and
- d. Street lighting.
- e. Hospitals
- f. Schools

7.60 The Subsidy Report may be prepared in the illustrative format provided below in Table 7.7. However, the ULBs shall adopt those formats as given in the rules and provisions of the act governing the ULBs and the local needs..

Table 7.7
Subsidy Report for _____ 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)		

7.61 The Subsidy, as computed above, indicates the extent of deficit of income as compared to the expenditure.

OTHER DISCLOSURES

7.62 This section shall give other important financial information about the ULB, which have not been disclosed in the Financial Statements. These shall include:

- a. Details of the expenses incurred under various Government Circulars together with the details, in broad terms, of the beneficiaries;
- b. Details of honorarium paid to Councilors and Mayor;
- c. 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.

7.63 In addition to disclosures required to be made as specified above, the ULB may also furnish information in respect of the following;

- a. Percentage of properties defaulting on property tax both in terms of number and value in comparison to total properties and income earned;
- b. Number of municipal hospital beds, dispensaries and other medical facilities per 1000 citizens in the municipal area;
- c. Details about the various health programs undertaken by the ULB from its own resources and the section of the population being benefited;
- d. 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;
- e. Details about the water purification and water distributed and billed in terms of quantity;
- f. 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);
- g. Age analysis of receivables;
- h. Age analysis of payables; and
- i. Such other details as the ULB may decide to give for better disclosure and governance.

MUNICIPAL COMMISSIONER'S REPORT ON THE QUALIFICATIONS AND COMMENTS MADE IN THE REPORT OF THE MUNICIPAL CHIEF AUDITOR

7.64 The Municipal Commissioner shall in his report include his comments on the report of the Municipal Chief Auditor, including explanations relating to qualifications mentioned by the Municipal Chief 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 therefor and shall also state the steps taken to improve performance in that area.

7.65 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.

STANDING COMMITTEE'S ACTION TAKEN REPORT

7.66 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..

7.67 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.

FINANCIAL RATIO ANALYSIS

7.68 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.

7.69 On preparation of Financial Statements, the Accounts Department shall compute and present the following Financial Ratios as depicted in Table 7.8 below.

Table 7.8
Financial Ratios as on _____

Sr. No.	Particulars	Current Year	Previous Year
	Income Ratios		
1	Tax Revenue to Total Income Ratio... (%)		
2	Property & Other Taxes to Total Income Ratio... (%)		
3	Assigned Revenues & Compensations to Total Income Ratio... (%)		
4	Rental Income from Municipal Properties to Total Income Ratio... (%)		
5	Fees & User Charges to Total Income Ratio... (%)		
6	Revenue Grants, Contributions & Subsidies to Total Income Ratio... (%)		
	Expense Ratios		
7	Establishment Expenses to Total Income Ratio... (%)		
8	Administrative Expenses to Total Income Ratio... (%)		
9	Operations & Maintenance to Total Income Ratio... (%)		
10	Interest Expense to Total Income Ratio... (%)		
	Net Income Ratios		
11	Cash Surplus / Deficit to Total Income Ratio... (%)		
	Efficiency Ratios		
12	Gross Property Tax Receivables Ratio... (No. of Days)		
13	Property Tax Receivable to Property Tax Income Ratio... (%)		
14	Operations & Maintenance to Gross Fixed Assets Ratio... (%)		
15	Interest Expense to Loans Ratio... (%)		
	Leverage Ratios		
16	Loans to Reserves Ratio or Debt-Equity Ratio... (times)		
17	Interest Coverage Ratio... (times)		
18	Debt Service Coverage Ratio... (times)		
	Investment Ratios		
19	Earmarked Fund Investments to Earmarked Funds Ratio... (%)		
20	Interest on Investments Ratio... (%)		
	Liquidity Ratio		
21	Current Assets to Current Liabilities Ratio... (times)		
	Asset Ratios		
22	Fixed Assets to Total Assets Ratio... (%)		
	Performance Ratios		
23	Income per Employee... (Rs.)		
24	Expenditure per Employee... (Rs.)		
25	Income per Citizen... (Rs.)		
26	Expenditure per Citizen... (Rs.)		

7.70 The Financial Ratios shall be calculated by the Accounts Department as shown in

Table 7.9 below.

Table 7. 9

Financial Ratio Analysis

Sr. No.	Financial Ratio	Method of Computation	Schedules to be referred	Description of the Ratio
	Income Ratios			
1	Tax Revenue to Total Income Ratio... (%)	$\frac{\text{Tax Revenue} \times 100}{\text{Total Income}}$	I- 1	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... (%)	$\frac{\text{Property \& Other Taxes} \times 100}{\text{Total Income}}$	I- 1(a)	
2	Assigned Revenues & Compensations to Total Income Ratio... (%)	$\frac{\text{Assigned Revenues \& Compensations} \times 100}{\text{Total Income}}$	I- 2	
3	Rental Income from Municipal Properties to Total Income Ratio... (%)	$\frac{\text{Rental Income from Municipal Properties} \times 100}{\text{Total Income}}$	I- 3	
4	Fees & User Charges to Total Income Ratio... (%)	$\frac{\text{Fees \& User Charges} \times 100}{\text{Total Income}}$	I- 4	
5	Revenue Grants, Contributions & Subsidies to Total Income Ratio... (%)	$\frac{\text{Revenue Grants, Contributions \& Subsidies} \times 100}{\text{Total Income}}$	I- 6	
	Expense Ratios			
6	Establishment Expenses to Total Income Ratio... (%)	$\frac{\text{Establishment Expenses} \times 100}{\text{Total Income}}$	I- 10	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... (%)	$\frac{\text{Administrative Expenses} \times 100}{\text{Total Income}}$	I- 11	
8	Operations & Maintenance to Total Income Ratio... (%)	$\frac{\text{Operations \& Maintenance} \times 100}{\text{Total Income}}$	I- 12	
9	Interest Expense to Total Income Ratio... (%)	$\frac{\text{Interest Expense} \times 100}{\text{Total Income}}$	I- 13	
	Net Income Ratios.			
10	Cash Surplus / Deficit to Total Income Ratio... (%)	$\frac{\text{Cash Surplus or Deficit} \times 100}{\text{Total Income}}$ Where Cash Surplus or Deficit is obtained from Receipts & Payments Account as difference between Operating Receipts and Operating Expenses.	Receipts & Payments Account	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)	$\frac{\text{Average Gross Property Tax Receivable} \times 365}{\text{Demand for property tax raised during the year}}$ Where Average Gross Property Tax (P. T.) Receivable =	B- 13, I- 1(a)	These ratios indicate the average number of days for which the receivables are outstanding on an average.

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Sr. No.	Financial Ratio	Method of Computation	Schedules to be referred	Description of the Ratio
		(Opening P. T. Receivable + Closing P. T. Receivable)/ 2		The ULB should try and keep these days very low.
13	Property Tax Receivable to Property Tax Income Ratio... (%)	<u>Property Tax Receivable at the end of the year</u> X 100 Demand for property tax raised during the year 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 unrealised property tax)	B- 13, I- 1(a)	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.
15	Inventory Ratio... (No. of Days Consumption)	<u>Average Stock</u> 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</u> X 100 Gross Block of Fixed Assets (as at the end of the year)	I- 12, B- 9	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	B- 4	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			
20	Loans to Reserves Ratio or Debt- Equity Ratio... (times)	Loans Reserves & Surplus	B- 1, 2, 3, 4	This ratio measures the use of debt finance as a percentage to own funds of the ULB.
21	Interest Coverage Ratio... (times)	<u>Surplus + Depreciation + Interest (incl. interest capitalised)</u> Interest (incl. interest capitalised)	B- 9, I- 13	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)	Surplus + Depreciation + Interest (incl. interest capitalised) Debt instalments to be serviced (paid) during the next	Register of Loans	This ratio indicates the comfort level with which the ULB can service (pay) its debt instalments and meets its interest burden. This

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Sr. No.	Financial Ratio	Method of Computation	Schedules to be referred	Description of the Ratio
		year + Interest (including interest to be capitalised)		ratio is very important from the lender's point of view also.
	Investment Ratios			
23	Earmarked Fund Investments to Earmarked Funds Ratio... (%)	Earmarked Fund Investments X 100 Earmarked Funds	B- 2, 11	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	B- 10	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)	Current Assets Current Liabilities	B- 5 to 8 & 13- 16	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... (%)	Fixed Assets X 100 Total Assets	B- 9	This ratio indicates the share of fixed assets in the total assets of the ULB.
	Performance Ratios			
27	Income per Employee... (Rs.)	Total Income as per Income & Expenditure Account 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.)	Total Expenditure as per Income & Expenditure Account No. of Employees of the ULB	-	
29	Income per Citizen... (Rs.)	Total Income as per Income & Expenditure Account No. of Citizens in the Municipal Area	-	
30	Expenditure per Citizen... (Rs.)	Total Expenditure as per Income & Expenditure Account No. of Citizens in the Municipal Area	-	

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SECTION-2

CHAPTER

8

PROPERTY & OTHER TAXES

CHAPTER 8

PROPERTY & OTHER TAX

INTRODUCTION

8.1 This chapter contains the recommended accounting system for Property and Other Taxes related transactions.

8.2 Property Tax is the main source of income of most ULBs. Property tax is levied on residential and commercial properties. Property tax is collected from the citizens and organisations, which own the properties. In respect of property tax on State or Central Government departments or undertakings, the property tax is received from the State or Central Government, as the case may be and in respect of Government undertakings, property tax is received directly from such undertakings or from the State or Central Government.

8.3 Property Tax may comprise of the following:

- i. General Tax
- ii. Water Tax
- iii. Conservancy Tax or Sewerage Tax
- iv. Tax on Vehicles, Boats and Animals
- v. Light Tax.
- vi. Dog Tax
- vii Any other Taxes

8.4 In addition to the taxes referred above, following may be collected by the Property Tax Department:

- a. Property Transfer Charges
- b. Notice Fee, Warrant Fee, Other Fees and interest and penalties charged for delays and defaults made by the taxpayers

ACCOUNTING PRINCIPLES

8.5 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Property and Other Taxes:

- a. Revenue in respect of Property and Other Taxes shall be recognised in the period in which they become due and demands are ascertainable.
- b. In case of new or changes in assessments, tax can be accrued in the month in which the demand is served;
- c. Interest element and Penalties, if any, in demand shall be reckoned only on collection;

- d. Revenue in respect of Notice Fee, Warrant Fee, and Other Fees charged shall be recognised when the bills for the same are raised;
- e. Revenue in respect of Property Transfer Charges shall be recognised on actual receipt;
- f. Collections to be made on behalf of state Government in respect of any tax, levy and 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.”
- g. The liability towards dues to the State Government for collections on its behalf shall be recognised as and when they are collected;
- h. Revenue in respect of Rebate from State Government for collection made on their behalf shall be recognised at the rates prescribed by the State Government at the time of creating the liability to the State Government.
- i. In respect of the demand outstanding beyond two (2) years, provision shall be made in the Demand, 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%)
- j. 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.
- k. Any additional provision for demand outstanding (net on overall basis) required to be made during the year shall be recognised as expenditure of the current year and any excess provision written back during the year shall be recognised ‘as other income’ of the ULB for the current year.
- l. Refunds, remissions of taxes 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
- m. Write-offs of taxes shall be adjusted against the provisions made and to that extent recoverable and ‘State Government dues control’ account balance gets reduced.
- n. Any subsequent collection or recovery of ‘Receivables for Property Taxes which were already written off’ shall be recognised as a ‘Prior Period Income’.
- o. Demands raised with retrospective effect will be treated as prior period income to the extent it pertains to earlier years.

- p. Part-payments received in respect of Property and Other Tax levies shall be adjusted as per applicable Act of the state.
- q. Wherever self-assessment of taxes are prevalent, income can be accrued based on records available with the ULB 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.

ACCOUNTING RECORDS AND PROCEDURES

8.6 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Property & Other Taxes. For the purposes of accounting of Property & Other taxes there are certain forms, registers, etc., which are specific to Property & Other Taxes, e.g., Summary Statement of Year-wise & Head-wise Collection of Property & Other Taxes (Form POT-3). These (Form POT-1 to POT-5) are annexed to this chapter.

TAX BILLS

8.7 A Summary Statement of Bills Raised shall be prepared ward-wise and tax-head-wise, in Form P&OT-1 on monthly basis within 7 days from the end of the previous month. This forms the base for accounting and the following entry shall be passed.

- a. Recording of demand raised on existing assessments:

Code of Account	Accounting Entry (Illustrative Heads)	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-10-(a)	Receivable for Property Taxes (Year...)	Dr.	7,70,000		Journal Book, Ledger
110-01-(a)	To Property Tax – Residential	Cr.		2,00,000	
110-01-(a)	To Property Tax – Commercial	Cr.		3,00,000	
110-02-(a)	To Water Tax	Cr.		1,00,000	
110-03-(a)	To Sewerage Tax	Cr.		50,000	
110-(b)	To Others*	Cr.		50,000	
431-91-(a)	To State Govt. Cesses/ levies in Property Taxes – Control account **	Cr.		70,000	

* Specify the heads of each income for which demand is raised.

** Specify the name of the cess

- (a) Insert Detailed Head Codes of Account as applicable
- (b) Insert Minor & Detailed Head Codes of Account as applicable

Note: The postings in the Ledger Account of "Receivables for Property Tax" Account and Revenue accounts shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of

all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

1. It is a normal practice for the ULB to include the arrears of the tax dues while issuing the fresh demand. Entries in respect of the arrears would have already been recorded in the earlier years. The above entry to be passed is only in respect of the current year demand.
2. Cesses/Levies collected on behalf of State Government together with property tax demand shall be reckoned and credited to control account, "State Govt. Cesses/ levies in Property Taxes - Control account" above. However the liability to the State Government arises only upon collection. The treatment of this is discussed subsequently.

b. Recording of demand raised in case of new assessments:

1. In case of new assessments, demand may be raised for a period earlier to the financial year in which the assessment is made. In such case the demand should be split according to the period to which it relates and income related to earlier period be accounted as Prior period Income as provided below.

Code of Account	Accounting Entry (Illustrative Heads)	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-10-(a)	Receivables for Property Taxes (Year...)	Dr.	4,400		Journal Book, Ledger
110-01-(a)	To Property Tax – Residential	Cr.		2,000	
280-10-(a)	To Prior period Income – Taxes*	Cr.		2,000	
431-91-(a)	To State Govt. Cesses/ levies in Property Taxes – Control account **	Cr.		400	

* Specify the heads of each income for which demand is raised.

** Specify the name of the cess

(a) Insert Detailed Head Codes of Account as applicable

Note: The demand raised is for 2 assessment periods for Rs.2,200 each of which Rs. 200 is towards state cess.

c. Recording of Change in assessments:

Any demand raised earlier may undergo changes by court order / by the order of Commissioner / by any other competent authority. This may either lead to increase or decrease in demand amount. A summary statement of all changes in Demand Raised shall be prepared, in Form P&OT- 2 on monthly basis within 7 days from the end of the previous month. This forms the base for accounting and the following entry shall be passed.

- i. In case the revised demand is more than what was recorded earlier, then, the entry to be passed is same as accounting of existing demand, for the difference amount.

- ii. In case the revised demand is less than what was recorded earlier, the entry passed earlier has to be reversed for the difference. The reversal shall be reflected in the current year revenue in case the revision in demand relates to the current year and in any other case the reversal shall be accounted as prior period expenses. The remission / refund amount shall be adjusted against Receivables if the demand is outstanding. The accounting entry for the same is as follows.

Code of Account	Accounting Entry (Illustrative Heads)	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
110-90-(a)	Tax Remission & Refund - Property & Other Taxes	Dr.	500		Journal Book, Ledger
280-50-(a)	Prior period expenses – Refund of Taxes*	Dr.	500		
431-91-(a)	State Govt. Cesses/ levies in Property Taxes – Control Account **	Dr.	100		
431-10-(a)	To Receivables for Property Taxes (Year...)	Cr. .		1,100	

* Specify the heads of each income for which demand is raised.

** Specify the name of the cess

(a) Insert Detailed Head Codes of Account as applicable

- iii. If the demand is already paid, it will either be taken as credit and adjusted against future payments or will be paid to the tax payee as refund depending on the governing principle of the ULB. The amount of refunds/remissions shall be credited to the account 'Advance Collection of Revenues' with account code 350-41-(a) (instead of 431-10-(a) as indicated in the above entry) when it is to be adjusted against future payments. If it is to be refunded then it shall be credited to the Refunds payable account with account code 350-40-(a).

SELF ASSESSMENT

- 8.8 Self-Assessment of taxes is a method of bringing better compliance and improved collection. In such cases, income shall be accrued on the due date (as per provisions of respective Municipal Acts) based on the information available with the ULB in the assessment records. On due date, a Summary Statement of Bills Raised shall be prepared by the Tax Department as provided earlier and income shall be accrued as in the normal case.
- 8.9 However on submission of self- assessment forms, upon scrutiny and approval as per the rules and regulations laid down for this purpose, it shall be recorded in the books of accounts. The effect of this could either lead to increase or decrease in demand. The accounting procedure to be adopted will be same as change in assessment.

COLLECTION OF TAXES

- 8.10 The procedure for accounting of collections is described below:

- a. Recording of tax collections. Based on Summary of Daily Collection (Form GEN-12) received from the various Collecting Offices / Centers, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 431-80-(a)	Bank Account* To Receivables Control Accounts – Property Taxes	Dr. Cr.	5,10,000	5,10,000	Cash Book, Ledger

* Specify name of the Bank and account number

- (a) Insert Detailed Head Codes of Account as applicable

- b. The Summary of daily collection (Form GEN-12) does not provide the details in respect of the year-wise head-wise collections made in respect of Property and Other Taxes. Hence, the total amount collected should be credited to “Receivables Control Accounts - Property Taxes” Account. The collection made shall be segregated into year wise, head wise collection on a monthly basis.
- c. Recording of break-up of collections: A Summary Statement of Year- wise/ Head-wise Collection of Property & Other Taxes in Form P&OT- 3 on a monthly basis shall be prepared and sent to the Accounts Department to record the details of collection. Interest on delayed payment may be charged to the taxpayer in accordance with relevant provisions. Interest shall be recognized as income only on collection.
- d. To record the break-up of collections into year-wise recovery, tax received in advance and to record the interest income the Accounts Department shall pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a)	Receivables Control Accounts -Property Taxes	Dr.	5,10,000		Journal Book, Ledger
431-10-(a)	To Receivables for Property Taxes (Year...)	Cr.		4,40,000	
431-10-(a)	To Receivables for Property Taxes (Year...)	Cr.		55,000	
350-41-(a)	To Advance Collection of Revenues –Property Taxes*	Cr.		11,000	
171-80-(a)	To Other Interests – Receivables	Cr.		1,000	
140-20-(a)	To Penalties and Fines	Cr.		3,000	

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into

** Adjustment of tax collected in advance is discussed separately under section 'Adjustment of Tax Received in Advance' below.*

(a) Insert Detailed Head Codes of Account as applicable

RECOGNITION OF LIABILITY AND PAYMENT OF SPECIFIC STATE GOVERNMENT DUES

8.11 Recording of liability to State Government and rebate income earned: The specific head-wise liability in respect of the amount collected on behalf of the State Government shall be recognised on collection based on the Summary Statement of Year-wise Head-wise Collection of Property & Other Taxes (Form P&OT 3). Further the ULB may be entitled to a rebate for the collections made on behalf of the State Government. It shall be accounted as income on creation of specific head wise liability. To record the liability and income the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-91-(a)	State Govt. Cesses/ levies in Property Taxes – Control account *	Dr.	45,000		Journal Book, Ledger
350-30-(a)	To Government Dues Payable *	Cr.		40,500	
140-70-(a)	To Service/ Administrative Charges –Rebate from State Government	Cr.		4,500	

** Specify the name of the cess*

(a) Insert Detailed Head Codes of Account as applicable.

8.12 Recording of payment made to State Government: A Payment Order (Form GEN-14) is made for remittance of payment of collections made on behalf of the State Government. Based on Payment Order the following entry shall be made to record the payment order.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-30-(a)	Government Dues Payable – Cess*	Dr.	45,000		Cash Book, Ledger
450-21-(a)	To Bank Account **	Cr.		40,500	

** Specify the name of the cess*

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

DISCOUNT ALLOWED

8.13 The ULB may provide for discount on property & other taxes for payment within a certain period, if allowed by its rules. Discount allowed shall be reckoned along with the details of collection and be recorded from the Summary Statement of Year-wise Head-wise Collection of Property & Other Taxes. To record the discount allowed, the following accounting entry to be passed.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
240-80-(a)	Other Finance Expenses – Discount on early payment To Receivables for Property Taxes (Year...)	Dr.	100		Journal Book, Ledger
431-10-(a)		Cr.		100	

(a) Insert Detailed Head Codes of Account as applicable

NOTICE FEE, WARRANT FEE, OTHER FEES AND PENALTIES

8.14 Notices of demand and warrants shall be issued and penalties may be charged as per the relevant provisions.

8.15 Recording of demand raised: A Summary Statement of Notice Fee, Warrant Fee and Other Fees in Form P&OT-1 shall be prepared on a monthly basis. The following entry shall be passed to record the demand raised :

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-10-(a)	Receivables for Property Taxes (Year...)	Dr.	600		Journal Book, Ledger
140-40-(a)	To Other Fees – Notice Fees	Cr.		300	
140-40-(a)	To Other Fees - Warrant Fee	Cr.		300	

(a) Insert Detailed Head Codes of Account as applicable

REFUNDS AND REMISSIONS

8.16 All refunds and remissions arising under eligible circumstances as provided in the Act and regulations governing the revenues shall be duly recorded in the Demand registers maintained and the details of the same shall also be communicated to the Accounts Department. It is to be noted that refund/ remission on account of the reasons referred above generally granted for the tax amounts only and the portion of any other levy/cess in the original demand is not refunded/remitted. The reversal shall be reflected in the current year

revenue in case the revision in demand relates to the current year and in any other case the reversal shall be accounted as prior period expenses.

8.17 Recording of refunds/remissions payable: A Summary Statement of Refunds and Remissions in Form P&OT- 4 on a monthly basis shall be prepared. Refunds/Remissions pertaining to prior period shall be identified separately from the current period based on which the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
110-90-(a)	Tax Remission and Refund– Property Taxes	Dr.	300		Journal Book, Ledger
280-50-(a)	Prior period expenses –Refund of Taxes – Property Taxes	Dr.	200		
350-40-(a)	To Refunds Payable-Taxes*	Cr.		500	

**Refunds/Remissions arising on account of change in provisions shall be either passed for 'Payment' (Refund payable account) or credited to the account 'Advance collection of Revenues' (under the account code 350-41-(a)) in accordance with the principles of the ULB.*

(a) Insert Detailed Head Codes of Account as applicable.

8.18 Recording of payment refunds/remissions granted: The Accounts Department shall prepare a Payment Order (Form GEN-14) in respect of the refunds and communicate the details of refunds made to the Tax Department for updating the Register of Demand and other registers. To record payment of refunds/remissions granted, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-40-(a)	Refunds Payable – Taxes	Dr.	500		Cash Book, Ledger
450-21-(a)	To Bank Account*	Cr..		500	

** Specify name of the Bank and Account number*

(a) Insert Minor Head Codes of Account as applicable

**PAYMENT TO THE URBAN LOCAL BODY FOR PROPERTIES OCCUPIED
BY THE STATE GOVERNMENT IN LIEU OF GENERAL TAX AND EDUCATION
CESS:**

8.19 Recording of demand raised: In case there are separate provisions under the law for charging property tax on properties occupied by State Government, a Summary Statement of Bills Raised (Form P&OT- 1) in this regard be prepared in the same way as in case of other properties based on which following accounting entry will be passed

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-10-(a) 110-01-(a)	Receivables for Property Taxes (Year...) To Property Taxes - Service Charges	Dr. Cr..	1,000	1,000	Journal Book, Ledger

(a) Insert Detailed Head Codes of Account as applicable

8.20 The procedure for collection and accounting of sums received from the State Government in this regard shall be the same as discussed for Property and Other Taxes collected other wise.

PROVISION FOR UNREALISED PROPERTY AND OTHER TAX RECEIVABLES AND WRITE-OFFS

8.21 Recording of provision for unrealised tax. The demand outstanding beyond two (2) shall be provided for as per provisioning norms given below:

- a. Outstanding for more than 2 year but not exceeding 3 years: 25%.
- b. Outstanding for more than 3 years but not exceeding 4 years: 50% (additional 25%)
- c. Outstanding for more than 4 years but not exceeding 5 years: 75% (additional 25%)
- d. Outstanding for more than 5 years: 100% (additional 25%)

6.22 For example, provision for the Period ended 31 March, 2004 is as under:

- a. 25% of outstanding Receivables of Property & Other Taxes for the year ended March 31, 2002
- b. 50% of outstanding Receivables of Property & Other Taxes for the year ended March 31, 2001
- c. 75% of outstanding Receivables of Property & Other Taxes for the year ended March 31, 2000
- d. 100% of outstanding Receivables of Property & Other Taxes for the year ended March 31, 1999 and before 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.

8.23 The amount required being provided as per provisioning norms stated above, shall be compared with the balance lying in the Provision for outstanding Tax-PTD. If the amount to be provided is more than the balance, then additional provision shall be made for the difference amount. If the amount to be provided is less than the balance, it reflects the amounts provided for has been collected, and the provision made towards that can be written back. This process has to be carried over at every period/yearend.

8.24 Computation of provision or write back of as at the period end date is explained with the example given below in Table 8.1 & 8.2.

Table 8.1

Computation of Additional Provision at the Period end

Sl. No.	Particulars	Taxes (Rs.)	State Govt. Dues (Rs)
a.	Balance in the 'Provision for Outstanding Property Taxes account' as at 31 March 2003	10,000	1,000
b.	Cumulative provision required to be made as at 31 March 2004	11,500	1,150
c. (a-c)	Additional provision to be made as at 31 March 2004	1,500	150

Table 8.2

Excess of provisions at the Period end

Sl. No.	Particulars	Taxes (Rs.)	State Govt. Dues (Rs)
a.	Balance in the 'Provision for Outstanding Property Taxes account' as at 31 March 2003	10,000	1,000
b.	Cumulative provision required to be made as at 31 March 2004	9,500	950
c. (b-a)	Excess provision to be written back as at 31 March 2004	(500)	(50)

8.25 For any additional provision to be made for the period as computed in Table 8.1, the following entry shall be passed by the Accounts Department:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
270-10-(a)	Provisions for Doubtful Receivables – Property Taxes	Dr.	1,500		Journal Book, Ledger
432-91-(a)	State Govt Cesses/ levies in Property Taxes – Provision Account	Dr.	150		
432-10-(a)	To Provision for Outstanding Property Taxes	Cr.		1,650	

(a) Insert Detailed Head Codes of Account as applicable

8.26 The effect of the above entry will be as follows:

- a. Provision for Doubtful Receivables- Property Taxes shall be shown as an expense under the schedule Provision & write offs.
- b. State Govt. Dues provided will be adjusted against 'State Govt Cesses/ levies in Property Taxes - Control account'

- c. Provision for Outstanding Tax will be shown as a deduction from Receivables for Property Taxes in the Balance Sheet as at March 31, 2004.

8.27 For any excess provision arrived for the period as computed in Table 8.2, the following entry shall be passed by the Accounts Department:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
432-10-(a)	Provision for Outstanding Property Taxes	Dr.	550		Journal Book, Ledger
180-60-(a)	To Excess Provision Written Back – Property Taxes	Cr.		500	
432-91-(a)	To State Govt. Cess/ Levies in Property Taxes – Provision account	Cr.		50	

(a) Insert Detailed Head Codes of Account as applicable

8.28 Recording of write-offs: If for any reason, it is decided by the ULB to write-off property and other taxes, which was earlier treated as an income, the write off shall be adjusted against the provision made and the following entry will be passed based on summary statement of write off in form P & OT-5.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
432-10-(a)	Provision for Outstanding Property Taxes	Dr.	1,100		Journal Book, Ledger
31-91-(a)	State Govt. Cesses/ levies in Property Taxes – Control account *	Dr.	100		
431-10-(a)	To Receivables for Property Taxes (Year...)	Cr.		1,100	
32-91-(a)	To State Govt. Cess/ levies in Property Taxes – Provision account	Cr.		100	

* Specify the name of the cess

(a) Insert Detailed Head Codes of account as applicable

8.29 Recording of subsequent collection/ recovery of 'Receivables of Property and Other Taxes' written off: In case of a 'Receivable of Property & Other taxes' written off already were recovered/collected during the year, the accounts department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a)	Receivable Control Account –Property Taxes	Dr.	1,100		Journal Book, Ledger
280-30-(a)	To Recovery of Revenues written off –	Cr.		1,000	

350-30-(a)	Property Taxes To Government Dues Payable – Cess	Cr.		100	
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(a) Insert Minor Head Codes of Account as applicable

8.30 Recording of payment made to state government dues has already been explained in para 8.12.

TRANSFER OF AMOUNT OUTSTANDING IN RESPECT OF ARREARS FROM SPECIFIC YEAR-WISE ACCOUNT TO GENERAL ACCOUNT

8.31 The arrears of Property and Other Taxes shall be carried forward year-wise, i.e., in “Receivables for Property Taxes (Year...)” account up to five years. On completion of the fifth year, the amount outstanding in the specific year-wise receivable account shall be transferred to a general arrears account, i.e., “Receivables for Property Taxes (Others)” Account. For example, the tax receivable in respect of the demand raised during the accounting year 1998-99 shall be carried forward in “Receivables for Property Taxes (1999)” Account up to the year ending March 31, 2004. On March 31, 2004, the balance outstanding in this account shall be transferred to “Receivables for Property Taxes (Others)” Account.

8.32 Recording of transfer of arrears to general account. To record this transfer, the Accounts Department shall pass the following entries:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-10-(a)	Receivables for Property Taxes (Others)	Dr.	10,000		Journal Book, Ledger
431-10-(a)	To Receivables for Property Taxes (Year...)	Cr.		10,000	

(a) Insert Minor Head Codes of Account as applicable.

ADJUSTMENT OF TAX RECEIVED IN ADVANCE

8.33 The Tax Department shall intimate the Accounts Department of the advance adjusted against the subsequent demand raised through the Summary Statement of Bills Raised (Form P&OT-1).

- a. Recording of subsequent demand raised. To record the demand raised for tax, the Accounts Department shall pass the same entry as in the case of existing assessments. The accounting entry to be passed is explained in Para 8.7 a.
- b. Recording of adjustment of advance. To record the adjustment of tax received in advance, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.)	Credit Amount (Rs.)	Books to be entered into
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			Illustrative figures	Illustrative figures	
350-41-(a)	Advance Collection of Revenues – Property Taxes	Dr.	1,000		Journal Book, Ledger
431-10-(a)	To Receivables for Property Taxes (Year...)	Cr.		1,000	

(a) Insert Minor Head Codes of Account as applicable

RECOVERY OF PROPERTY AND OTHER TAXES THROUGH LEGAL PROCEEDINGS

Cost of Recovery

8.34 Recording of cost of recovery: Expenditure incurred in respect of attachment and sale of the properties of the defaulter shall be recorded as cost incurred on recovery, and the accounting entry is as follows.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-51-(a) 450-21-(a)	Legal Expenses – Cost of Recovery Tax Revenues To Bank Account*	Dr. Cr.	300	300	Cash Book, Ledger

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable.

Collections on Sale of Attached Property

8.35 Recording of collection: On the basis of the Summary of Daily Collection (Form GEN-12) received from the various Collection Offices and Collection Centres, the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 350-90-(a)	Bank Account* To Sale Proceeds – Attached Properties	Dr. Cr.	5,00,000	5,00,000	Cash Book, Ledger

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

8.36 The Tax Department shall send the details of the adjustment of the amount collected to the Accounts Department. Based on the intimation received from the Tax Department, to record the adjustment of the amount collected on sale of attached property, the Accounts Department shall pass the following entry:

Code of	Accounting Entry	Dr./	Debit	Credit	Books to
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Account		Cr.	Amount (Rs.) Illustrative figures	Amount (Rs.) Illustrative figures	be entered into
350-90-(a)	Sale Proceeds - Attached Properties	Dr.	5,00,000		Journal Book, Ledger
431-80-(a)	To Receivable Control Accounts – Property Taxes	Cr.		1,00,000	
350-30-(a)	To Government Dues Payable – Court Attachments	Cr.		50,000	
350-40-(a)	To Refunds Payable - Attached Properties	Cr.		3,50,000	

(a) Insert Detailed Head Codes of Account as applicable

8.37 The Tax Department shall prepare the Payment Orders (Form GEN-14) in respect of the amounts payable subsequent to the sale of the attached property and send it to the Accounts Department for payment. On making the payment, the Accounts Department shall pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-30-(a)	Government Dues Payable – Court Attachments	Dr.	50,000		Cash Book, Ledger
350-40-(a)	Refunds Payable - Attached Properties	Dr.	3,50,000		
450-21-(a)	To Bank Account*	Cr.		4,00,000	

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

8.38 The amount to be credited to the “Receivable Control Accounts – Property Taxes” shall include the amount receivable in respect of tax as well as the expenditure incurred in respect of the recovery from the taxpayer.

8.39 The entries for adjustment of collection against year-wise receivable and recognition of specific liabilities for collection of State Government dues shall be recorded on the basis of the Summary Statement of Year-wise Head-wise Collection of Property & Other Taxes which have been discussed above.

8.40 To record the receipt of cost of recovery, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a)	Receivables Control	Dr.	20,000		Journal Book,

220-51-(a)	Accounts- Property Taxes To Legal Expenses- Cost of Recovery of Tax Revenues	Cr.		20,000	Ledger
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(a) Insert Detailed Head Codes of Account as applicable

PROPERTY TRANSFER CHARGES

8.41 The ULB may charge fees for transfer of property. The revenue for the Property Transfer Charges levied shall be recognised on collection.

8.42 Recording of collection. On the basis of the Summary of Daily Collection (Form GEN-12) received from the various Collection Offices and Collection Centres, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 431-80-(a)	Bank Account* To Receivables Control Accounts- Property Taxes	Dr. Cr.	300	300	Cash Book, Ledger

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

8.43 Recording of specific income in respect of Property Transfer Charges: Based on the Summary Statement of Year-wise Head-wise Collection of Property & Other Taxes (Form P&OT-3) received from the Tax Department, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a) 140-40-(a)	Receivables Control Accounts- Property Taxes To Other Fees – Property Transfer Charges	Dr. Cr.	300	300	Journal Book, Ledger

(a) Insert Detailed Head Codes of Account as applicable

INTERNAL CONTROLS

8.44 The following internal controls shall be observed by the ULB in respect of Property and Other Taxes related transactions:

- a. The Tax Department shall ensure those Bills / Demands are raised on a quarterly/half yearly basis for Property and Other Taxes.
- b. The Head of the Accounts Department shall ensure that taxes are accrued in the month in which it is due and journalisation of all the demands/bills raised for property & other taxes before accounting for the collection.

- c. The Head of the Accounts Department and the Head of the Tax Department shall reconcile the balance at the beginning of the accounting year in respect of the year-wise Property and Other Tax Receivables (as appearing in the Balance Sheet of the previous year) with the year-wise total of the arrears recorded in the Demand Register.
- d. A quarterly reconciliation shall be carried out by the Head of the Accounts Department and the Head of the Tax Department in respect of the amount collected and the year-wise amount outstanding between the balances in the Ledger Accounts maintained at the Accounts Department and the Demand Register maintained at the Tax Department.
- e. The officers designated by the ULB for operating the Designated Property Tax Bank Account(s) shall co-ordinate with the banks on a daily basis and ascertain the status of the cheques/drafts deposited by them.
- f. The Tax Department shall ensure that the Receipt / Summary of daily collection prepared, provides reference to the Tax Collection Register.
- g. Write-off of Property Tax receivables should be based on specific procedures and authorisation levels. The State Government/ ULB will lay down the level of seniority of officers and the amounts, which they would be competent to write-off.
- h. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

8.45 All Reconciliation Statements shall be certified by the Head of the Accounts Department.

PRESENTATION IN THE FINANCIAL STATEMENTS

8.46 The various heads of account used for the accounting of Property and Other Taxes related transactions shall be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the ULB. All these Financial Statements and schedules should be affixed with signature and seal of designated authorities.

8.47 The provision against the outstanding property tax receivable is to be disclosed under the major head Accumulated Provisions as a separate line item in the Balance Sheet below the 'Sundry Debtors'.

8.48 The Schedule of the Income and Expenditure Statement in respect of Property and Other Taxes is presented below..

Schedule I-1: Schedule of Tax Revenue

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
110-01-(a)	Tax on Residential Properties		

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110-01-(a)	Tax on Commercial Properties		
110-01-(a)	Service Charges in lieu of Property taxes		
110-02-(a)	Water Taxes		
*		
	Sub-total		
	Less		
110-90-(a)	Tax Remission and Refunds		
	Sub-total		
Total Income of Property Taxes to be shown as a part of Tax revenue Schedule			

* Insert all taxes raised along with Property Taxes

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-1 (a): Refund/Remission of revenues

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
110-90-(a)	Property Taxes		
Total Income of Property Taxes to be shown as a part of Refund and Remissions of Taxes Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I – 4: Schedule of Fees and User Charges

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
140-20-(a)	Penalties and Fines		
140-40-(a)	Mutation Fees		
140-40-(a)	Property Transfer Charges		
140-40-(a)	Notice Fees		
140-40-(a)	Warrant Fees		
.....		
.....		
Total Income of Property Taxes to be shown as a part of Fees and User Charges Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I – 8: Schedule of Interest Earned

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
171-80-(a)	Other Interests- Interest on Receivables		
Total Income of Property Taxes to be shown as a part of Interest Earned Schedule			

(a) Insert Detailed Head Codes of Account as applicable.

Schedule I – 9: Schedule of Other Incomes

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
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1	2	3	4
180-60-(a)	Excess provision written-back – Property Taxes		
Total Income of Property Taxes to be shown as a part of Other Income Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-11: Administrative Expenses

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
220-51-(a)	Legal Expenses - Cost of recoveries of tax revenues (net of amount received from State government/assessee for the cost of recovery)		
Total Expense of Property Taxes to be shown as a part of Administrative Expenses Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-13: Interest and Finance Charges– Head-wise

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
240-80-(a)	Other Finance Expenses – Discount on Early/Prompt Payment		
Total Expense of Property Taxes to be shown as a part of Interest and Finance Charges Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I – 16: Schedule of Provisions and Write off

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
270-10-(a)	Provision for Doubtful receivables – Property Taxes		
Total Expense of Property Taxes to be shown as a part of Provision and Write off Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-18: Prior Period Items

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Income (a)		
280-10-(a)	Taxes		
280-30-(a)	Recovery of Revenues written off		
	Expense (b)		
280-50-(a)	Refund of Taxes		
Total [a-b] of Property Taxes to be shown as a part of Prior Period Items Schedule			

(a) Insert Detailed Head Codes of Account as applicable.

8.49 The Balance Sheet Abstracts in respect of Property and Other Taxes are presented below:

Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350-30-(a)	Government Dues Payable		
350-40-(a)	Refunds Payable		

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350-41-(a)	Advance Collection of Revenues		
Total			

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-15: Schedule of Sundry Debtors (Receivables)

Code No	Particulars	Current Year Amount (Rs.)			Previous Year Amount (Rs.)
		Gross Amount	Provision for Out standing Receivables	Net Amount	
1	2	3	4	5 = 3 – 4	6
431-10-(a)	<u>Receivables of Property Taxes</u>				
	Less than 5 years *				
	More than 5 years*				
	Sub – total				
431-91-(a)	Less: State Government				
	Cesses/Levies in Taxes –				
	Control Accounts				
Net Receivables of Property Taxes					

* Break up for provision for outstanding revenues are given in Column 4

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-17: Schedule of Cash and Bank Balances

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450-10-(a)	Cash		
450-21-(a)	Bank Account		
Total			

(a) Insert Detailed Head Codes of Account as applicable.

Form P& OT- 1

_____ (NAME OF THE ULB)

**SUMMARY STATEMENT OF BILLS RAISED
FOR THE PERIOD**

in respect of Property & Other Taxes

Sr. No. _____
_____ Ward

Code of Account s	Particulars	Arrears							Current Demand (Rs.)	Total (Rs.) (3-10)	Advanced Adjusted (Rs.)	Outstanding Amount (Rs.) (11- 12)
		Year (Others) (Rs.)	Year (5) (Rs.)	Year (4) (Rs.)	Year (-3) (Rs.)	Year (-2) (Rs.)	Year (1) (Rs.)	Current year's First Bill (Rs.)				
1	2	3	4	5	6	7	8	9	10	11	12	13
	General Tax Water Tax Conservancy/ Sewerage Tax Education Cess Dog Tax Tree Cess Amount Due in lieu of General Tax.											
	Other Taxes* Notice Fee Warrant Fee Other Fees											
	Total bill raised for income of the ULB											
	Demand raised for taxes collected on behalf of State Government Library Cess											

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Code of Account s	Particulars	Arrears							Current Demand (Rs.)	Total (Rs.) (3-10)	Advanced Adjusted (Rs.)	Outstanding Amount (Rs.) (11- 12)
		Year (Others) (Rs.)	Year (5) (Rs.)	Year (4) (Rs.)	Year (-3) (Rs.)	Year (-2) (Rs.)	Year (1) (Rs.)	Current year's First Bill (Rs.)				
1	2	3	4	5	6	7	8	9	10	11	12	13
	State Education Cess Employment Guarantee Cess Any other Cess^											
	Total											
	Amount in Words : Rupees _____ Prepared By :** _____ Checked By :** _____ Dated: _____											
	Examined and entered Accountant/ Authorised Officer Dated: _____											

* Specify the other taxes that are levied by the ULB.

^ Specify the other cess that are levied and collected on behalf of state government

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

Note: 1. This statement should be prepared separately for each Ward and then consolidated..

Form P& OT- 2

(NAME OF THE ULB)
**SUMMARY STATEMENT OF DEMAND ADJUSTMENTS RAISED
FOR THE PERIOD**

in respect of Property & Other Taxes

Sr. No. _____

Ward _____

Particulars	Existing Demand							Proposed Demand							Change in Demand							Impact + / (-)
	Year (Others) (Rs.)	Year (5) (Rs.)	Year (4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current year's	Year (Others) (Rs.)	Year (5) (Rs.)	Year (4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current year's	Year (Others) (Rs.)	Year (5) (Rs.)	Year (4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current year's	
1			2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
General Tax																						
Water Tax																						
Water Benefit Tax																						
Conservancy/ Sewerage Tax																						
Sewerage Benefit Tax																						
Education Cess																						
Street Tax																						
State Education Cess																						
Employment Guarantee Cess																						
Library Cess																						
Fire Brigade Tax																						
Dog Tax																						
Tree Cess																						
Amount Due in lieu of Education Cess.																						
Other Taxes*																						
Notice Fee																						
Warrant Fee																						
Other Fees																						
Total bill																						

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Particulars	Existing Demand							Proposed Demand							Change in Demand							Impact + / (-)
	Year (Others) (Rs.)	Year (5) (Rs.)	Year (4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current year's	Year (Others) (Rs.)	Year (5) (Rs.)	Year (4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current year's	Year (Others) (Rs.)	Year (5) (Rs.)	Year (4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current year's	
1			2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
raised for income of the ULB Demand raised for taxes collected on behalf of State Government Library Cess State Education Cess Employment Guarantee Cess Any other Cess^																						
Amount in Words : Rupees _____ Prepared By : ** _____ Checked By : ** _____ Dated: _____																						
															Examined and entered Accountant/ Authorised Officer Dated: _____							

* Specify the other taxes that are levied by the ULB.

^ Specify the other cess that are levied and collected on behalf of state government

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

Note:

1. This statement should be prepared separately for each Ward and then consolidated..

Form P& OT- 3

_____ (NAME OF THE ULB)

SUMMARY STATEMENT OF YEAR- WISE HEAD- WISE COLLECTION OF PROPERTY & OTHER TAXES
FOR THE PERIOD _____

Sr. No. _____

_____ Collection Centre

Deposited with _____

Particulars	Arrears						Current Year's Demand (Rs.)	Total (Rs.)
	Year (Others) (Rs.)	Year (- 5) (Rs.)	Year (- 4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)		
1	2	3	4	5	6	7	8	9
Collection in respect of incomes for which demand is raised General Tax Water Tax Water Benefit Tax Conservancy/ Sewerage Tax Sewerage Benefit Tax Education Cess Street Tax Fire Brigade Tax Dog Tax Tree Cess Amount Due in lieu of General Tax Amount Due in lieu of Education Cess Other Taxes* Notice Fee.								
	Year (Others) (Rs.)	Year (- 5) (Rs.)	Year (- 4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)		
1	2	3	4	5	6	7	8	9
Warrant Fee Other Fees								

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Particulars	Arrears						Current Year's Demand (Rs.)	Total (Rs.)
	Year (Others) (Rs.)	Year (- 5) (Rs.)	Year (- 4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)		
1	2	3	4	5	6	7	8	9
Penalties								
Others, Specify _____								
Sub- Total								
Collections of taxes on behalf of State Government								
Library Cess								
State Education Cess								
Employment Guarantee Cess								
Any other cess ^								
Sub- Total								
Collection in respect of incomes accounted on actual receipt basis								
Property Transfer Charges								
Others, Specify _____								
Sub- Total								
Collection in respect of incomes written off								
Property Tax								
Government Cess								
Sub- total								
Receipt of Cost of Recovery								
Tax collected in Advance								
Others, Specify _____								
Total Collections.								
	Year (Others) (Rs.)	Year (- 5) (Rs.)	Year (- 4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)		
1	2	3	4	5	6	7	8	9

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Particulars	Arrears						Current Year's Demand (Rs.)	Total (Rs.)
	Year (Others) (Rs.)	Year (- 5) (Rs.)	Year (- 4) (Rs.)	Year (- 3) (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)		
1	2	3	4	5	6	7	8	9
<div style="display: flex; justify-content: space-between;"> <div> Amount in Words : Rupees _____ Prepared By :** _____ Checked By :** _____ Dated: _____ </div> <div> Examined and entered Accountant/ Authorised Officer Dated: _____ </div> </div>								

* Specify the other taxes that are levied by the ULB

^ Specify the other cess that are levied and collected on behalf of state government

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

Note: This statement should be prepared separately for each Collection Office/ Collection Centre and then consolidated..

Form P& OT- 4

NAME OF THE ULB

SUMMARY STATEMENT OF REFUNDS /REMISSIONS
FOR THE PERIOD _____

in respect of Property & Other Taxes

Sr. No _____

Particulars	Refunds/ Remissions*			Total Rs.
	Advances # Rs.	Receivables # Rs.	Refunds Payable # Rs.	
1				
Arrears				
Year (Others)				
Year (- 5)				
Year (- 4)				
Year (- 3)				
Year (- 2)				
Year (- 1)				
Current Year (20XX)				
Total				
Amount in Words : Rupees _____ Prepared By :** _____ Checked By :** _____ Dated: _____				
Examined and entered Accountant/ Authorised Officer Dated: _____				

* Include total amount of all income heads of account in respect of Property and Other Taxes.

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

The details of whether refunds/ remissions are treated as 'refund payable' or adjustment of receivables or 'Revenues received in advance' shall be entered in this form in order to account for the refunds/ remissions Accordingly..

Form P& OT- 5

NAME OF THE ULB

SUMMARY STATEMENT OF WRITE OFF

FOR THE PERIOD _____

in respect of Property & Other Taxes

Sr. No. _____

Particulars	Write- offs (Rs.)*			
	Taxes*	State Education Cess	Employment Guarantee Cess	Total
1	2	3	4	5
Arrears				
Year (Others)				
Year (- 5)				
Year (- 4)				
Year (- 3)				
Year (- 2)				
Year (- 1)				
Current Year (20XX)				
Total				

Amount in Words : Rupees _____

Prepared By :** _____

Checked By :** _____

Dated: _____

Examined and entered

Accountant/ Authorised Officer

Dated: _____

* Include total amount of all income heads of account in respect of Property and Other Taxes.

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

CHAPTER

9

WATER SUPPLY

CHAPTER 9

WATER SUPPLY

INTRODUCTION

- 9.1 This chapter contains the recommended accounting system for Water Supply related transactions.
- 9.2 ULBs have an obligation to make reasonable and adequate provision for the management and maintenance of all municipal water works and the construction or acquisition of new works necessary for a sufficient supply of water for public and private purposes.
- 9.3 ULBs are entitled to charge the users for the provision of these services. The charges for the water supply are recovered as a Tax along with the Property Tax, based on the Assessment Value of the property or as a charge based on measurement or at a fixed amount or both.
- 9.4.1 The following are the revenue sources in relation to water supply:
- i. Water Tax
 - ii. Sewerage Tax
 - iii. Water supply Charges
 - iv. Sewerage Charges
 - v. Meter Rent for Water Supply;
 - vi. Connection Charges for Water Supply and
 - vii. Water Tanker Charges.
 - viii. Road Damage Recovery Charges.

ACCOUNTING PRINCIPLES

- 9.5 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to **Water Supply and Sewerage:**
- a. Revenue in respect of Water Tax, Water Benefit Tax, Water Supply Charges, Water Meter Rent, Sewerage Charges, shall be recognized in the period in which they become due. It is to be noted that the water tax and the related taxes may also be included in the bill raised for property tax.
 - b. Revenue in respect of Notice Fee, Warrant Fee, and Other Fees shall be recognized when the bills for the same are raised.
 - c. Revenue in respect of Connection Charges for Water Supply shall be recognized on actual receipt.
 - d. Revenue in respect of Water Tanker Charges and Road Damage Recovery Charges, Penalties shall be recognized on actual receipt.
 - e. In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of the ULB 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:

- 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%)

➤ If water tax demand is raised separately, the taxes and charges shall be provided as follows:

- Outstanding for more than 2 year but not exceeding 3 years: 50%
 - Outstanding for more than 3 years: 100% (additional 50%)
- f. Any additional provision for demand outstanding (net on overall basis) required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the ULB.
- g. Refunds, remissions of taxes 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.
- h. Write-offs in respect of water supply income shall be adjusted against the provisions made and to that extent recoverable gets reduced.
- i. Any subsequent collection or recovery of 'Receivables of Water Supply Income' which were already written off it shall be recognised as a 'Prior Period Income'.

ACCOUNTING RECORDS AND PROCEDURES

9.6 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Water Supply. The specific forms (Form WS-1 to WS-4) which are applicable to Water Supply are annexed with this chapter.

9.7 The accounting records and procedures for accounting of Water Tax and Water Benefit Tax (which are usually collected along with Property Tax) have been described in Chapter 8 – Property and Other Taxes, reference to which is invited.

RAISING OF DEMAND

9.8 A Summary Statement of Bills Raised shall be prepared ward-wise and income -head- wise, in Form WS-1 on a monthly basis within 7 days from the end of the previous month. These forms the base for accounting and the following entry shall be passed.

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-30-(a)	Receivables for Fees & User Charge - Water Supply (Year...)	Dr.	13,000		Journal Book, Ledger
	To User Charges -Water Supply	Cr.		8,000	
140-50-(a)	To User Charges – Sewerage	Cr.		1,000	
140-50-(a)	To User Charges -Meter Charges	Cr.		1,500	
140-50-(a)	To Others*	Cr.		500	
140-(b)					

- Specify the heads of each income for which bill is raised.

- (a) Insert Detailed Head Codes of Account as applicable
(b) Insert Minor Head Codes of Account as applicable

9.9 It is a normal practice for the ULB to enter the arrears of the Water Supply Income due while issuing the fresh demand. Entries in respect of the arrears would have already been recorded earlier. The above entry shall therefore be passed only in respect of the current demand.

COLLECTION OF WATER SUPPLY INCOME

9.10 The procedure for accounting of collections is described below:

a. **Recording of Water Supply collections.** Based on the Summary of Daily Collection (Form GEN 12) received from various Collecting Offices/Centers, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-a) 431-80-a)	Bank Account * To Receivables Control Account – Water Supply	Dr. Cr.	1500	1500	Cash Book, Ledger

* Specify name of the Bank and account number

- (a) Insert Detailed Head Codes of Account as applicable
- (b). The Summary of Daily collection (Form GEN-12) does not provide the details in respect of the year-wise head-wise collections made in respect of Water Supply. Hence, the total amount collected should be credited to “Consolidated. Receivables of Water Supply Income” Account. The collection made shall be segregated into year wise, head wise collection on a monthly basis and maintained as ‘Summary statement of year-wise head-wise collection of water and related taxes’ in Form WS-2.
- c. Recording of break-up of collections. A Summary statement of year-wise/head-wise collection of water and related taxes in Form W-2 as explained above shall be prepared on a monthly basis and sent to the Accounts Department to record the details of collections. To record the break-up of collections into year-wise recovery and to record income received in advance the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a)	Receivables Control Account- Water Supply	Dr.	1,000		Journal Book, Ledger
431-30-(a)	To Receivables for Fees & User Charges – Water Supply (Year...)	Cr.		700	
431-30-(a)	To Receivables of Fees & User Charges – Water Supply (Year...)	Cr.		250	
350-41-(a)	To Advance Collection of Revenues - Water Supply *	Cr.		50	

* Adjustment of water supply income collected in advance is discussed separately under section

'Adjustment of Water Supply Income Received in Advance' below.

(a) Insert Detailed Head Codes of Account as applicable

NOTICE FEE, WARRANT FEE AND OTHER FEES

9.11 Notices of demand and warrants shall be issued and other fees may be charged as per the relevant provisions.

9.12 Recording of demand raised. A Summary Statement of Notice Fee, Warrant Fee and Other Fees in Form WS – 1 shall be prepared on a monthly basis and sent to the Accounts Department. The following entry shall be passed to record the demand raised:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-30-(a)	Receivables for Fees & User Charges – Water Supply (Year...)	Dr.	500		Journal Book, Ledger
140-40-(a)	To Other Fees – Notice Fee	Cr.		300	
140-40-(a)	To Other Fees – Warrant Fee	Cr.		200	

(a) Insert Detailed Head Codes of Account as applicable

REFUNDS AND REMISSIONS

9.13 All refunds and remissions granted shall be duly recorded in the Demand Registers maintained in form GEN – 20 and the details of the same shall also be communicated to the Accounts Department.

9.14 Recording / remissions payable. A Summary Statement of Refunds and Remissions in Form WS-3 shall be prepared on a monthly basis. Refunds/Remissions pertaining to prior period should be identified separately from the current period based on which the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
140-90-(a)	Fees Remission & Refund – Water Supply	Dr.	25		Journal Book, Ledger
280-60-(a)	Prior Period Expenses Refund of Other Revenues –Water Supply	Dr.	25		
350-40-(a)	To refund Payable-Water Supply	Cr.		50	

**Refunds/Remissions arising on account of change in the applicable rules shall be either passed for 'Payment' (refund payable account) or credited to the 'Advance Collection of Revenues' (under the account code 350-41-(a)) in accordance with the accounting principles of the ULB.*

(a) Insert Detailed Head Codes of Account as applicable

9.15 Recording of payment of refunds/remissions granted. The Accounts Department shall prepare a Payment Order (Form GEN-14) in respect of the refunds and communicate the details of

refunds/remissions made to the Water Supply Department for updating the Register of Demand and other registers. To record refunds/remissions payment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-40-(a)	Refunds Payable- Water Supply	Dr.	50		Cash Book, Ledger
450-21-(a)	To Bank Account*	Cr.		50	

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

PROVISION FOR UNREALISED REVENUE RECEIVABLES

9.16 Recording of provision for unrealised Water Tax Income. As explained in Para

(e) the provisioning policy for unrealised Water supply income will be dependent on the basis of its charge. For example, the demand for water tax which were raised separately and outstanding beyond two (2) years shall be provided for as per provisioning norms given below:

- Outstanding for more than 2 year but not exceeding 3 years: 50%
- Outstanding for more than 3 years: 100% (additional 50%)

9.17 For example, provision for the year ended March 31, 2006 is as under:

- a. 50% of outstanding Receivables of Water Supply Income for the year ended March 31, 2004
- b. 100% of outstanding Receivables of Water Supply Income for the year ended March 31, 2003 and before.

9.18 This process has to be carried over at every Period-end. The amount required to be provided as per provisioning norms stated above, shall be compared with the balance lying in the Provision for Outstanding Fees & User Charges -Water Supply Account. If the amount to be provided is more than the balance, then additional provision shall be made for the difference amount. If the amount to be provided is less than the balance, it reflects the amounts provided for, has been collected and the provision made towards that can be written back.

9.19 Additional provision or reversal of excess provision for the current period shall be calculated similar to computations explained in Tables 8.1 & 8.2 in Chapter 8 for Property & Other Taxes.

9.20 For making the provision, the following entry shall be passed by the Accounts Department:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into

270-10-(a)	Provision for Doubtful Receivables – Fees & User Charges	Dr.	1,500		Journal Book, Ledger
432-30-(a)	To Provision for Outstanding Fees & User Charges – Water Supply	Cr.		1,500	

(a) *Insert Detailed Head Codes of Account as applicable*

9.21 The effect of the above entry will be as follows:

- a. Provision for Doubtful Receivables Fees & User Charges -Water Supply will be shown as an expense under the schedule Provisions & Write-offs.
- b. Provision for Outstanding Fees & User Charges -Water Supply will be shown as a deduction from Receivables for Fees & User Charges -Water Supply (Others) in the Balance Sheet.

9.22 To write back the provision made earlier, the following entry shall be passed:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
432-30-(a)	Provision for Outstanding Fees & User Charges – Water Supply	Dr.	500		Journal Book, Ledger
180-60-(a)	To Excess Provision Written Back – Water Supply	Cr.		500	

(a) *Insert Detailed Head Codes of Account as applicable*

9.23 Recording of Write-offs. If for any reason, it is decided by the ULB to write-off any Water Supply Income dues, which were earlier treated as an income, the details of the write off has to be entered in the 'Statement of Write off' by the respective departments in Form WS – 4. This form has to be prepared on a monthly basis and forwarded to the Accounts Department and based on which, the write off shall be adjusted against the provision made and the following entry will be passed:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
432-30-(a)	Provision for Outstanding Fees & User Charges – Water Supply	Dr.	25		Journal Book, Ledger
431-30-(a)	To Receivables for Fees & User Charges – Water Supply (Year...)	Cr.		25	

(a) *Insert Detailed Head Codes of Account as applicable*

9.24 Recording of subsequent collection/ recovery of 'Receivables of Water Supply Income' written off: In case of a 'Receivable of Water Supply Income' written off already were recovered/collected during the year, the accounts department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a)	Receivables Control Account – Water Supply	Dr.	1,000		Journal Book, Ledger

280-30-(a)	To Recoveries of Revenues Written off – Water Supply	Cr.		1,000	
------------	---	-----	--	-------	--

(a) Insert detailed head codes of account as applicable

TRANSFER OF AMOUNT OUTSTANDING IN RESPECT OF ARREARS FROM SPECIFIC YEAR-WISE ACCOUNT TO GENERAL ACCOUNT

9.25 The arrears of water supply income shall be carried forward year-wise, i.e., in “Receivables of Water Supply Income (Year...)” account up to three years. On completion of the third year, the amount outstanding in the specific year-wise receivable account shall be transferred to a general arrears account, i.e., “Receivables of Water Supply Income (Others)” Account. For example, the water supply income receivable in respect of the demand raised during the accounting year 2002-03 shall be carried forward in “Receivables of Water Supply Income (2003)” Account up to the year ending March 31, 2006. On March 31, 2006, the balance outstanding in this account shall be transferred to “Receivables of Water Supply Income (Others)” Account.

9.26 Recording of transfer of arrears to general account. To record this transfer, the Accounts Department shall pass the following entry:.

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-30-(a)	Receivables for Fees & User Charges – Water Supply (Others)	Dr.	2,000		Journal Book, Ledger
431-30-(a)	To Receivables for Fees & User Charges - Water Supply (Year...)	Cr.		2,000	

(a) Insert detailed head codes of account as applicable

ADJUSTMENT OF WATER SUPPLY INCOME RECEIVED IN ADVANCE

9.27 The Water Supply Department shall intimate the Accounts Department of the advance adjusted against the subsequent demand raised by the Water Supply Department through the Summary Statement of Bills Raised (Form GEN – 22).

c. Recording of subsequent demand raised. To record the demand raised for water supply, the Accounts Department shall pass the same entry as in the case of original demand. The entry to be passed is explained in Para 9.8.

d. Recording of adjustment of advance. To record the adjustment of water supply income received in advance, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-41-(a)	Advance Collection of Revenues – Water Supply	Dr.	50		Journal Book, Ledger
431-30-(a)	To Receivables for Fees & User Charges - Water Supply (Year...)	Cr.		50	

(a) Insert detailed head codes of account as applicable

RECOVERY OF WATER SUPPLY INCOME THROUGH LEGAL PROCEEDINGS

9.28 The transactions in respect of Recovery of Property and Other Taxes have been described in Chapter 8 – Property & Other Taxes (Paras 8.34 to 8.40), reference to which is invited. The transactions relating to Recovery of Water Supply Income shall be accounted in similar manner.

INCOME TO BE ACCOUNTED ON ACTUAL RECEIPT BASIS

9.29 The following incomes in respect of Water Supply shall be accounted on actual receipt basis:

- a. Connection Charges for Water Supply;
- b. Water Tanker Charges;
- c. Road Damage Recovery Charges; and
- d. Penalties levied in respect of Water Supply related matters.

9.30 The Collection Offices and Collection Centres authorised to collect the above incomes shall prepare a Summary of Daily Collection (Form GEN-12) and send it to the Water Supply Department and the Accounts Department.

9.31 Recording of collection. On the basis of the Summary of Daily Collection (Form GEN-12) received from the various Collection Offices and Collection Centres, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account*	Dr.	100		Cash Book, Ledger
140-40-(a)	To Other Fees – Connection Charges	Cr.		50	
140-50-(a)	To User Charges - Water Tanker	Cr.		30	
140-70-(a)	To Service/ Administrative Charges	Cr.		10	
140-20-(a)	Road Damage Recovery To Penalties & Fines	Cr.		10	

* Specify name of the Bank and account number

(a) Insert the Detailed Head Codes of account as applicable

WATER DEPOSITS

9.32 The Water Supply Department may receive deposits towards Water Connection, Water Meter, Water Tankers, etc. The Collection Offices and Collection Centres authorised to collect Water Deposits shall prepare a Summary of Daily collection (Form GEN-12) and send it to the Water Supply Department and the Accounts Department..

9.33 Recording of collection. The Accounts Department shall pass the following entry on the basis of the Summary of Daily Collection (Form GEN- 12) received from the various Collection Offices and Collection Centres:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into

450-21-(a)	Bank Account	Dr.	100		Cash Book, Ledger
340-20-(a)	To Deposit Revenues- Water Supply	Cr.		100	

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

9.34 Recording of adjustment of deposits. The Water Supply Department shall send details of deposits adjusted in the Summary Statement of Deposits Adjusted (Form GEN- 19) to the Accounts Department on a monthly basis. To record the adjustment of Water Deposit, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-20-(a) 431-30-(a)	Deposit Revenues –Water Supply To Receivables for Fees & User Charges - Water Supply (Year...)	Dr. Cr.	25	25	Journal Book, Ledger

(a) Insert Detailed Head Codes of Account as applicable

9.35 Recording of refund of deposit. The deposits shall be refunded as per the rules prescribed in this regard. A Payment Order (Form GEN- 14) shall be prepared by the Water Supply Department for the deposits to be refunded. On refund of Water Deposit, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-20-(a)	Deposit Revenues –Water Supply	Dr.	50		Cash Book, Ledger
450-21-(a)	To Bank Account*	Cr.		50	

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable.

9.36 Recording of income in respect of lapsed deposit. Deposits not claimed within the period as laid down by the ULB, from the date they are due for payment, shall be lapsed and shall not be repayable to the party. At the end of the accounting year, the Water Supply Department shall prepare a list of such lapsed deposits. To recognize the income, on obtaining the approval of the Authorised Officer, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-20-(a)	Deposit Revenues - Water Supply	Dr.	10		Journal Book, Ledger
180-11-(a)	To Lapsed Deposit	Cr.		10	

(a) Insert Detailed Head Codes of Account as applicable

EXPENDITURE ON WATER WORKS

9.37 The accounting for expenditures pertaining to Water Supply Department shall be similar to that described in Chapter 12 - Public Works (for expenditure incurred through awarding of contracts to outside parties for carrying out certain activities such as laying of new pipelines, construction of pump houses, repairs related to water supply, etc.), Chapter 13- Stores (for expenditure incurred on purchase of stores such as TCL Powder, Chlorine Gas, etc.) and Chapter 16 - Other Revenue Expenditures (in respect of all other expenditures pertaining to water supply related activities such as electricity charges, bulk water purchase charges, etc.) and Chapter 21 - Fixed Assets (in respect of the fixed assets purchased), references to which are invited.

INTERNAL CONTROLS

9.38 The following internal controls shall be observed by the ULB in respect of Water Supply related transaction:

- a. The Head of the Accounts Department and the Head of the Water Supply Department shall reconcile the balance at the beginning of the accounting year in respect of the year-wise Water Supply Income receivable (as appearing in the Balance Sheet of the previous year) with the year-wise total of the arrears recorded in the Demand Register.
- b. A quarterly reconciliation shall be carried out by the Head of the Accounts Department and the Head of the Water Supply Department in respect of the amount collected and the year-wise amount outstanding between the balances in the Ledger Accounts maintained at the Accounts Department and the Demand Register maintained at the Water Supply Department.
- c. A quarterly reconciliation shall be carried out by the Head of the Accounts Department and the Head of the Water Supply Department in respect of the deposits outstanding, between the balances in the Ledger Accounts maintained at the Accounts Department and the Deposit Register maintained at the Water Supply Department.
- d. The officers designated by the ULB for operating the Designated Water Supply Bank Account shall co-ordinate with the banks on a daily basis and ascertain the status of the cheques/drafts deposited by them.
- e. The Water Supply Department shall ensure that the Receipt / Summary of Daily Collection prepared, provides reference to the Water Supply Income Collection Register.
- f. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

9.39 All Reconciliation Statements shall be certified by the Head of the Accounts Department.

PRESENTATION IN THE FINANCIAL STATEMENTS

9.40 The various heads of account used for the accounting of Water Supply related transactions shall be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the

ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

9.41 The provision against the outstanding water taxes receivable is to be disclosed under the major head Accumulated Provisions as a separate line item in the Balance Sheet below the 'Sundry Debtors'.

9.42 The Schedule of the Income and Expenditure Statement in respect of Water Supply Income is presented below.

Schedule I-4: Schedule of Income from Fees & User Charges

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
140-20-(a)	Penalties & Fines		
140-40-(a)	Other Fees – Connection Charges		
140-40-(a)	Other Fees – Disconnection Charges		
140-40-(a)	Other Fees – Notice Fees		
140-40-(a)	Other Fees – Warrant Fees		
140-50-(a)	User Charges – Water Supply		
140-50-(a)	User Charges – Sewerage		
140-50-(a)	User Charges – Water Tanker		
140-50-(a)	User Charges – Water Meter		
140-70-(a)	Service/Administrative Charges – Road Damage Recovery		
	Sub-total		
	Less		
140-90-(a)	Fee Remission and Refund		
	Sub-total		
Total Income of Water Supply to be shown as a part of Fees & User Charges Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I – 9: Schedule of Other Income

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
180-11-(a)	Lapsed Deposit – Water Supply		
180-60-(a)	Excess Provision Written Back – Water Supply		
Total Income of Water Supply to be shown as a part of Other Income Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-11: Administrative Expenses

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
220-51-(a)	Legal Expenses - Cost of recoveries of Water Supply Income (net of amount received from State government for the cost of recovery)		
Total Expense of Water Supply to be shown as a part of Administrative Expenses Schedule			

(a) Insert Detailed Head Codes of Account as applicable.

Schedule I – 16: Schedule of Provisions and Write off

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
270-10-(a)	Provision for Doubtful Receivables – Water Supply		
Total Expense of Water Supply to be shown as a part of Provision and write off Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-18: Schedule of Prior Period Items

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
280-20-(a)	Income (A) Other Revenues – Fees & User Charges		
280-30-(a)	Recovery of Revenues written off		
280-50-(a)	Expenses (B) Refund of Fees & User Charges		
Total [A- B] of Water Supply to be shown as a part of Prior Period Items Schedule			

(a) Insert Detailed Head Codes of Account as applicable

8.49 The Balance Sheet Abstracts in respect of the Water Supply Income are presented below:

Schedule B-7: Schedule of Deposits Received

Code No.	Nature of Deposit	Opening balance at the beginning of the year	Additions during the current year	Refunded during the year	Balance Outstanding at the end of the current Year
1	2	3	4	5	6
340-20-(a)	Deposits Revenues – Water Supply				
	Total				

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-9: Schedule of Other Liabilities

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350-40-(a)	Refunds Payable of Fees & User Charges – Court Attachment		
350-41-(a)	Advance Collection of Revenues		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

Schedule B-15: Schedule of Sundry Debtors (Receivables)

Code No.	Particulars	Current Year Amount (Rs.)			Previous Year Amount (Rs.)
		Gross Amount	Provision for Outstanding Receivables	Net Amount	
1	2	3	4	5 = 3 – 4	4

431-30-(a)	Receivables for Fees & User Charges Less than 3 years * More than 3 years*				
	Total Receivables of Water Supply Income				

* Break up for provision for outstanding revenues are given in Column 4

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-17: Schedule of Cash and Bank Balances

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450-10-(a)	Cash		
450-21-(a)	Bank Account		
	TOTAL		

(a) Insert Detailed Head Codes of Account as applicable.

Form WS- 1

Name of ULB

SUMMARY STATEMENT OF DEMAND RAISED ON ASSESSMENT FOR THE PERIOD _____

in respect of Water Supply Income

Sr. No. : _____

Particulars	Year (Others)	Year (- 2)	Year (- 1)	Current Year (Rs.)	Total (Rs.)
1	2	3	4		5
Water Tax					
Water Supply Charges					
Water Meter Rent					
Notice Fee					
Warrant Fee					
Penalties					
Others, Specify _____					
Total					
Amount in Words: Rupees _____					
Advance Adjusted: Against demand raised on Assessment*					
Prepared By** : _____			Examined and entered		
Checked By** : _____			Accountant/ Authorised Officer		
Dated: _____			Dated:* _____		

Provide year- wise details in respect of advance adjusted against demands raised.

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

Form WS- 2

_____ *Name of ULB*
**SUMMARY STATEMENT OF YEAR- WISE HEAD- WISE COLLECTION OF WATER
TAXES**

FOR THE PERIOD _____

_____ *Collection Centre* Sr. No. _____
Deposited with _____

Particulars	Year Others (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current Year (Rs.)	Advance Received (Rs.)	Total (Rs.)
1	2	3	4	5	6	7
Collection in respect of incomes accounted on accrual basis Water Tax Water Supply Charges Water Meter Rent Notice Fee Warrant Fee Other Fees Penalties Others, Specify _____						
Sub- Total						
Collection in respect of incomes accounted on actual receipt basis Water connection charges Road damage recovery charges Water Reconnection Charges Water Tanker Charges Water Charges for Specific Needs Others, Specify _____						
Sub- Total						
Receipt of Cost of Recovery Water Supply Income collected in Advance Others, Specify _____						
Total Collection						

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

Note: This statement should be prepared separately for each Collection Office/ Collection Centre and then consolidated..

Form WS- 3

_____ *Name of ULB*
SUMMARY STATEMENT OF REFUNDS/ REMISSIONS
FOR THE PERIOD _____
in respect of Water Supply Income

Sr. No: _____

Particulars	Year Others (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current Year (Rs.)	Total (Rs.)	Remarks #
1	2	3	4			
Water Tax						
Water Supply Charges						
Water Meter Rent						
Notice Fee						
Warrant Fee						
Water supply incomes received in Advance						
Penalties						
Others, _____ Specify						
Total						
Amount in Words : Rupees _____						
Prepared By* : _____				Examined and entered		
Checked By* : _____				Accountant/ Authorised Officer		
Dated: _____				Dated: _____		

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

The details of whether refunds/ remissions are treated as 'refund payable' or 'adjustment of receivables' or 'Revenues received in advance' shall be entered in this form for each of the entry in order to account for the refunds/ remissions accordingly.

Form WS- 4

_____ *Name of ULB*

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

in respect of Water Supply Income

Sr. No. _____

Particulars	Year Others (Rs.)	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current Year (Rs.)	Total (Rs.)
1	2	3	4	5	
Water Tax					
Water Supply Charges					
Water Meter Rent					
Notice Fee					
Warrant Fee					
Water supply incomes received in Advance					
Penalties					
Others, _____ Specify					
Total					
Amount in Words : Rupees _____					
Prepared By* : _____			Examined and entered		
Checked By* : _____			Accountant/ Authorised Officer		
Dated: _____			Dated: _____		

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

CHAPTER

10

ASSIGNED REVENUES

CHAPTER 10

ASSIGNED REVENUES

INTRODUCTION

- 10.1 This chapter contains the recommended accounting system for transactions relating to assigned revenues.
- 10.2.1 Assigned revenues are usually 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.

ACCOUNTING PRINCIPLES

- 10.3 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Grants:
- 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.
 - 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.

ACCOUNTING RECORDS & PROCEDURES

10.4 This section describes the records, register, documents, accounting entries, etc., in respect of accounting for transactions related to Assigned Revenues..

- 10.4 Recording of receipt of Assigned Revenue. Details of Assigned revenues received shall be entered in the Receipt Register (Form GEN-9) maintained at the Accounts Department and deposited into the Main Bank Account and also a Receipt (Form GEN-8) shall be issued to the State Government. To record the receipt of assigned revenues, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account *	Dr.	1,00,000		Cash Book, Ledger
120-10-(a)	To Taxes and Duties Collected by Others - Duty on Transfer of Properties	Cr.		40,000	
120-10-(a)	To Taxes and Duties Collected by Others - Entertainment Taxes	Cr.		30,000	
120-(b)	To Others __**	Cr.		30000	

* Specify name of the Bank and Account number

** Specify the heads of each income of the assigned revenue

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor and Detailed Head Codes of Accounts as applicable

Note: The postings in the Ledger (Form GEN-3) of “Main Bank” Account and “Assigned Revenue” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book (Form GEN-2)

10.6 Recording of accruing of assigned revenues: At the end of the accounting period, the Accounts Department shall verify whether any proceedings or sanction order is passed and for which money is not received as at the end of the accounting period. The amount of such receivable as quantified in the proceedings or sanction order shall be accrued as income of the ULB. The Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-50-(a)	Receivables from Government - Assigned Revenues	Dr.	80,000		Journal Book, Ledger, Grant Register
120-10-(a)	To Taxes and Duties Collected by Others –Duty on Transfer of Properties	Cr.		20,000	
120-10-(a)	To Taxes and Duties Collected by Others -Entertainment Taxes	Cr.		25,000	
120-(b)	To Others _____	Cr		35,000	

** Specify the heads of each income of the assigned revenue*

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor and Detailed Head Codes of Accounts as applicable.

10.7 Recording of reversal for Accrued Assigned Revenues. At the end of the period end, the Accounts Department shall verify whether any accrued revenue has been collected during the period and credited to income account. If so, the accrued income shall be reversed and the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
120-10-(a)	Taxes and Duties Collected by Others -Duty on Transfer of Properties	Dr.	6,000		Journal Book, Ledger and Grant register
120-10-(a)	Taxes and Duties Collected by Others -Entertainment Taxes	Dr.	2,000		
120-(b)	Others*	Dr.	3,000		
431-50-(a)	To Receivables from Government - Assigned Revenues	Cr.		9,000	

** Specify the heads of each income of the assigned revenue.*

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor and Detailed Head Codes of Accounts as applicable

10.8 Recording of write off of outstanding assigned revenues: The Accounts department as at the end of each year, review the outstanding assigned revenue receivable. The ULB based on its review of the recoverability may consider either making a provision or writing off. The accounting entries in respect of the above are as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
270-30-(a)	Revenues Written Off - Assigned revenues	Dr.	500		Journal Book,
431-50-(a)	To Receivables from Government – Assigned Revenues	Cr.		500	Ledger,

(a) Insert Detailed Head Codes of Account as applicable

PERIOD END PROCEDURES

10.9 At the period end, it shall be ensured that all the Receivables of Assigned revenues be reviewed and write off if considered necessary be made. Further, the accounts department shall also ensure that the necessary reversal entries are made for assigned revenues received in the current accounting period, which were accrued in the previous period.

10.10 The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring..

PRESENTATION IN FINANCIAL STATEMENTS

10.11 The various heads of account used for the accounting of Assigned revenues related transactions should be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

10.12 The Schedule of the Income and Expenditure Statement in respect of Assigned Revenue is provided below.

Schedule I-2: Assigned Revenues & Compensation

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
120-10-(a)	Taxes and Duties collected by others – Duty on		
120-10-(a)	Transfer of Properties		
120-20-(a)	Taxes and Duties collected by others – Entertainment Taxes		
120-30-(a)	Compensation in lieu of Taxes / duties		
	Compensations in lieu of Concessions		
Total assigned revenues & compensation			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-16 : Schedule of Provisions & Write off

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
270-30-(a)	Revenues written off – Assigned revenues		
Total Expense of Assigned Revenues to be shown as a part of Provision and Write off Schedule			

(a) Insert Detailed Head Codes of Account as applicable

10.13 The Balance Sheet Abstract in respect of Assigned Revenue is provided below.

Schedules B-15: Schedule of Sundry Debtors (Receivables)

Code No	Particulars	Gross Amount (Rs.)	Provision for doubtful receivables Amount (Rs.)	Current Year Amount(Rs)	Previous Year Amount (Rs.)
1	2	3	4	5 (3-4)	6
431-50-(a)	Receivables from Government – Assigned Revenues				
	Total				

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-17: Schedule of Cash & Bank Balances

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
450-10-(a)	Cash Account		
450-21-(a)	Bank account		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

CHAPTER

11

RENTAL FEES & OTHER INCOMES

CHAPTER 11

RENTALS, FEES & OTHER INCOMES

INTRODUCTION

11.1 ULBs derive substantial portions of their revenue from Property & other taxes, Water Tax/Water Charges and Grants. In addition, they also have certain additional sources of revenue like Rentals from Municipal Properties, Advertisement Taxes, License Fees, etc. This chapter contains the recommended accounting procedures for transactions related to such Incomes.

11.2 Some of the Incomes under these categories that may arise to ULBs are listed below:

- Crematorium Charges;
- Burial Ground Charges;
- Cattle Pounding Fees;
- Parking Fees;
- Fees for Pay & Use Toilets;
- Slaughtering Fees;
- Library Fees;
- Fire Extinguishing Service Charges;.
- Sale & Hire Charges, for example,
- Sale of Scrap;
- Sale of Forms & Documents;
- Sale of Tender Forms;
- Hire Charges of Road Rollers;
- Hire Charges of Tools & Equipment;
- Sale of garbage/Manure;
- Sale of Trees,
- □Sale of Fruits;
- Sale of Grass;
- Sale of Nursery Plants;
- Sale of Flowers; etc.

11.3 The aspects relating to Incomes to be accounted on actual receipt basis include:

- Collections
- Refunds.

INCOMES TO BE ACCOUNTED ON ACCRUAL BASIS

11.4 Incomes for which demand is raised shall be accounted on accrual basis. These include the following (indicative):

i. Rental Income from Municipal Properties, for example

- Rent from Markets/Shopping Complexes;
- Rent from Office Buildings;
- Rent from Guest Houses;
- Rent from Auditorium, Art Galleries;
- Rent/Lease from Parking Zones; etc.
- Rent/Lease from Parking Zones; etc.

ii. Trade License Fees

iii. Advertisement Charges/Rights

iv. Profession Tax.

11.5 The various aspects relating to Incomes to be accounted on accrual basis include:

- Entry in the Demand Register
- Raising of Bills
- Collection of dues
- Refunds, Remissions and write-offs.

ACCOUNTING PRINCIPLES

11.6 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Other Incomes:

- Revenue in respect of Advertisement rights shall be accrued either based on Demand or based on the contract.
- Revenue in respect of Trade License Fees shall be accrued in the year to which it pertains and where the Demand is raised based on applicable Acts of the state.
- Revenues in respect of Profession Tax on Organisations / entities shall be accrued in the year to which it pertains where the demand is raised based on applicable Acts of the state.
- Revenues in respect of rents from properties shall be accrued based on terms of agreement.
- The Other Income, in respect of which demand is ascertainable and can be raised in regular course of operations of the ULB, shall be recognised in the period in which they become due, i.e., when the bills are raised.
- 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 recognised on actual receipt.
- Revenue in respect Notice Fee, Warrant Fee, Other Fees shall be recognised when the bills for the same are raised.

- Interest element and Penalties, if any, in demand shall be reckoned only on collection.
- In respect of the demand outstanding beyond two (2) years, provision shall be made to the extent of income of ULB, 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%)
- Any additional provision for demand outstanding required to be made during the year shall be recognised as expenditure and any excess provision written back during the year shall be recognised as income of the ULB..
- Refunds, remissions of Rents, Fees & Other Incomes for the current year shall be adjusted against the income if pertain to previous years then it shall be treated as prior period item.
- Write-offs of Other Incomes shall be adjusted against the provisions made and to that extent recoverable gets reduced.
- Any subsequent collection or recovery of 'Receivables of Rental, Fees and Other Incomes' which were already written off shall be recognised as a 'Prior Period Income'.

ACCOUNTING RECORDS AND PROCEDURES

11.7 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Rental, Fees and Other Incomes. For the purposes of accounting of Other incomes there are certain forms, registers, etc., which are specific to certain type of other incomes, e.g., Summary Statement of Year-wise Head-wise Collection of Rents or similar incomes (Form OTH-1). These Forms OTH –1 to OTH –4 are annexed to this chapter.

Accounting for incomes to be accounted on Actual receipt basis Collection

11.8 The following shall be the procedure for accounting of the collections made in respect of these Incomes:

Recording of income. To record the income in respect of these Incomes accounted on actual receipt basis, based on the Summary of Daily Collection (Form GEN- 12) received from the various Collection Offices and Collection Centers, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account*	Dr.	10,000		Cash Book, Ledger
140-(b)	To _____ (Fees & User) Charges	Cr.		7,000	
150-(b)	To _____ (Sale & Hire) Charges	Cr.		3,000	

* Specify name of the Bank and account number

(a) Insert detailed Head codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

Note: The postings in the Ledger (Form GEN-3) of “Bank” Account and “_____ User Charges” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book (Form GEN-2)

11.9 In cases where the Incomes that are accounted on actual receipt basis are received in advance, i.e., before providing the services/goods, they shall be recorded as income on collection. In case the amount collected is to be refunded, the refund shall be recorded as expenditure.

11.10 For example, if a sum of Rs. 1,000/- has been received in advance for Service Charges. On receipt, the amount shall be recorded as Fees & User Charges. To record the income, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 140-(b)	Bank Account* To _____ (Fees & User) Charges**	Dr. Cr.	1,000	1,000	Cash Book, Ledger

* Specify name of the Bank and account number

(a) Insert detailed Head codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

11.11 In case the service is not provided and the customer demands a refund of the amount paid by him in advance. To record the refund, the Accounts Department shall pass the following entry on payment of the refund:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
140-(b) 450-21-(a)	Refund - _____ (Fees & User) Charges * To Bank Account*	Dr. Cr	1,000	1,000	Cash Book, Ledger

* Specify name of the Bank

(a) Insert detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

Deposits

11.12 In respect of certain Incomes (including incomes accounted for on accrual basis), a deposit is taken at the time of receiving the application for providing the services/goods, e.g., Rent Deposit, etc. The accounting for the different transactions in respect of deposits received in respect of Incomes, have been discussed below, using the example of Rent Deposit.

11.13 Recording of receipt of deposits. On receipt of deposit, the same shall be treated as a liability. To record the receipt of Rent Deposit, say of Rs. 10,000/-, the Accounts Department shall pass the following entry:

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Rentals Fees & Other Incomes

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 340-20-(a)	Bank Account* To Deposits Revenues – Rent	Dr. Cr	10,000	10,000	Cash Book, Ledger

* Specify Name of the Bank and account number

(a) Insert detailed Head codes of account as applicable

11.14 **Recording of adjustment of deposits.** The ULB may adjust the deposits received against the cost of the services rendered by it to the customer. On adjustment of deposits, the respective departments shall send the details of deposits adjusted in the Summary Statement of Deposits Adjusted (GEN- 19) to the Accounts Department on monthly basis. If Rent Deposit of Rs. 5,000/- has been adjusted against Rent Income, to record the adjustment of deposits, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-20-(a) 130-(b)	Deposit Revenues – Rent To Rental Income from Municipal Properties	Dr. Cr	5,000	5,000	Journal Book, Ledger

(a) Insert detailed Head codes of account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

11.15 **Recording of refund of deposits.** The deposits shall be refunded when an application is made for it as per the rules prescribed for the same. A Payment Order (GEN – 14) shall be prepared by the respective departments for the refund of the deposits. On refund of the balance Rent Deposit of Rs. 5,000, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-20-(a) 450-21-(a)	Deposit Revenues – Rent To Bank Account *	Dr. Cr	5,000	5,000	Cash Book, Ledger

* Specify name of the Bank and account number

(a) Insert detailed Head Codes of Account as applicable

11.15 **Recording of income in respect of lapsed deposit.** Deposits not claimed within the period as laid down by the ULB, from the date it is due for payment, shall be considered as lapsed and shall not be repaid to the party. At the end of each accounting year, the respective departments shall prepare a list of such lapsed deposits. To recognise the income, on obtaining the approval of the Authorised Officer, the Accounts Department shall pass the following entry (assuming Rent Deposit of Rs. 1,000 has lapsed):

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.)	Credit Amount (Rs.)	Books to be entered into
-----------------	------------------	----------	--------------------	---------------------	--------------------------

			Illustrative figures	Illustrative figures	
340-20-(a) 180-11-(a)	Deposit Revenues – Rent To Lapsed Deposit-Rent	Dr. Cr	1,000	1,000	Journal Book, Ledger, Deposit Register

(a) Insert detailed Head Codes of Account as applicable

11.17 Similar entries as above shall be passed for recording the various transactions in receipt of other deposits for example deposits relating to License Fees and Advertisement Taxes.

ACCOUNTING FOR INCOMES TO BE ACCOUNTED ON ACCRUAL BASIS

11.18 The accounting of the various aspects relating to Incomes accounted on accrual basis have been discussed below in respect of Rent, License Fees, and Advertisement Taxes are explained below:

A. Rental income

Demand Raised

11.19 In respect of the demand raised, the Accounts Department shall do the following:

Recording of demand raised. The demand raised for Incomes shall be recognized as an income for the ULB and correspondingly as a current asset. Accordingly, based on the Summary Statement of Bills Raised (Form OTH –1) received from the respective departments, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-40-(a) 130-(b)	Receivables from Other Sources -Rent (Year...)** To Rental Income from Municipal Properties	Dr. Cr	20,000	20,000	Journal Book, Ledger,

(a) Insert detailed Head Codes of Account as applicable

(b) Insert Minor & detailed Head Codes of Account as applicable

11.20 It is a normal practice for the ULB to enter the arrears of the dues while issuing the fresh demand. Entries in respect of the arrears shall have already been recorded earlier. The above entry shall be passed only in respect of the current demand of Other Incomes. The rental incomes earned out of shopping complexes, markets, office buildings, etc shall be entered in the relevant fixed assets register for E.g. Register of Immovable properties in form GEN 30 or in Register of Movable Properties in form GEN 31. The registers shall be updated periodically as per the provisions and rules of the Act governing the ULBs.

Collection of accrued incomes

11.21 The following shall be the procedure for accounting of the collections made in respect of accrued Incomes:

11.22 Recording of Income collections. To record the income based on the Summary of Daily Collections (Form GEN-12) received from the various Collection Offices and Collection Centers, the Accounts Department shall pass the following entry:

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Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 431-80-(a)	Bank Account* To Receivables Control Account – Rent	Dr. Cr	15,000	15,000	Cash Book, Ledger,

* Specify Name of the Bank and account number

(a) Insert detailed Head Codes of Account as applicable

11.23 For Other Incomes to be accounted on accrual basis, the Summary of Daily Collection (Form GEN- 12) does not provide the break-up of the collections into arrears collected, collections received in advance and collection made in respect of the current year's demand. Hence, the total amount collected is credited to “Consolidated Receivables of Rent” Account which shall be segregated on a monthly basis.

11.24 Recording of break-up of collections. A Summary Statement of Year-wise/ Head-wise Collection of various other incomes in Form OTH-2 shall be prepared on a monthly basis by the respective departments and sent to the Accounts Department to record the details of collection. . To record the break-up of the collections made in respect of Incomes accounted for on accrual basis, into current and arrears recovery and to record any income collected in advance, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a)	Receivables Control Account -Rent	Dr.	18,000		Journal Book, Ledger
431-40-(a)	To Receivables from Other Sources – Rent (Year...)	Cr.		15,000	
431-40-(a)	To Receivables from Other Sources – Rent (Year...)	Cr.		2,000	
350-41-(a)	To Advance Collection of Revenues – Rent *	Cr.		1,000	

* Adjustment of income collected in advance is discussed separately under section ‘Adjustment of Other Incomes received in Advance’ (a) Insert detailed Head Codes of Account as applicable.

Notice Fee, Warrant Fee and Other Fees

11.25 Notices of demand and warrants shall be issued and other fees may be charged as per the relevant provisions.

11.26 Recording of demand raised. A Summary Statement of Notice Fee, Warrant Fee and Other Fees Charged in Form GEN 24 shall be prepared on a monthly basis and sent to the Accounts Department.

11.27 For recording the demand raised in respect of Notice Fee, Warrant Fee and Other Fees charged for rent not received, on the basis of the Summary Statement of Notice Fee, Warrant Fee and Other Fees Charged received from the respective departments, the Accounts Department shall pass the same entry as explained in Para 8.15 of Chapter 8 on Property & Other Taxes.

Refunds and Remissions

11.28 All refunds and remissions arising on account of certain changes or amendments of the provisions or acts governing the revenues shall be duly recorded in the Demand Registers maintained and the details of the same shall also be communicated to the Accounts Department.

11.29 Recording of refunds/remissions payable. A Summary Statement of Refunds and Remissions in Form OTH – 3 shall be prepared on a monthly basis. Refunds / Remissions pertaining to prior period shall be identified separately from the current period based on which the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
130-90-(a)	Rents Remission & Refund	Dr.	500		Journal Book, Ledger
280-60-(a)	Prior Period Expenses Refund of Other Revenues–Rent	Dr.	100		
350-40-(a)	To Refund Payable – Rent*	Cr.		600	

** Refunds/Remissions arising on account of change in the applicable rules shall be either passed for 'Payment' or credited to the account 'Advance Collection of Revenues- Rent' (with account code 350-41-(a)) in accordance with the accounting principles of the ULB.*

(a) Insert detailed Head Codes of Account as applicable

11.30 Recording of payment of refunds/remissions granted: The Accounts Department shall prepare a Payment Order (Form GEN-14) in respect of the refunds and communicate the details of refunds/remissions payments to the concerned departments for updating the Register of Demand and other registers. To record refunds made, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-40-(a) 450-21-(a)	Refund Payable – Rent To Bank Account*	Dr. Cr.	500	500	Cash Book, Ledger

** Specify name of the Bank and account number*

(a) Insert detailed Head Codes of Account as applicable

Adjustment of Incomes received in advance

11.31 The respective departments shall intimate the Accounts Department of the advance adjusted against the subsequent bills raised through the Summary Statement of Bills Raised (Form OTH – 1).

(a) Recording of subsequent demand raised in the normal course. To record the demand raised for rent, the Accounts Department shall pass same entry as in the case of original demand as explained in Para 11.19.

(b) Recording of adjustment of advance. To record the adjustment of Other Incomes received in advance, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-41-(a)	Advance Collection of Revenues – Rent	Dr.	1,000		Journal Book, Ledger
431-40-(a)	To Receivables from Other Sources –Rent (Year...)	Cr.		1,000	

(a) Insert detailed Head Codes of Account as applicable

Deposits

11.32 The accounting in respect of receipt, adjustment, refund of deposits and recognizing income in respect of lapsed deposits for Incomes accounted on accrual basis shall be similar to that for Incomes accounted for on actual receipt basis. The entry for adjustment of deposit for income to be accounted on accrual basis has been given below.

11.33 Recording of adjustment of deposits. The ULB may adjust the deposits received against the cost of the services rendered by it to the customer. The respective departments shall send the details of deposits adjusted in the Summary Statement of Deposits Adjusted (Form GEN-19) to the Accounts Department on monthly basis.

11.34 If Rent Deposit of Rs. 5,000/- has been adjusted against recovery of dues towards Rent Income, to record the adjustment of deposits, the Accounts Department shall pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-20-(a)	Deposit Revenues – Rent	Dr.	5,000		Journal Book, Ledger,
431-40-(a)	To Receivables from Other Sources - Rent (Year...)	Cr		5,000	

(a) Insert detailed Head Codes of Account as applicable

Provision for Unrealised Revenue Receivables

11.35 Recording of provision for unrealised Income. The demand outstanding beyond two

(2) Years shall be provided for as per provisioning norms given below:

- Outstanding for more than 2 year but not exceeding 3 years: 50%
- Outstanding for more than 3 years: 100% (additional 50%)

For example, provision for the year ended March 31, 2004 is as under:

- a. 50% of outstanding Receivables of Rent for the year ended March 31, 2002
- b. 100% of outstanding Receivables of Rent for the year ended March 31, 2001 and before.

11.36 Additional provision or reversal of excess provision for the current period shall be calculated similar to computations explained in Tables 8.1 & 8.2 in Chapter 8 for Property & Other Taxes.

11.37 For making the provision, the following entry shall be passed by the Accounts Department:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
270-10-(a)	Provision for Doubtful Receivables- Rent	Dr.	1,500		Journal Book, Ledger,
432-40-(a)	To Provision for Outstanding Other Receivables – Rent	Cr		1,500	

(a) Insert detailed Head Codes of Account as applicable

11.38 The effect of the above entry will be as follows:

- a. Provision for Doubtful Receivables - Rent will be shown as a separate item under the Major expense head 'Provisions and Write off';
- b. Provision for Outstanding Other Receivables will be shown as a deduction from Receivables from Other Sources- Rent in the Balance Sheet..

11.39 To write back the provision made earlier, the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
432-40-(a)	Provision for Outstanding Other Receivables – Rent	Dr.	500		Journal Book, Ledger,
180-60-(a)	To Excess Provision Written Back – Rent	Cr		500	

(a) Insert detailed Head Codes of Account as applicable

Write-offs

11.40 Recording of Write-offs. If for any reason, it is decided by the ULB to write-off any Other Income dues, the details of the write off has to be entered in the 'Statement of Write off' by the respective departments in Form OTH – 4. This form has to be prepared on a monthly basis and

forwarded to the Accounts Department and based on which, the write off shall be adjusted against the provision made and the following entry will be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
432-40-(a)	Provision for Outstanding Other Receivables – Rent	Dr.	500		Journal Book, Ledger,
431-40-(a)	To Receivables from Other Sources –Rent (Year...)	Cr		500	

(a) Insert detailed Head Codes of Account as applicable

11.41 Recording of subsequent collection/ recovery of ‘Receivables of Rents/License Fees/Advertisement Taxes’ written off: In case of a ‘Receivables of Rents/License Fees/Advertisement Taxes’ written off already were recovered/collected during the year, the accounts department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a)	Receivables Control Account - - Rent	Dr.	1,000		Journal Book, Ledger,
280-30-(a)	To Prior period Income –Recovery of Revenues written off- Rent	Cr		1,000	

(a) Insert detailed Head Codes of Account as applicable.

Transfer of amount outstanding in respect of arrears from specific year-wise account to general account

11.42 The arrears of Other Income shall be carried forward year-wise, e.g., in “Receivables of Other Income (Year...)” account up to three years. On completion of the third year, the amount outstanding in the specific year-wise receivable account shall be transferred to a general arrears account, i.e., “Receivables of Other Income (Others)” Account. For example, the rent receivable in respect of the demand raised during the accounting year 2000-01 shall be carried forward in “Receivables of Rent (2001)” Account up to the year ending March 31, 2004. On March 31, 2004, the balance outstanding in this account shall be transferred to “Receivables of Rent (Others)” Account.

11.43 Recording of transfer of arrears to general account. To record this transfer, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
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431-40-(a)	Receivables from Other Sources –Rent (Others)	Dr.	5,000		Journal Book, Ledger,
431-40-(a)	To Receivables from Other Sources –Rent (Year...)	Cr		5,000	

- (a) Insert detailed Head Codes of Account as applicable

Recovery of other incomes through legal proceedings

11.44 The transactions in respect of Recovery of Property and Other Taxes have been described in Chapter 8 – Property & Other Taxes (paras. 8.34 to 8.40), reference to which is invited. The transactions relating to Recovery of Other Incomes shall be accounted in similar manner.

B. License Fees

11.45 The license fees charged for granting license to any trade, shops, markets etc. Similar to accruing of rental income, license fees shall also be accrued based on raising a demand in form OTH – 1. Accounting entries in respect of Demand and Collection are detailed below. However in respect of notice fees, refunds, adjustment of advances & deposits, provisions, write off and transfer outstanding from specific year to general account, reference is invited to entries explained above under Section A – Rental Income.

Demand Raised

11.46 Recording of demand raised. The demand raised for Income shall be recognized as an income for the ULB and correspondingly as a receivable. Accordingly, based on the Summary Statement of Bills Raised (Form OTH –1) received from the respective departments, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-30-(a)	Receivables for Fees & User Charges - License Fees (Year...)	Dr.	20,000		Journal Book, Ledger,
140-11-(a)	To Licensing Fees - Trade	Cr		20,000	

- (a) Insert detailed Head Codes of Account as applicable

11.47 It is a normal practice for the ULB to enter the arrears of the dues while issuing the fresh demand. Entries in respect of the arrears shall have already been recorded earlier. The above entry shall be passed only in respect of the current demand of Other Incomes.

Collection of accrued incomes

11.48 The following shall be the procedure for accounting of the collections made in respect of accrued Incomes:

- a. Recording of Income collections. To record the income based on the Summary of Daily Collections (Form GEN-12) received from the various Collection Offices and Collection Centres, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount	Credit Amount	Books to be entered into
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			(Rs.) Illustrative figures	(Rs.) Illustrative figures	
450-21-(a) 431-30-(a)	Bank Account* To Receivables Control accounts - License Fees	Dr. Cr	15,000	15,000	Cash Book, Ledger

* Specify name of the Bank and account number

(a) Insert detailed Head Codes of Account as applicable

b. For Other Incomes to be accounted on accrual basis, the Summary of Daily Collection (Form GEN- 12) does not provide the break-up of the collections into arrears collected, collections received in advance and collection made in respect of the current year's demand. Hence, the total amount collected is credited to "Consolidated Receivables of License Fees" Account which shall be segregated on a monthly basis.

c. Recording of break-up of collections. A Summary Statement of Year-wise/ Head- wise Collection of various other incomes in Form OTH-2 shall be prepared on a monthly basis by the respective departments and sent to the Accounts Department to record the details of collection. . To record the break-up of the collections made in respect of Incomes accounted for on accrual basis, into current and arrears recovery and to record any income collected in advance, the Accounts Department shall pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a)	Receivables Control Account –License Fees	Dr.	18,000		Journal Book, Ledger,
431-30-(a)	To Receivables for Fees & User Charges - License Fees (Year...)	Cr.		15,000	
431-30-(a)	To Receivables for Fees & User Charges – License Fees (Year...)	Cr.		2,000	
350-41-(a)	To Advance Collection of Revenues – License Fees *	Cr.		1,000	

* Adjustment of income collected in advance is discussed separately under section 'Adjustment of Other Incomes received in Advance'

(a) Insert detailed Head Codes of Account as applicable

C. Advertisement Fees

11.49 The advertisement fees charged towards advertisement rights. Similar to accruing of rental income and license fees, advertisement fees shall also be accrued based on raising a demand in form OTH – 1.

Demand Raised

11.50 Recording of demand raised. The demand raised for Advertisement fees incomes shall be recognised as an income for the ULB and correspondingly as a current asset. Accordingly, based on the Summary Statement of Bills Raised (Form OTH –1) received from the respective departments, the Accounts Department shall pass the following entry:

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Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-30-(a)	Receivables for Fees & User Charges – Advertisement Fees (Year...)	Dr.	20,000		Journal Book, Ledger
140-40-(a)	To Other Fees – Advertisement	Cr.		20,000	

(a) Insert Detailed Head Codes of Account as applicable

11.51 It is a normal practice for the ULB to enter the arrears of the dues while issuing the fresh demand. Entries in respect of the arrears shall have already been recorded earlier. The above entry shall be passed only in respect of the current demand of Other Incomes.

Collection of accrued incomes

11.52 The following shall be the procedure for accounting of the collections made in respect of accrued Incomes:

a. Recording of Income collections. To record the income based on the Summary of Daily Collections (Form GEN-12) received from the various Collection Offices and Collection Centres, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account*	Dr.	15,000		Cash Book, Ledger
431-80-(a)	To Receivables Control accounts – advertisement Fees	Cr.		15,000	

* Specify name of the Bank and account number

(a) Insert detailed Codes of Account as applicable

b. For Other Incomes to be accounted on accrual basis, the Summary of Daily Collection (Form GEN- 12) does not provide the break-up of the collections into arrears collected, collections received in advance and collection made in respect of the current year's demand. Hence, the total amount collected is credited to “Consolidated Receivables of Advertisement Taxes” Account which shall be segregated on a monthly basis.

c. Recording of break-up of collections. A Summary Statement of Year-wise/ Head- wise Collection of various other incomes in Form OTH-2 shall be prepared on a monthly basis by the respective departments and sent to the Accounts Department to record the details of collection. To record the break-up of the collections made in respect of Incomes accounted for on accrual basis, into current and arrears recovery and to record any income collected in advance, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a)	Receivables Control	Dr.	18,000		Journal Book,

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	Account –Advertisement Fees				Ledger
431-30-(a)	To Receivables for Fees & User Charges – Advertisement Fees (Year...)	Cr.		15,000	
431-30-(a)	To Receivables for Fees & User Charges – Advertisement Fees (Year...)	Cr.		2,000	
350-41-(a)	To Advance Collection of Revenues – Advertisement Fees*	Cr.		1,000	

** Adjustment of income collected in advance is discussed separately under section 'Adjustment of Other Incomes received in Advance'*

(a) Insert detailed Codes of Account as applicable.

Internal controls

11.53 The following internal controls shall be observed by the ULB in respect of transaction related to Other Incomes:

- The Head of the Accounts Department and the head of the respective departments shall reconcile the balance at the beginning of the accounting year in respect of the Sundry Income Receivables Arrears (as appearing in the Balance Sheet of the previous year) with the year-wise total of the arrears recorded in the Demand Registers.
- A quarterly reconciliation shall be carried out by the Head of the Accounts Department and the head of the respective departments in respect of the amount collected and the arrears outstanding between the balances standing in the Ledger maintained at the Accounts Department and the Demand Registers maintained at the respective departments.
- A monthly reconciliation shall be carried out by the Head of the Accounts Department and the head of the respective departments in respect of the various deposits collected, between the balances standing in the Ledger maintained at the Accounts Department and the Deposits Registers maintained at the respective departments.
- The head of the respective departments shall ensure that the Receipt / Chalan for Remittance of Money prepared, provides reference to the Consolidated Collection Register.
- The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.
- Levy of stallages, rents and fees in Municipal Markets, Slaughter-houses and Stock-yards;
- Registration of Births and Deaths Fees;
- Fee for grant of licence to Surveyors, Architects, Engineers, Structural Designers, Clerk of Works, and Plumbers;
- Professional Tax;
- Advertisement Charges/Rights;
- Development Charges; etc.
- Registration of Births and Deaths Fees;

- Fee for grant of licence to Surveyors, Architects, Engineers, Structural Designers, Clerk of Works, and Plumbers;
- Professional Tax;
- Advertisement Charges/Rights;
- Development Charges; etc.
- Registration of Births and Deaths Fees;
- Fee for grant of licence to Surveyors, Architects, Engineers, Structural Designers, Clerk of Works, and Plumbers;
- Professional Tax;
- Advertisement Charges/Rights;
- Development Charges; etc.
- Levy of stallages, rents and fees in Municipal Markets, Slaughter-houses and Stock-yards; A. F. Ferguson & Co.

11.54 All Reconciliation Statements shall be certified by the Head of the Accounts Department:

Presentation in financial statements

11.55 The various heads of account used for the accounting of Other Incomes related transactions should be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

11.56 The provision against the Outstanding Rental and Other Incomes receivable is to be disclosed under the major head Accumulated Provisions as a separate line item in the Balance Sheet below the 'Sundry Debtors'.

11.57 The Schedule of Income and Expenditure Statement in respect of Other Incomes are presented below.

Schedule I-3: Rental income from Municipal Properties

Minor Head Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
130-10-(a)	Rent from Civic Amenities		
130-20-(a)	Rent from Office Buildings		
130-30-(a)	Rent from Guest Houses		
130-40-(a)	Rent from lease of lands		
130-80-(a)	Other rents		
	Sub-Total		
	Less:		
130-90-(a)	Rent Remission and Refunds		
	Sub-total		
Total Rental Income from Municipal Properties			

(a) Insert detailed Codes of Account as applicable

Schedule I-4: Schedule of Income from Fees & User Charges

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Detailed Head Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
140-11-(a)	Licensing Fees		
140-20-(a)	Penalties and Fines		
140-40-(a)	Other Fees – Advertisement Fees		
140-50-(a)	User Charges		
140-60-(a)	Entry Fees.		

Detailed Head Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
140-80-(a)	Other Charges		
	Sub-Total		
140-90-(a)	Less: Rent Remission and Refunds		
	Sub-total		
Total Income of Other income to be shown as part of Fees & User Charges – Income head-wise Schedule			

(a) Insert detailed Codes of Account as applicable

Schedule I-5: Income from Sale & Hire Charges

Detailed Head Code	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
150-11-(a)	Sale of Forms & Publications		
150-12-(a)	Sale of stores & scrap		
150-30-(a)	Sale of Others		
150-40-(a)	Hire Charges for Vehicles		
150-41-(a)	Hire Charges for Equipment		
Total Other income to be shown as part of Sale & Hire Charges – Income head-wise Schedule			

(a) Insert detailed Codes of Account as applicable

Schedule I-9: Schedule of Other Income

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
180-10-(a)	Deposits Forfeited		
180-11-(a)	Lapsed Deposits – Rent		
180-20-(a)	Insurance Claim Recovery		
180-60-(a)	Excess Provisions written back – Rental Income		
180-80-(a)	Miscellaneous Income		
Total Rental, Fees and Other Income to be shown as part of Other Income Schedule			

(a) Insert detailed Codes of Account as applicable

Schedule I-16: Schedule of Provisions & Write off

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
270-10-(a)	Provisions for Doubtful receivables – Rent		
270-30-(a)	Revenues written off – Rent		
	Total expense of Rental, Fees & Other Incomes to shown as part of Provision and Write off Schedule		

(a) Insert detailed Codes of Account as applicable

Schedule I-18: Schedule of Prior Period Items

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Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Income		
280-20-(a)	Other – Revenues		
280-30-(a)	Recovery of revenues written off – Rent		
280-40-(a)	Other income		
	Sub – Total Income (A)		

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Expenses		
280-60-(a)	Refund of Other – Revenues- Rent Other		
280-80-(a)	Expenses		
	Sub – Total Income (B)		
Total expense of Rental, Fees & Other Income to be shown aspart of Prior Period (net) Schedule (A-B) -			

(a) Insert detailed Codes of Account as applicable

11.58 The Balance Sheet Abstract in respect of the other Incomes are presented below.

Schedule B-7: Schedule of Deposits Received

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
340-20-(a)	Deposit Revenues – Rent		
	Total		

(a) Insert detailed Codes of Account as applicable

Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)

Code No. Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350-40-(a)	Refunds Payable		
350-41-(a)	Advance Collection of Revenues		
	Total		

(a) Insert detailed Codes of Account as applicable

Schedule B-15: Schedule of Sundry Debtors (Receivables)

Code No.	Particulars	Current Year Amount (Rs.)			Previous Year Amount (Rs.)
		Gross Amount	Provision for Outstanding Revenues	Net Amount	
1	2	3	4	5=3-4	6
431-30-(a)	Receivables for Fees and User Charges				
	Less than 3 years*				
	More than 3 years*				
	Sub – total				
431-40-(a)	Receivables from Other Sources- Rent				
	Total of Receivables of Rentals, Fees & Other Incomes				

*Break up for provision for outstanding revenues are given in Column 4

(a) Insert detailed Codes of Account as applicable

Schedule B-17: Schedule of Cash and Bank Balances

Code No. Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
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1	2	3	4
450-10-(a)	Cash		
450-21-(a)	Bank Account		
	Total		

(a) Insert detailed Codes of Account as applicable.

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_____ *Name of the ULB*

**SUMMARY STATEMENT OF DEMAND RAISED ON ASSESSMENT
FOR THE PERIOD _____**

in respect of Other Incomes

Sr. No. _____

Particulars	Year (Others)	Year (- 2)	Year (- 1)	Current Year
Property Rental				
Trade License Fees Advertisement Taxes Others, _____ Specify _____				
Total				
Amount in Words : Rupees _____				
Advance Adjusted: Against demand raised on Assessment *				
Prepared By*: _____			Examined and entered	
Checked By* : _____ Officer			Accountant/ Authorized	
Dated:			Dated:	

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

Form OTH- 2

_____ *Name of the ULB*

Uttar Pradesh Municipal Accounts Manual
Rentals Fees & Other Incomes

**SUMMARY STATEMENT OF YEAR- WISE HEAD- WISE COLLECTION
OF OTHER INCOMES FOR THE PERIOD _____**

Sr. No. _____

_____ *Collection Centre*

Deposited with

Particulars	Arrears Recovery	Year (- 2) (Rs.)	Year (- 1) (Rs.)	Current Year (Rs.)	Advance received (Rs)	Total (Rs.)
1	2	3	4	5	6	7
Collection in respect of incomes accounted on accrual basis Property Rental Trade License fees Advertisement Taxes Others, Specify _____						
Sub- Total						
Collection in respect of incomes accounted on actual receipt basis Sale of Fixed assets/ scrap Water Tanker Charges Penalties Fines Others, Specify _____						
Sub- Total						
Receipt of Cost of Recovery, if any Others, Specify _____						
Total Collection						
Amount in Words : Rupees _____						
Prepared By* : _____			Examined and entered			
Checked By* : _____			Accountant/ Authorised Officer			
Dated: _____			Dated: _____			

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

Note: This statement should be prepared separately for each Collection Office/ Collection Centre and then consolidated..

Uttar Pradesh Municipal Accounts Manual
Rentals Fees & Other Incomes

_____ *Name of the ULB*

SUMMARY STATEMENT OF REFUNDS

FOR THE PERIOD _____

In respect of Other Incomes

Sr. No. _____

Particulars	Year (Others)	Year (- 2)	Year (- 1)	Current Year(Rs.)	Total (Rs.)
Property Rental					
Trade License fees					
Advertisement Taxes					
Sale of Fixed assets/ scrap					
Water Tanker Charges					
Advance received in respect of Other					
incomes					
Others, Specify					

Total					
Amount _____ in _____ Words _____ : _____ Rupees					
<div style="display: flex; justify-content: space-between;"> <div> Prepared By* : _____ Checked By* : _____ Officer Dated: _____ </div> <div> Examined and entered Accountant/ Authorised Dated: _____ </div> </div>					

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

Form OTH -4

_____ *Name of the ULB*

SUMMARY STATEMENT OF WRITE OFFS

FOR THE PERIOD _____

in respect of Other Incomes

Sr. No.

Particulars	Year (Others)	Year (- 2)	Year (- 1)	Current Year(Rs.)	Total (Rs.)
Property Rental Trade License fees Advertisement Taxes Others, _____ Specify					
Total					
Amount _____ in _____ Words _____ : _____ Rupees					
<div style="display: flex; justify-content: space-between;"> <div> Prepared By* : _____ Checked By* : _____ Officer </div> <div> Examined and entered Accountant/ Authorised Officer </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> Dated: _____ Dated: _____ </div>					

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

CHAPTER

12

PUBLIC WORKS

CHAPTER 12

PUBLIC WORKS

12.1 This chapter contains the recommended accounting system for Public Works transactions undertaken by the Urban Local Body (ULB). These would generally include construction/expansion/major modification of buildings, development of land, construction of roads, construction of water works, construction of drainage systems or other public utilities. Repairs and maintenance of these would also constitute Public Works. Apart from these, any non-civil contracts (e.g., for furniture) undertaken by the ULB through the Public Works Department would also be covered here. This chapter also covers the accounting treatment for 'Deposit works' executed by the ULB on behalf of the Government or Government Departments and recognition on revenue from these Deposit works.

12.2 'Original Works' includes all new constructions or additions and alterations to existing works. Repairs to newly purchased or previously abandoned buildings, which are required for bringing them into use, should be classified as Original Works. Where a portion of an existing structure is dismantled and replaced and if the cost of such replacement represents a genuine increase in the permanent value of the property as an asset, the work should be classified as 'Original Works'.

12.3 'Repairs and Maintenance' includes works, other than those specified under Original Works, required to maintain buildings, roads, water work assets, drainage system and other works in proper condition for ordinary use.

12.4 'Fees & User Charges': Where the Public Works Department issues any permission for road digging or any other activity for private purpose, it recovers the charges incurred for repair of the damaged road or any other structure from the person seeking permission.

12.5 The Public Works may be carried out in a municipal area either from Municipal Funds or from Grants or Special Funds. The accounting procedure for dealing with the various transactions of Public Works would be similar irrespective of the source of funds. The accounting entries in respect of works executed from Grants have been described in Chapter 17 on Grants. Similarly, accounting entries in respect of works executed from Special Funds have been described in Chapter 19 on Special Funds. This chapter describes the accounting entries for works executed out of Municipal Funds of the ULB.

12.6 'Deposit works': The Governmental departments or the State Governments may use the services of ULB, for execution of certain works/schemes/approved infrastructure schemes. Money received from the Governments for the above shall be treated as 'Deposit works' and are accounted as a liability of an ULB. ULBs are provided certain percentage of the value of the works/scheme/project/plans completed as their service charges.

ACCOUNTING PRINCIPLES

12.7 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to public works:

- a. 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.
- b. Any addition to or improvement to the fixed asset that results in increasing the utility or capacity or useful life of the asset shall be capitalised and included in the cost of 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 for a year, shall be charged off

- c. 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".
- d. The Earnest Money Deposit and Security Deposit received if forfeited shall be recognised as income when the right for claiming refund of deposit has expired.
- e. Deposit received under Deposit works shall be treated as a liability till such time the projects for which money is received is completed. Upon completion of the projects, the cost incurred against it shall be reduced from the liability.
- f. Revenues (percentage charges) in respect of Deposit works shall be accrued along with expenditure of Deposit works..

ACCOUNTING RECORDS AND PROCEDURES

12.8 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Public Works. For the purposes of accounting of Public Works there are certain forms, registers, etc., which are specific to Public Works, e.g., Statement of status of Capital Work-in-Progress PW – 1, etc. These Forms (Forms PW - 1 and PW - 2) are annexed to this chapter and are prefixed "PW".

12.9 The procedure for accounting of works expenditure is briefly described below:

- a. Earnest Money Deposit (EMD) may be received from the bidders bidding for the tender as per the principle and the procedures prescribed by the ULB. On tender being awarded, EMD shall be refunded to the unsuccessful bidders.
- b. An agreement may be entered into with the successful bidder as per the terms of the Tender and agreement; Security Deposit may be taken in advance.
- c. Advance may be provided to the contractor as per the terms and procedures of the ULB and agreement entered into with the contractor.
- d. Payment shall be made against bill raised after deducting Security Deposit, income tax, works contract tax and other deductions/ recovery including advance provided, if any.
- e. Security Deposit shall be refunded after successful completion of the work as per terms of agreement
- f. In case of Original Works, the expenditure incurred shall be capitalised and disclosed as an asset in the Balance Sheet.

ACCOUNTING FOR RECEIPT OF EARNEST MONEY DEPOSIT

12.10 The following procedure shall be followed for accounting of receipt of EMD received in respect of works executed.

- a. The procedure to be followed for collection of EMD and its remittance and/or deposit to the Accounts Department or in the Bank shall be the same as provided in the Chapter 5 on General Accounting Procedures. The following entry for the amount received is passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 340-10-(a)	Bank Account * To From Contractors/ Suppliers– EMD	Dr. Cr	10,000	10,000	Cash Book, Ledger

* Specify name of Bank and account number

(a) Insert detailed Head Codes of Account as applicable

Note: The postings in the Ledger Account of "Earnest Money Deposit - Public Works Department" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

ACCOUNTING FOR REFUND OF EARNEST MONEY DEPOSIT

12.11 The procedure followed for accounting of refund shall be the same as any payment provided in Chapter 5 on General Accounting Procedures.

12.12 Recording of refund of Earnest Money Deposit. After the receipt of approval for payment and upon payment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a) 450-21-(a)	From Contractors/Suppliers– EMD To Bank Account*	Dr. Cr	9,000	9,000	Cash Book, Ledger

*Specify name of Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

Accounting for conversion of Earnest Money Deposit into Security Deposit

12.13 Recording of conversion of Earnest Money Deposit into Security Deposit. On receipt of intimation for conversion of EMD of the successful bidder into Security Deposit payable the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a) 340-10-(a)	From Contractors/Suppliers– EMD To From Contractors/ Suppliers-Security Deposits	Dr. Cr	1,000	1,000	Journal Book, Ledger

(a) Insert Detailed Head Codes of Account as applicable

RECEIPT OF SECURITY DEPOSIT

12.14 Recording of Security Deposit received: The procedure followed for accounting of Security Deposit is similar to that of Earnest Money Deposit. The Accounts Department shall

pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 340-10-(a)	Bank Account* To From Contractors/ Suppliers– Security Deposits	Dr. Cr	10,000	10,000	Cash Book, Ledger

* Specify name of Bank and account number

(a) Insert detailed Head Codes of Account as applicable

12.15 As per the terms of agreement entered into with the contractor, Security Deposit may be deducted from the contractor's bill. For accounting treatment for Security Deposit deducted from the contractor's bill, refer section "Expenditure" in this chapter.

Advances

12.16 Recording of payment of advance for work carried out from Municipal Fund, Grant and Special Fund. As per the terms of agreement, advance may be paid to the contractor. Advance may be provided either in cash or in kind, i.e., by way of supply of materials. On receipt of approval for payment, and on payment, entries will be made for money advanced in Cheque Issue Register in Form GEN –15 and in Register of Advance in Form GEN – 16 for the cheques issued to the contractor. The accounting entries to be passed are: a. For recording advance sanctioned for payment

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-40-(a) 350-10-(a) 350-20-(a)	Advance to Suppliers & Contractors To Creditors – Contractors Advance Control Account To Recoveries Payable – TDS from Contractors	Dr. Cr. Cr	1,000	950 50	Journal Book, Ledger

(a) Insert detailed Head Codes of Account as applicable

b. For recording disbursement of advance,

i. In cash/cheque:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a) 450-21-(a)	Creditors – Contractors Advance Control Account To Bank Account *	Dr. Cr	950	950	Cash Book, Ledger

*Specify name of Bank and account number

(a) Insert Detailed Head Codes of Account as applicable.

ii. Materials supplied to the Contractor:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-40-(a)	Advances to Contractors- Material Issued to contractors	Dr.	950		Cash Book, Ledger
430-(b)	To Stock in Hand – Purchase of Materials	Cr		950	

(a) Insert Detailed Head Codes of Account as applicable.

(b) Insert Minor & Detailed Head Codes of Account as applicable.

Note: This entry will be passed along with other items of consumption based on valuation statement as explained in Paras 13.24 to 13.27 of Chapter 13 on Stores Accounting.

EXPENDITURE

12.17 Preparation of Bill for payment. On the basis of work completed as per governing rules, a bill shall be prepared and sent for payment. The amount of security deposit, income tax deducted at source, works contract tax and any other recovery or deduction, including recovery for supply of material by the Stores and money advanced to the contractor, should be specified in the Bill. Running bills are submitted during the progress of work and final bill is normally submitted on completion of work. The Contract Completion Certificate shall be annexed to the final bill.

12.18 Recording of Contractor's bill in respect of Original Work. On receipt of the processed bill, the particulars be entered in a Register of Bills for Payment in Form GEN –

13. To record the liability in respect of contractor's bill for Original Works undertaken, the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
412-(a)	Capital Work-in-Progress	Dr.	50,000		Journal Book, Ledger
350-10-(b)	To Creditors – Contractors	Cr.		44,000	
340-10-(b)	Account	Cr.		2,500	
460-40-(b)	To From Contractors / Suppliers– Security Deposits	Cr.		500	
350-20-(b)	To Advance to Suppliers & Contractors	Cr.		1,000	
350-20-(b)	To Recoveries Payable from TDS Contractors	Cr.		1,500	
460-40-(b)	To Recoveries Payable – Works Contract Tax	Cr.		500	
	To Advance to Contractors -Material Issued to Contractors *				

* At agreement rates for material issue with the Contractor

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable.

12.19 The Capital Work-in-Progress Account shall be a control account wherein details of expenditure incurred on capital projects shall be recorded. Separate Capital Work-in-Progress Control Accounts shall be opened for Civil, Electrical, Water Works and Other projects.

12.20 At period-end, the departments incurring expenditure on capital projects shall submit a Summary Statement of Status on Capital Work-in-Progress in Form PW – 1 detailing total expenditure incurred till date on each of the capital projects. The details of total expenditure incurred on each of the capital projects can be collated from the Work Sheet (Form PW – 2).

12.21 The Contractors Control Account shall be a control account in which the liability for amount payable to various contractors for work executed shall be credited and the amount paid to the various contractors shall be debited.

12.22 Recording of payment made to Contractors. The procedure to be followed for approval of a contractor's bill for payment and making payment shall be the same as provided in Chapter 5 on General Accounting Procedures to which reference is invited. The Accounts Department shall, on receipt of Payment Order in Form GEN – 14 together with the Work Sheet and Contract Completion Certificate, where applicable, after making the payment, enter the details of the payment in the Work Sheet (Form PW – 2) and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors – Contractors Account	Dr.	44,000		Cash Book, Ledger
450-21-(a)	To Bank Account *	Cr		44,000	

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

12.23 Recording of payment of TDS Payable and Works Contract Tax Payable. The income tax and works contract tax deducted from the bills of the contractors shall be paid by the Accounts Department to the concerned authorities as and when due as per the relevant laws in force. On payment of Income Tax and Works Contract Tax deducted, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-20-(a)	Recoveries Payable -TDS from Contractors	Dr.	1,050		Cash Book, Ledger
350-20-(a)	Recoveries Payable -Works Contract Tax	Dr.	1,500		
450-21-(a)	To Bank Account*	Cr.		2,550	

*Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

12.24 Recording of difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. The Accounts Department shall determine the difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. To record the difference, the Accounts Department shall pass either entry (a) or entry (b) given below:

- a. In case of favorable Rate Variance, where Stores Issue Rate is less than Recovery Rate with the Contractor for materials issue:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-40-(a) 412-(a)	Advance to Contractors - Material issued to Contractors To Capital Work-in- Progress	Dr. Cr.	50	50	Journal Book, Ledger

(a) Insert Minor & Detailed Head Codes of Account as applicable

- b. In case of Adverse Rate Variance, where Stores Issue Rate is greater than Recovery rate from the Contractor for materials issue:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
412-(a) 460-40-(a)	Capital Work-in-Progress To Advance to Contractors Material issued to Contractors	Dr. Cr.	20	20	Journal Book, Ledger

(a) Insert Minor & Detailed Head Codes of Account as applicable

Works executed by Public Works Department

12.25 The accounting procedure and the accounting entries to be recorded for materials purchased for works shall be the same as provided in Chapter 13 on Stores..

12.26 Recording of materials consumed in Original Works. Based on the bill received from the Public Works Department for works executed, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
412-(a) 430-(a)	Capital Work-in-Progress To Stock in Hand – Purchase of Materials	Dr. Cr.	5,000	5,000	Journal Book, Ledger

(a) Insert Minor & Detailed Head Codes of Account as applicable.

Note: This entry will be passed along with other items of consumption based on valuation statement as explained in Paras 13.24 to 13.27 of Chapter 13 on Stores Accounting

CAPITALISATION OF CAPITAL WORK-IN PROGRESS

12.27 On completion of construction of the asset, the asset becomes ready for use. Thus, it becomes necessary to transfer the cost incurred for construction (which is temporarily accounted in capital work-in-progress account) to the relevant asset account. This process is called capitalisation.

12.28 Recording of capitalisation of Capital Work-in-progress. On receipt of Contract Completion Certificate, the Accounts Department shall capitalise the amount lying in the Capital Work-in-

Progress Account and convert the amount pertaining to the Capital Work-in- Progress and lying in the Capital Work-in-Progress Account into a Fixed Asset. The Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410-(a)	Fixed Asset (Name of the Fixed Asset) (1)	Dr.	1,00,000		Journal Book,
412-(a)	To Capital Work-in-Progress (please specify)	Cr.		1,00,000	Ledger Register of Movable/ Immovable Assets

(a) Insert Minor & Detailed Head Codes of Account as applicable

(1) Fixed Assets of a particular class shall be accounted for under one broad fixed asset account head. For instance, ULB may have more than one hospital building, then all the hospital buildings shall be recorded under one broad head of Buildings (Code of Account

410-20-(a)). Any new hospital building constructed, though shall be recorded separately in the Register of Buildings, shall be recorded under the account head 'Hospital Buildings'..

12.29 Recording of deductions from contractor's bill . For deductions made from contractor's bills, which is in the nature of penalty or liquidated damages levied on the contractor for delay in completion of construction or sub-standard construction or for any other reason, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors –Contractors Account	Dr.	5,000		Journal Book,
180-80-(a)	To Other Income – Miscellaneous Income	Cr.		5,000	Ledger

(a) Insert Detailed Head Codes of Account as applicable

12.30 Where any loan has been borrowed for the construction of any qualifying fixed asset, i.e., Original Works, the cost of construction of qualifying fixed asset shall also include the interest paid on that loan till the date of capitalization of the asset. The accounting procedure to be followed and accounting entries to be recorded for receipt of loan, payment of interest on funds borrowed and repayment of loan has been provided in Chapter 18 on Borrowings.

12.31 The amount of interest to be charged to the Original Works under consideration shall bear the same proportion to the total interest payable on loan as the project cost of the concerned work bears to the total project cost for which funds have been borrowed. However, in case where the loan has been specifically borrowed for the execution of a particular work, the entire amount of interest payable on that loan shall be capitalized. The accounting entry for capitalization of interest shall be passed for the interest accrued, whether paid or not, till the date of capitalization of the work. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization should be determined by applying a capitalization rate to

the expenditure on that asset. The capitalization rate should be the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period should not exceed the amount of borrowing costs incurred during that period.

12.32 Recording of capitalization of interest paid on loans borrowed for original works. At the period-end, for capitalizing interest accrued, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
412-(a) 240-(a)	Capital Work-in-Progress To Interest & Finance Charges	Dr. Cr.	10,000	10,000	Journal Book, Ledger

(a) Insert Minor and Detailed Head Codes of Account as applicable

12.33 The amount to be capitalised at the completion of the construction of the original work shall be inclusive of the amount of interest charged to the work..

12.34 The Register of Immovable Property maintained in Form GEN – 30 shall be updated at the time of capitalisation of the Original Work.

REFUND OF SECURITY DEPOSIT

12.35 Security Deposit shall be refunded after the expiry of the liability period, including defects liability period, as specified in the agreement entered into with the contractor.

a. Recording of refund of Security Deposit after adjusting for recoveries. In case where any dues are recoverable from the contractor, after the receipt of approval, draw the cheque for net amount after deducting the recoveries to be made from the contractor. The accounting entry to be passed is as follows:

i. For recording adjustment of recoveries against Security Deposit

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a) 180-80-(a)	From Contractors / Suppliers– Security Deposits To Other Income – Miscellaneous Income	Dr. Cr.	5,000	5,000	Journal Book, Ledger

(a) Insert Detailed Head Codes of Account as applicable

ii. For recording payment of net Security Deposit

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
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340-10-(a)	From Contractors /Suppliers– Security Deposits To Bank Account*	Dr. Cr.	20,000	20,000	Cash Book, Ledger
450-21-(a)					

* Specify Name of Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

ACCOUNTING FOR LAPSED DEPOSITS

12.36 The Earnest Money Deposit and Security Deposit received, if forfeited, shall be recognised as income in the year in which the right for claiming refund of these deposits has expired. The following entries shall be passed:.

a. For Earnest Money Deposit lapsed. To record Earnest Money Deposit lapsed.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a)	From Contractors / Suppliers– EMD To Other Income Lapsed	Dr.	2,000		Journal Book, Ledger
180-11-(a)	Deposit –Contractors/ Suppliers	Cr.		2,000	

(a) Insert Detailed Head Codes of Account as applicable

b. For Security Deposit lapsed. To record Security Deposit lapsed.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a)	From Contractors / Suppliers– Security Deposit To Other Income Lapsed	Dr.	5,000		Journal Book, Ledger
180-11-(a)	Deposit – Contractors/ Suppliers	Cr.		5,000	

(a) Insert Detailed Head Codes of Account as applicable

ACCOUNTING FOR REPAIRS AND MAINTENANCE WORKS

12.37 As per the principles framed by the ULB, tenders may be floated for award of repairs and maintenance work. . The accounting procedure to be followed, the accounting entries to be recorded and accounting records to be updated in respect of receipt of Earnest Money Deposit, refund of Earnest Money Deposit to the unsuccessful bidders and conversion of Earnest Money Deposit of

successful bidders into Security Deposit shall be the same as provided in the section on “Accounting for Original Works” earlier in this chapter.

12.38 Where the terms of agreement entered into with the contractor provide for collection of a certain percentage of Security Deposit in advance, a receipt (Form GEN – 8) shall be issued for the amount collected to the successful bidder. The accounting procedure to be followed, accounting entries to be recorded and the accounting records to be updated in respect of receipt of Security Deposit and deduction of Security Deposit from the contractor’s bills shall be the same as provided in the section on “Accounting for Original Works” earlier in this chapter.

12.39 As per the terms of agreement, advance may be paid to the contractor. The accounting procedure to be followed, accounting entries to be recorded and the accounting records to be updated shall be the same as provided in the section on “Accounting for Original Works” earlier in this chapter..

12.40 The accounting procedure to be followed and the accounting records to be updated on receipt of bill shall be the same as provided in the section on “Accounting for Original Works” earlier in this chapter.

12.41 Recording of Contractor’s bill in respect of Repairs and Maintenance Work. On receipt of processed bill, for recording the liability in respect of the repairs and maintenance work, the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
230-(a)	Repairs & Maintenance- #	Dr.	10,000		Journal Book, Ledger
350-10-(b)	To Creditors – Contractors Control Account	Cr.		7,900	
340-10-(b)	To Deposits Received from Contractors /Suppliers– Security Deposits	Cr.		500	
460-40-(b)	To Advance to Suppliers & Contractors	Cr.		100	
350-20-(b)	To Recoveries Payable from TDS Contractors	Cr.		200	
350-20-(b)	To Recoveries Payable – Works Contract Tax	Cr.		300	
460-40-(a)	To Advance to Contractors – Material Issued to Contractors *	Cr.		1,000	

Specify the nature of asset for which the repairs are made.

* At agreement rates for material issue with the Contractor

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

12.42 Repairs and Maintenance Ledger Accounts shall be opened in respect of repairs & maintenance expenditure incurred for each class of assets. All the repairs and maintenance expenditure pertaining to a class of asset shall be debited to the Repairs and Maintenance Ledger Account maintained for that class of asset.

12.43 The Accounts Department shall maintain a Function-wise Expense Subsidiary Ledger in Form GEN – 34 for each function, in which, asset-wise, total operations and maintenance expenditure incurred by the department shall be recorded. On recording of repairs and maintenance expenditure, the Accounts Department shall simultaneously update the Subsidiary Ledger mentioned above. The

procedure for updating Subsidiary Ledger has been provided in Chapter 5 – General Accounting Procedures, reference to which is invited.

12.44 Recording of payment to Contractor. On making of payment to the contractor, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors - Contractors Control Account	Dr.	7,900		Cash Book, Ledger
450-21-(a)	To Bank Account*	Cr.		7,900	

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

12.45 Recording of difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. The Accounts Department shall determine the difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. To record the difference, the Accounts Department shall pass either entry (a) or entry (b) given below:

a. In case of Favorable Rate Variance, where Stores Issue Rate is less than Recovery Rate with the Contractor for materials issue:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-40-(a)	Advance to Contractors - Material issued to Contractors	Dr.	50		Journal Book, Ledger
230-(b)	To Repairs & Maintenance *	Cr.		50	

* Specify the type of asset for which repairs are made

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

b. In case of Adverse Rate Variance, where Stores Issue Rate is greater than Recovery Rate with the Contractor for materials issue:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
230-(a)	Repairs & Maintenance *	Dr.	20		Journal Book, Ledger
460-40-(b)	To Advance to Contractors -Material Issued to Contractors	Cr.		20	

* Specify the type of asset for which repairs are made

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

12.46 Recording of materials consumed in Repairs and Maintenance Works. At times, the Public Works Department may execute repairs and maintenance work from its own resources without awarding the contract through tender or otherwise. In such case, on the basis of bill received from the Public Works Department in respect of materials consumed, the Accounts Department shall pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
230-30-(a) 430-10-(a)	Consumption of Stores To Stock in Hand – Purchase of Materials	Dr. Cr.	2,000	2,000	Journal Book, Ledger

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

12.47 The Function wise Expense Subsidiary Ledger (Form GEN – 34) shall be updated in respect of stores released for repairs and maintenance work.

12.48 The income tax and the works contract tax deducted from the contractor's bill shall be paid by the Accounts Department to the concerned authorities as and when due as per the relevant law in force. The accounting entries to be recorded and the accounting records to be updated in respect of payment of TDS Payable and Works Contract Tax Payable shall be the same as provided in the section on "Accounting for Original Works" earlier in this chapter

DEPOSIT WORKS

12.49 The procedure involved in such works is briefly described below:

- Receipt of money from Governmental Departments as Deposits towards their works.
- Execution of works as in case of any other Public works
- Settlement of Accounts on completion of works

12.50 ULBs are normally paid at some percentage of works as service charges. These service charges are accrued along with the bills for expenditure. The accounting procedures for these transactions are detailed in the subsequent paras.

12.51 The Accounts Department shall maintain a Deposit Works Register in Form PW-3 with separate registers for each kind of the Deposit works. (For example, Civil, Electrical, etc). Separate pages for each 'deposit work' for recording details of receipt of grant and expenditures incurred from it.

Receipt of Money

12.52 Receipt of money from Governments/Departments for 'Deposit works: The procedure to be followed for collection of 'Deposit works money' and its remittance and/or deposit to the Accounts Department or in the Bank shall be the same as provided in the Chapter 5 on General Accounting Procedures. The details of the Deposit works contract (including names of the departments who have entrusted the deposit works) shall be recorded in the Deposit Works Register (in form PW – 3). The Accounts department shall pass the following entry for receipt of money:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.)	Credit Amount (Rs.)	Books to be entered
-----------------	------------------	----------	--------------------	---------------------	---------------------

			Illustrative figures	Illustrative figures	into
450-21-(a)	Bank Account *	Dr.	10,00,000		Cash Book,
341-10-(a)	To Deposit Works- Civil Works	Cr.		5,00,000	Ledger
341-20-(a)	To Deposit Works – Electrical	Cr.		4,00,000	
341-30-(a)	To Deposit Works – Others	Cr.		1,00,000	

**Specify name of Bank and account number*

(a) Insert Detailed Head Codes of Account as applicable

12.53 Receipt and refund of earnest money deposits: Accounting entries for receipt and refund of earnest money deposits shall be same as explained in Para 12.10 & 12.11.

12.54 Receipt and conversion / receipt of Security deposits: Accounting entries for conversion of earnest money deposits into Security Deposits and receipt of Security Deposit shall be same as explained in Paras 12.13 & 12.14.

Advances

12.55 Advance to the Contractors: Accounting for advances made to the Contractors allotted for Deposit works shall be same as explained in Para 12.16.

Payment

12.56 Preparation of Bill for payment. On the basis of work completed as per governing rules, a bill shall be prepared and sent for payment. The amount of security deposit, income tax deducted at source, works contract tax and any other recovery or deduction, including recovery for supply of material by the Stores and money advanced to the contractor, should be specified in the Bill. Running bills are submitted during the progress of work and final bill is normally submitted on completion of work. The Contract Completion Certificate shall be annexed to the final bill.

12.57 Recording of Contractor's bill in respect of Deposit Works: On receipt of the processed bill, the particulars be entered in a Register of Bills for Payment in Form GEN – 13. To record the liability in respect of contractor's bill for Deposit Works undertaken and also a percentage (as agreed with the Government/Department) of works completed as an income for the ULB, the following entry shall be passed:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
470-10-(a)	Deposit Works – Expenditure	Dr.	510,000		Journal
350-10-(a)	To Creditors – Contractors Account	Cr.		440,000	Book, Ledger
340-10-(a)	To from Contractors / Suppliers– Security Deposits	Cr.		25,000	
460-40-(a)	To Advance to Suppliers & Contractors	Cr.		5,000	

350-20-(a)	To Recoveries Payable From TDS Contractors	Cr.		10,000	
350-20-(a)	To Recoveries Payable – Works Contract Tax	Cr.		15,000	
460-40-(a)	To Advance to contractors – Material Issued to	Cr.		5,000	
140-70-(a)	Contractors* To Service/Administrative Charges – Percentage on Deposit Works	Cr. .		10,000	

* At agreement rates for material issue with the Contractor

(a) Insert Detailed Head Codes of Account as applicable

Notes:

(i) The Deposit Works -Expenditure Account shall be a control account wherein details of expenditure incurred on Deposit Works shall be recorded. Separate Deposit Works Control Accounts shall be opened for Civil, Electrical, and other work projects.

(ii) The Contractors Control Account shall be a control account in which the liability for amount payable to various contractors for Deposit works executed shall be credited and the amount paid to the various contractors shall be debited.

12.58 Recording of payment to Contractors: Accounting for payment made to the Contractors allotted for Deposit works shall be same as explained in Para 12.22.

12.59 Recording of payment of TDS Payable and Works Contract Tax Payable. Accounting entries for payment of TDS and Works contract Tax shall be same as explained in Para.12.23.

Materials Consumed

12.60 Recording of difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. The Accounts Department shall determine the difference between the Stores Issue Rate and the Recovery Rate for material issued to Contractors. To record the difference, the Accounts Department shall pass either entry (a) or entry (b) given below:

a. In case of favorable Rate Variance, where Stores Issue Rate is less than Recovery Rate with the Contractor for materials issue:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-40-(a)	Advance to contractors - Material issued to	Dr.	50		Journal Book, Ledger
470-10-(a)	Contractors To Deposit Works – Expenditure	Cr.		50	

(a) Insert Detailed Head Codes of Account as applicable

b. In case of adverse Rate Variance, where Stores Issue Rate is greater than Recovery Rate with the Contractor for materials issue:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.)	Credit Amount (Rs.)	Books to be
-----------------	------------------	----------	--------------------	---------------------	-------------

			Illustrative figures	Illustrative figures	entered into
470-10-(a)	Deposit Works-	Dr.	20		Journal Book, Ledger
460-40-(a)	Expenditure To Advance to contractors - Material issued to Contractors	Cr.		20	

(a) Insert Detailed Head Codes of Account as applicable

Final Payment to Contractors & Refund of security deposit

12.61 Recording of deductions from contractor's bill . For deductions made from contractor's bills, which is in the nature of penalty or liquidated damages levied on the contractor for delay in completion of construction or sub-standard construction or for any other reason, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors-Contractors	Dr.	3,000		Journal Book, Ledger
341-(b)	Account To Deposit Works	Cr.		3,000	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

12.62 Recording of refund of Security Deposit after adjusting for recoveries. Security Deposit shall be refunded after the expiry of the liability period, including defects liability period, as specified in the agreement entered into with the contractor. In case where any dues are recoverable from the contractor, after the receipt of approval, draw the cheque for net amount after deducting the recoveries to be made from the contractor. The accounting entry to be passed is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a)	From Contractors / Suppliers – Security Deposits	Dr.	2,000		Journal Book, Ledger
341-(b)	To Deposit works	Cr.		2,000	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

12.63 For recording payment of net Security Deposit

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a)	From Contractors	Dr.	20,000		Cash Book, Ledger
450-21-(a)	To Bank Account*	Cr.		20,000	

* Specify Name of Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Accounting for lapsed deposits of Deposit works

12.64 Accounting for lapsed deposits in respect of deposit works shall be same as explained in Para 12.36.

Closure of deposit works-expenditure account

12.65 On completion of Deposit works, the assets under Deposit works become ready for use and will be handed over to the concerned government department and the balance if any shall be refunded. Thus, it becomes necessary to adjust the cost incurred for Deposit works against the money received. The Account Department shall pass the following for transfer of Deposit expenses to Deposit Works account:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
341-10-(a)	Deposit works – Civil Works	Dr.	4,50,000		Journal Book, Ledger
341-20-(a)	Deposit works – Electrical works	Dr.	3,85,000		
341-30-(a)	Deposit works – Others	Dr.	65,000		
470-10-(a)	To Deposit Works – Expenditure	Cr.		900,000	

(a) Insert Detailed Head Codes of Account as applicable.

Refund of balance ‘Deposit Works Money’

12.66 The balance amount after utilisation of the amounts for the Deposit works shall be refunded to the Governments/Government Departments by transferring the balance in ‘Deposit Works’ account to a liability account. The Accounts Department shall pass the following entry for creation of liability account:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
341-10-(a)	Deposit Works – Civil	Dr.	55,000		Journal Book, Ledger
341-20-(a)	Deposit Works – Electrical	Dr.	15,000		
341-30-(a)	Deposit Works – Others	Dr.	35,000		
350-40-(a)	To Refund Payable – Deposit Works	Cr		1,05,000	

(a) Insert Detailed Head Codes of Account as applicable

12.67 Accounting entry for recording of payment of 'Deposit Works Refund payable after the above entry is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-40-(a)	Refund Payable - Deposit Works	Dr.	105,000		Journal Book,
450-21-(a)	To Bank Account*	Cr		1,05,000	Ledger

* Specify Name of Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

PERIOD END PROCEDURE

12.68 At the period-end, the Public Works Department shall ensure that all the bills received in respect of work executed before the last date of the accounting period, are processed and forwarded to the Accounts Department for accounting and payment within one month where the accounting period is a financial year and in other cases in 15 days from the end of the accounting period. The accounting entry to be recorded shall be the same as provided in para. 12.18 above in case of Original Works and para. 12.41 for Repairs and Maintenance Works.

12.69 At period-end, the departments incurring expenditure on Deposit Works shall submit a Summary Statement of Status on Deposit Works Expenditure maintained category wise as Civil, Electrical and Others in Form PW – 1 (similar to Capital work in progress) detailing total amount of works incurred till date on each of the Deposit Works. The details of total expenditure incurred on each of the Deposit Works can be collated from the Work Sheet (similar to Capital work in progress) in Form PW – 2

12.70 INCOME

Tender Form Fees. For tender forms sold to the intended bidders, a receipt shall be issued for the amount received in Form GEN – 8.

12.71 The Public Works Department shall recover in advance, the charges estimated for repairing of roads or any other structure damaged, from the person to whom permission is issued for laying of telephone or electrical cables or for any other purpose, which results in damage of road, or any other public structure.

12.72 The procedure to be followed with reference to these incomes for remittance and/or deposit of collections made to the Accounts Department or in the Bank shall be the same as provided in the Chapter 5 on General Accounting Procedures, reference to which is invited.

12.73 Recording of Tender Form Fees. On the basis of the Summary of Daily Collection (Form GEN – 12) received from the Public Works Department, for accounting collections received, the Accounts Department shall pass the following accounting entries:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account *	Dr.	1,000		Cash Book,
150-11-(a)	To Tender Form Fees**	Cr.		1,000	Ledger

** Specify Name of Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

12.74 Similar accounting entries shall be passed in respect of other incomes earned by the Public Works Department.

INTERNAL CONTROLS

12.75 The following internal controls shall be observed by the ULB:

12.76 The Public Works Department and the Chief of Accounts or any other responsible officer as defined by the applicable Acts, shall ensure the availability of adequate budget allocation after considering all commitments made against that budget allocation before undertaking any new work, whether being an Original Work or Repairs and Maintenance Work.

12.77 The Head of the Accounts Department shall exercise the following internal controls:

a. A distinction should be maintained between the works of capital nature and revenue nature.

b. A quarterly reconciliation of the balance as per the Deposit Register maintained at the Public Works Department shall be carried out with the Deposit Ledger accounts.

12.78 On the completion of an Original Work, reconciliation should be carried out in respect of the amount expended as shown in the records maintained by the Public Works Department and the capital work-in-progress control ledger account maintained by the Accounts Department.

12.79 On receipt of Summary Statement of Status on Capital Work-in-Progress (Form PW – 1), 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.

12.80 The Accounts Department shall ensure that the tax deducted at source and works contract tax deducted from the contractor's bill, etc., is deposited with the Government in accordance with the provisions of the relevant Acts.

12.81 At the end of each month, the Accounts Department shall reconcile the total expenditure as per the Functional Expense (Repairs and Maintenance) Subsidiary Ledger (in form GEN –34) with the total expenditure recorded in the several Repairs and Maintenance Ledger Accounts.

12.82 The Public Works Department, Accounts Department and the Audit Department shall exercise the following internal controls:

- a. Ensure budget availability at the time of approval of the bill.
- b. Ensure that all the dues, including liquidated damages/penalties, are recovered from the contractor before making the final payment in respect of any contract.
- c. Ensure that no amount is due from suppliers/contractors, which may be otherwise adjusted before payment.
- d. Ensure that all the bills/invoices of contractors were journalised before release of the payments.

12.83 At period-end, the Head of the Accounts shall review the Work Sheets maintained for ascertaining whether any of the capital work in progress qualifies for capitalization..

12.84 The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

12.85 All Reconciliation Statements shall be certified by the Head of the Accounts Department.

PRESENTATION IN THE FINANCIAL STATEMENTS

12.86 The various heads of accounts used for the accounting of Public Works shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

12.87 The Schedules of the Income and Expenditure Statement in respect of Public Works are presented below.

Schedule I-4: Schedule of Fees & User Charges

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
140-70-(a)	Service/Administrative Charges - Percentage Charges on Deposit Works		
Total Income from Public Works shown as part of Fees & User Charges Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-5: Schedule of Income from Sale & Hire Charges

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
150-11-(a)	Sale of Forms & Publications- Tender Fees		
150-30-(a)	Sale of Others		
Total income from public works shown as part of Sale and Hire Charges Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-9: Schedule of Other Income

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
180-11-(a)	Lapsed deposit income		
180-80-(a)	Miscellaneous Income		
Total income form Public Works shown as part of Other Income Schedule			

(a) Insert Detailed Head Codes of Account as applicable.

Schedule I-12: Schedule of Operations and Maintenance

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
230-30-(a)	Consumption of Stores		
230-50-(a)	Repairs & maintenance -Infrastructure Assets		
230-51-(a)	Repairs & maintenance - Civic Amenities		
230-52-(a)	Repairs & maintenance – Buildings		
230-53-(a)	Repairs & maintenance – Vehicles		
230-59-(a)	Repairs & maintenance – Others		
230-80-(a)	Other operating & maintenance expenses		

Total Expense of Public Works to be shown as part of Operations & Maintenance – Expense head wise Schedule		
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(a) Insert Detailed Head Codes of Account as applicable

12.88 The cost incurred on the Original Works should be categorised as Capital Work-in-Progress and disclosed on the Asset side of the Balance Sheet of the ULBs. After completion of the construction, the Capital Work-in-progress should be capitalised and recorded as Fixed Asset in the Balance Sheet.

12.89 The Balance Sheet Abstracts in respect of Public Works are presented below.

Schedule B-7: Schedule of Deposits Received

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
340-10-(a)	From Contractors and Suppliers – EMD		
340-10-(a)	From Contractors and Suppliers – Security		
340-80-(a)	From Others		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B -8: Schedule of Deposits Works

Code No.	Nature of Deposit	Opening balance at the beginning of the year Amount (Rs.)	Additions during the current year Amount (Rs.)	Utilisation /expenditure Amount (Rs.)	Balance outstanding at the end of the current year Amount (Rs.)
1	2	3	4	5	6
341-10-(a)	Civil Works				
341-20-(a)	Electrical works				
341-30-(a)	Others				
	Total				

(a) Insert Detailed Head Codes of Account as applicable

Note: 1. The amount received from the department on whose behalf the deposit works have been undertaken would appear in col. 4

2. Expenditure incurred including percentage (departments) charges would appear in Col 5

3. Balance as in Col. 6 would appear in the balance sheet as a liability.

Schedule B-9: Schedule of Other Liabilities (Creditors)

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350-10-(a)	Creditors – Contractors Account		
350-40-(a)	From Contractors and Suppliers – Security		
350-20-(a)	Recoveries Payable –TDS from Contractors		
350-20-(a)	Recoveries Payable - Works Contract Tax		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-17: Schedule of Cash and Bank Balances

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
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1	2	3	4
450-10-(a)	Cash		
450-21-(a)	Main Bank Account Recoveries Payable –		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedules B-18: Schedule of Loans, Advances & Deposits

Code No.	Nature of Deposit	Opening balance at the beginning of the year Amount (Rs.)	Additions during the current year Amount (Rs.)	Utilisation /expenditure Amount (Rs.)	Balance outstanding at the end of the current year Amount (Rs.)
1	2	3	4	5	6
460-40-(a)	Advance to Suppliers & Contractors –				
460-40-(a)	Public Works Advance to Suppliers & Contractors –				
	Public Works				
	Total				

(a) Insert Detailed Head Codes of Account as applicable.

Form PW – 1

_____ *Name of the ULB*

**SUMMARY STATEMENT OF STATUS OF CAPITAL WORK- IN- PROGRESS/ DEPOSIT
WORKS**

Name _____ of _____ the _____ Department: _____
For the Quarter : _____

Work Order No.	Name of Project	Value of Work / Contract Amount	Expenditure incurred at the beginning of the quarter	Expenditure incurred (bills admitted) during the quarter	Total expenditure incurred at the end of the quarter	Amount of Contract remaining unexecuted	Whether project completed (Yes/ No)
		Rs.	Rs.	Rs.	Rs.	Rs.	
1	2	3	4	5	6 = (4+5)	7= (3-6)	8

Prepared by* : _____
Checked by* : _____

** Record the Name, Designation and Signature of the person making the entry in the Summary Statement and the person checking the entry.*

Form PW – 2

_____ *Name of the ULB*

WORK SHEET

Serial No. of estimate

Details of Advance Provided

Work Order No.
Name of Work

Nature of Work

Contract Amount (Rs.)

Number and date of order sanctioning the estimate (Administrative Approval)

Order sanctioning the contract (No. and Date of Resolution)

Name of the Contractor

Voucher No.	Date	Amount (Rs.)	Initials of Authorised Officer
1	2	3	4

Bill No.	Date of Bill	Amount claimed payable as per the contractor's bill (Rs.)	Amount approved by the Authorised Officer (Rs.)	Cumulative approved bill amount (Rs.)	Contract amount unutilised (Rs.)	Initials of the Authorised Officer - PWD	Security Deposit deducted (Rs.)	TDS (Rs.)	Works Contract Tax (Rs.)	Recovery for material issued (Rs.)	Recovery for advance provided (Rs.)	Other Deductions (Rs.)	Net Amount paid (Rs.)	Initials of the Authorised Officer – Accounts Department	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
													{6-(7+	8+ 9+ 10+	11+ 12+ 13)}

Note: 1. For each entry made; record the Name, Designation and Signature of the person making the entry in the work sheet and the person checking the entry

2. A separate Work sheet shall be prepared for each of the multiple transaction contract which shall be sent alongwith each contractor's bill

3. At the completion of contract and at the time of final payment being made to the Contractor, it shall be ensured that the sum total of Column 3 of 'Details of Advance Provided' equals to sum total of Column 12

Form PW- 3

Name of the ULB

DEPOSIT WORKS REGISTER*

Sr. No.	Name of the Deposit Works	Order/ Designation of the Authority sanctioning the Deposit Works	Nature of the Deposit Works*	Period for execution of Works	Total Amount (Rs.)	Money Received #	
						Date	Amount (Rs.)
1	2	3	4	5	6	7	8
Expenditure Incurred on Deposit Works					Deposit works money unutilized on completion of the works	Refund of unutilised Deposit Works Money	
Date	Voucher Number	Nature of Payments***	Amount (Rs.)	Date of Payment		Date	Amount (Rs.)

* Maintain separate registers for each kind of Deposit works.

** State whether Deposit works received from Central Govt. Department, State Govt. or Other Govt. departments

*** Nature of payments shall also include the % of Charges recognised as revenue of the ULB for the execution of the Works.

Money received shall also include any other sum received in respect of the Deposit works in the form of penalties/ charges for delay or defect from Sub- contractors

Note:

1. Open Separate folios for each of the Deposit works within the 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.

CHAPTER

13

STORES

CHAPTER-13

STORES

INTRODUCTION

13.1 This chapter contains the recommended accounting system for stores related transactions.

13.2 The functions of the Stores, involving procurement, storage, issue, disposal and accounting of materials, may be performed either centrally by Central Stores (referred to as Municipal Stores) or by the Department Stores empowered by the ULB to perform the aforesaid functions for specific departments of the ULB. Generally, the ULB empowers the Public Works, Health - Sanitation, Health - Medical, Water Works, Workshop for Vehicles and Machinery repairs and Public Lighting Departments to maintain their own stores.

13.3 The financial transactions carried out by Stores will arise on account of:

- a. Receipt of Earnest Money Deposit (EMD) from the bidders to a contract
- b. Refund of EMD to the unsuccessful bidders
- c. Payment of advance to the contractor
- d. Delivery of material and its documentation
- e. Consumption of materials
- f. Payments to Suppliers
- g. Adjustments of Security Deposits
- h. Write-off / disposal of obsolete, scrap and unusable materials..

ACCOUNTING PRINCIPLES

13.4 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to stores:

- a. Expenditure in respect of material, equipment, etc., procured shall be recognized on accrual basis, i.e., on admission of bill by the Local Body in relation to materials, equipment, etc., delivered.
- b. Accounting of 'goods received & accepted but no bills received' as at the cut off date shall be accounted based on purchase orders.
- c. The stock lying at the period-end shall be valued at cost in accordance with the First in – First out method.
- d. Revenue in respect of disposal of material shall be recognized on actual receipt.
- e. Finished goods and work-in-progress (WIP) related to goods produced for sale will be valued at cost or market value whichever is lower. 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.

ACCOUNTING RECORDS AND PROCEDURES

13.5 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Stores. For the purposes of accounting of Stores there are certain forms, registers, etc., which are specific to Stores, e.g., Stores Ledger – Form ST-3. These Forms (Form ST - 1 to ST- 3) are annexed to this chapter and are prefixed “ST”.

13.6 In case tenders are floated for procuring materials, Earnest Money Deposit (EMD) may be collected from the bidders on such basis as prescribed by the ULB at the time of submitting their tenders. A receipt shall be issued for the amount collected in Form GEN – 8.

13.7 The following procedure shall be followed for accounting of receipt of EMD:

- a. The procedure to be followed for remittance and/or deposit of EMD to the Accounts Department or in the Bank shall be the same as provided for in the Chapter 5 on General Accounting Procedures.
- b. The Stores shall prepare a Summary of Daily Collection in Form GEN – 12, which shall be forwarded to the Accounts Department.
- c. Recording of Earnest Money Deposit received. On receipt of Summary of Daily collections, the Accounts Department shall pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 340-10-(a)	Bank Account * To From Contractors/ Suppliers – EMD Stores	Dr. Cr.	500	500	Bank Book, Ledger

*Specify name of the Bank and account number

(a) Insert detailed Head Codes of Account as applicable

Note: The postings in the Ledger Account of “Earnest Money Deposit” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

13.8 The EMD shall be refunded as per the terms of tender issued to the unsuccessful bidders. The procedure followed for accounting of refund of EMD shall be as under:

- a. The Stores shall prepare a Payment Order (PO) in Form GEN – 14 for refund of deposits, make an entry in the Deposit Register (Form GEN – 18) against the relevant entries made therein and then forward the PO to the Accounts Department for payment.
- b. Recording of refund of Earnest Money Deposit. After the receipt of approval for payment and upon payment, the Accounts Department shall pass the following entry:

Code of	Accounting Entry	Dr./	Debit	Credit	Books to be
---------	------------------	------	-------	--------	-------------

Account		Cr.	Amount (Rs.) Illustrative figures	Amount (Rs.) Illustrative figures	entered into
340-10-(a)	From Contractors/Suppliers – EMD Stores	Dr.	400		Bank Book, Ledger
450-21-(a)	To Bank Account *	Cr.		400	

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

13.9 Recording of conversion of Earnest Money Deposit into Security Deposit. On receipt of intimation from the Stores for conversion of Earnest Money Deposit of successful bidder into Security Deposit payable by him, the Accounts Department shall pass the following entry

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a)	From Contractors/Suppliers – Earnest Money Deposit	Dr.	100		Journal Book, Ledger
340-10-(a)	To From Contractors/ Suppliers -Security Deposit Stores	Cr.		100	

(a) Insert Detailed Head Codes of Account as applicable

13.10 Recording of additional Security Deposit received. Where the terms of agreement entered into provide for collection of a certain percentage of Security Deposit in advance, a receipt (Form GEN – 8) shall be issued to the successful bidder for the amount collected. The procedure followed for accounting of Security Deposit is the same as described for Earnest Money Deposit. On receipt of additional Security Deposit, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account *	Dr.	1,000		Bank Book, Ledger
340-10-(a)	To From Contractors/ Suppliers – Security Deposit Stores	Cr.		1,000	

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

13.11 Recording of advance paid to suppliers. As per the terms of agreement, advance may be provided to the supplier. On receipt of an application for grant of advance, the Stores shall prepare a Payment Order and forward it to the Accounts Department. The procedure to be followed for payment of advance shall be the same as provided in the Chapter 5 on General Accounting Procedures. On payment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount	Credit Amount	Books to be entered into
-----------------	------------------	-------------	-----------------	------------------	-----------------------------

			(Rs.) Illustrative figures	(Rs.) Illustrative figures	
460-40-(a)	Advance to Suppliers & Contractors – Stores	Dr.	2,000		Bank Book, Ledger
450-21-(a)	To Bank Account*	Cr.		2,000	

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable.

RECEIPT OF MATERIALS

13.12 As per the terms of the agreement with the Supplier, the materials shall be delivered to the ULB. The Stores shall prepare a Material Receipt Note in Form ST-1.

13.13 From the Material Receipt Note, the Stores shall record the receipt of materials in the Stores Ledger maintained in Form ST-2.

13.14 On receipt of bill from the supplier, the Stores shall verify the bill received with the Material Receipt Note and record it in the Register of Bills for Payment maintained in Form GEN – 13.

13.15 Recording of liability due in respect of materials purchased. On acceptance and approval of the material supplied and on receipt of the processed bill from the Stores Department, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
430-10-(a)	Stock in Hand -Purchase of Materials Stores	Dr.	4,000		Journal Book, Ledger
350-10-(a)	To Creditors – Suppliers/ Contractors Stores	Cr.		3,800	
460-40-(a)	To Advance to Suppliers & Contractors Stores	Cr.		200	

(a) Insert Detailed Head Codes of Account as applicable.

13.16 Recording of payment made to supplier. The procedure to be followed for approval of a supplier's bill for payment and making payment shall be the same as provided in the Chapter 5 on General Accounting Procedures. On receipt of Payment Order (Form GEN – 14) together with the supporting documents and on making payment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors – Suppliers/ Contractors Stores	Dr.	3,800		Bank Book, Ledger
450-21-(a)	To Bank Account*	Cr.		3,800	

* Specify name of the Bank and account number

- (a) Insert Detailed Head Codes of Account as applicable

13.17 The Accounts Department shall intimate the Stores of the payment made.

RETURN OF MATERIALS

13.18 If the materials supplied are found to be defective or not in accordance with the terms specified in the agreement, the Stores shall return it back to the supplier concerned and make an entry for return of material in the Issue Column of the relevant folio in the Stores Ledger (Form ST – 2). The details of the materials returned shall be communicated to the Accounts Department.

13.19 Recording of adjustment for material returned to Supplier, if payment is not made. In case the payment for materials received has not been made to the supplier, for reducing the amount of liability in respect of material returned, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors –Suppliers/ Contractors Stores	Dr.	1,000		Journal Book, Ledger
430- 10-(a)	To Stock in Hand – Purchase of Materials Stores	Cr.		1,000	

- (a) Insert Detailed Head Codes of Account as applicable.

13.20 Recording of transactions for materials returned to Supplier, if payment has been already made. On receipt of communication from the Stores relating to return of materials, the Accounts Department shall pass the following entries:

- a. On raising of the claim

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors –Suppliers /Contractors Stores	Dr.	1,000		Journal Book, Ledger
430-10-(a)	To Stock in Hand– Purchase of Materials Stores	Cr.		1,000	

- (a) Insert Detailed Head Codes of Account as applicable.

- b. On receipt of money from the Supplier for materials returned

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account*	Dr.	1,000		Bank Book, Ledger
350-10-(a)	To Creditors –Suppliers/ Contractors Stores	Cr.		1,000	

* Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable.

VALUATION OF CLOSING STOCK AT PERIOD-END

13.21 At the end of every accounting period, the Stores shall send a Statement of Closing Stock in Form ST – 3. Such a statement shall consist of two parts; Part A shall show the items in respect of which the invoices/bills received from the suppliers have already been sent by the Stores to the Accounts Department after processing by the Stores. Part B shall consist of the items for which the materials have been received and accepted by the Stores but for which the invoices/bills have not been processed as yet by the Stores. This Statement shall be drawn from the entries made in the Stores Ledger.

13.22 At the end of the financial year, a reconciliation shall be carried out by the Stores-in charge to match the physical stock with the book stock and discrepancies identified shall be incorporated in the Statement of Closing Stock.

13.23 The balances in various accounts of the item-wise Stores Ledger shall be extracted and valued as per First In First Out (FIFO) Method. The FIFO Method is explained as follows:

- a. Under this method, the consignment of material, which shall be received first, shall be issued first.
- b. The example below illustrates the FIFO method: Opening Stock of TCL Powder as on 1 st March was 200 nos. acquired at the rate of Rs.2 per unit. Subsequent purchase and issue transactions during the month of March were as follows:

Date	Transaction	Units	Rate
Mar 2	Purchase from ABC	200 nos.	Rs.3/- per unit
Mar 4	Purchase from B	600 nos.	Rs.4/- per unit
Mar 6	Issued to Dept. X	500 nos.	
Mar 10	Purchase from B	700 nos.	Rs.4/- per unit
Mar 18	Issued to Dept. Y	800 nos.	
Mar 20	Purchase from C	300 nos.	Rs.5/- per unit
Mar 23	Issued to Dept. Z	100 nos.	
Mar 31	Issued to Dept. Q	500 nos.	
Mar 31	Purchase from ASD	200 nos.	Rs.6/- per unit

13.24 Entries in Stores Ledger for the aforesaid transactions shall be made as depicted in Table 13.1 below.

Table 13.1
Entries in Stores Ledger for the financial year 20XX - 20XX

Item Description: TCL Powder

Item Code: XXXXXXXXX

Date	Receipts				Issues				Balance			Remarks
	MRN No.	Qty.	Rate (Rs.)	Value (Rs.)	MRIN No.	Qty.	Rate (Rs.)	Value (Rs.)	Qty.	Rate (Rs.)	Value (Rs.)	
Mar 1	Opening Stock	200	2	400								
Mar 2		200	3	600					200 <u>200</u> 400	2 3	400 600 1000	
Mar 4		600	4	2400					200 200 <u>600</u> 1000	2 3 4	400 600 2400 3400	
Mar 6						200 200 <u>100</u> 500	2 3 4	400 600 400 1400	500	4	2000	
Mar 10		700	4	2800					500 <u>700</u> 1200	4 4	2000 2800 4800	
Mar 18						500 300 800	4 4	2000 1200 3200	400	4	1600	
Mar 20		300	5	1500					400 300 700	4 5	1600 1500 3100	
Mar 23						100	4	400	300 <u>300</u> 600	4 5	1200 1500 2700	
Mar 31						300 <u>200</u> 500	4 5	1200 1000 2200	100	5	500	
Mar 31		200	6	1200					100 <u>200</u> 300	5 6	500 1200 1700	

MRN - Material Receipt Note

MRIN - Material Requisition-cum-Issue Note

Note: Details & break up of materials issued

Materials issued on 6 th March is towards consumption for usage in production process

Materials issued on 18 th March is towards repair works of the ULB

Materials issued on 23 rd March is to the Contractors for the works undertaken by them

Materials issued on 31 st March is to the capital works of the ULB.

13.25 Accordingly, the closing stock of 300 units of TCL Powder shall be valued at Rs. 5 for 100 units and at Rs. 6 for the remaining 200 units. This is because the TCL Powder received earlier is still there in Stock on the valuation date, which has to be valued at the rates applicable for that consignment.

13.26 On the basis of Statement of Closing Stock, the Accounts Department shall compute the Stores consumed in the following manner:

- Compute the total purchases made by the Stores during the accounting period. The value of the purchases made in the above illustration is Rs. 8500;
- Add the Opening Stock at the Stores valued at Rs. 400 to the total purchases made to determine the total stores available for consumption. Thus total stores available for

consumption as per above illustration, is Rs. 8900 computed as Rs. 8500 (purchases) + Rs. 400 (opening stock)

- Deduct the Closing Stock valued at Rs. 1700, on the basis of Statement of Closing Stock, from the total stores available for consumption;
- The balance value represents the stores that have been consumed during the accounting period i.e. Rs. 8900 (total stores available for consumption) – Rs. 1700 (closing stock) = Rs. 7200 (consumption).

13.27 Recording of Closing Stock. On the basis of Statement of Closing Stock (Form ST – 3) received from Stores, for recording closing stock, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative Figures	Credit Amount (Rs.) Illustrative Figures	Books to be entered into
230-30-(a)	Consumption of Stores(1)	Dr.	1,400		Journal Book, Ledger
230-(b)	Repairs and Maintenance (2)	Dr.	3,200		
412-(b)	Capital work in progress(3)	Dr.	2,200		
460-40-(a)	Advance to Contractors-Material Issued to Contractors/Stores (4)	Dr.	400		
	Stock in Hand –Stores Closing		1,700		
430-10-(a)	Stock	Dr.			
430-10-(a)	To Stock in Hand –Purchase of Materials Stores	Cr.		8,500	
430-10-(a)	To Stock in Hand - Stores Opening Stock	Cr.		400	

(a) Insert Detailed Head Codes of Account as applicable.

(b) Insert Minor & Detailed Head Codes of Account as applicable

- (1) Consumption of Stores is debited for value of materials consumed in relation to production of any goods for sale.
- (2) Repairs and Maintenance account is debited for value of materials used for any of the repairs and maintenance of ULBs assets.
- (3) Capital work in progress account is debited for value of materials issued to the Capital works of the ULBs.
- (4) Material Issued to Contractors account is debited for value of materials issued to the contractors.

13.28 Similar entries shall also be passed in respect of consumption/CWIP and closing stock at each of the other stores.

13.29 The closing stock at the end of an accounting period shall be the opening stock of the subsequent accounting period for which the Accounts Department shall pass the following entry on the first day of the subsequent accounting period:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
430-10-(a)	Stock in Hand - Stores Opening Stock	Dr.	1,700		Journal Book, Ledger
430-10-(a)	To Stock in Hand -Stores Closing Stock	Cr.	1,700		

(a) Insert Detailed Head Codes of Account as applicable.

13.30 Similar entries shall be passed for recognising closing stock of each of the other stores as opening stock of the subsequent accounting period.

FINISHED GOODS & WIP RELATED TO GOODS PRODUCED FOR SALE

13.31 At the end of every accounting period, the finished goods and work-in-progress related to goods produced for sale shall be valued at cost

13.32 The cost of finished goods and WIP shall include all direct costs and applicable production overheads to bring the goods to the present location and condition. It shall include the following:

- a. Costs of purchase including duties and taxes, freight inwards and other expenditure directly attributable to the purchase. Trade discounts, rebates, duty drawbacks and other similar items should be deducted from the costs of purchase;
- b. Costs of direct labour for converting the materials into finished goods;
- c. Variable production overheads i.e. those direct costs of production that vary directly with the volume of production, such as, Power and other consumables. The variable production overheads are allocated to per unit of production;
- d. Fixed production overheads i.e. those indirect costs of production that remain constant irrespective of the volume of production, such as depreciation and maintenance costs of production facilities. The fixed production overheads are period costs, which are apportioned over the total units of production over that period.

13.33 The cost of finished goods and WIP shall, however, not include the following:

- a. Abnormal amount of wasted material, labour or other production costs;
- b. Storage costs, unless these are necessary in the production process prior to a further production stage;
- c. Administrative overheads that do not contribute to bringing the goods to their present location and condition;
- d. Selling and distribution costs;
- e. Interest and other borrowing costs.

13.34 Based on these guidelines each local body can develop detailed guideline for each of the manufactured product meant for sale. The Cost sheet would serve as a base for arriving at the value.

MATERIALS PURCHASED FROM ANY GRANT OR SPECIAL FUNDS

13.35 The accounting procedure to be followed for purchase of material, the cost of which is met from any Grant or from funds set aside under any Special Fund, and its issue shall be the same as provided earlier in this chapter. However, the accounting entries in respect of these have been described in Chapter 17 on Grants and Chapter 19 on Special Funds respectively.

13.36 The materials purchased in terms of any grant or special fund shall be recorded in separate folios in the Stores Ledger or in the Stock Account of Books and Forms and the procedure to be followed for valuation of closing stock shall be the same as provided earlier in this chapter.

PERIOD END PROCEDURE

13.37 At the period-end, the Stores Department shall ensure that all the bills in respect of stores received and accepted before the last date of the accounting period, are processed and forwarded to the Accounts Department for accounting and payment within one month where the accounting period is a financial year and in other cases in 15 days from the end of the accounting period. The accounting entry to be recorded shall be the same as provided above in para 13.15 in the section on "Receipt of Materials". In addition, in respect of 'goods received & accepted but no bills received' as at the cut off date shall be accounted based on purchase orders.

DISPOSAL OF MATERIAL

13.38 The unutilised/unusable material in the Stores of the ULB may be disposed of as per the principles framed by the ULB..

13.39 For such disposal of material by Stores, the accounting procedure to be followed and accounting entries to be passed for receipt and refund of EMD and conversion of EMD into Security Deposit shall be the same as provided earlier in this chapter. The accounting procedures to be followed on realisation of sale value shall be the same as provided in Chapter 5 on General Accounting Procedures.

13.40 Recording of disposal of material. An entry for the material disposed shall be made in the records maintained at the Stores. The accounting entries passed in respect of disposal of stores are as follows:

- a. Recording of receipt of sale proceeds: The Stores shall prepare a Summary of Daily Collection (Form GEN –12) for sale proceeds and forward it along with the collection to the Accounts Department. (For example an amount of Rs 600 realised against the sale of stores with a recorded value of Rs 500). On receipt of Summary of Daily Collections, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 350-90-(a)	Bank Account * To Sale Proceeds from Stores	Dr. Cr.	600	600	Bank Book, Ledger

* Specify name of the Bank and account number

- (a) Insert Detailed Head Codes of Account as applicable.

- b. Recording of profit or loss on disposal: In the example explained above, there is a profit amounting to Rs 100 the Accounts Department shall pass the following entry in respect of the same:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-90-(a) 430-10-(a)	Sale Proceeds from Stores To Stock in Hand-Purchase of Materials Stores	Dr. Cr.	600	500	Journal Book, Ledger
150-12-(a)	To Sale & Hire Charges – Sale of Stores	Cr.		100	

Note: If the amount realised for sale is Rs 400, the difference of Rs 100 shall be debited to 'Loss to disposal of Stores'.

- (a) Insert Detailed Head Codes of Account as applicable.

WRITE-OFF OF MATERIAL

13.41 The pilfered/damaged material in the Stores of the ULB may be written-off as per the principle framed by the ULB.

13.42 Recording of write-off of material. An entry for the material written-off shall be made in the records maintained at the Stores. On the basis of intimation received from the Stores, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
270-40-(a) 430-10-(a)	Assets Written off -Stores To Stock in Hand -Stores Opening Stock	Dr. Cr.	50	50	Journal Book, Ledger and Stores Register

(a) Insert Detailed Head Codes of Account as applicable.

INTERNAL CONTROLS

13.43 The following internal controls shall be observed by the ULB in respect of Stores related transactions:

- a. The Head of the Accounts Department shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure i.e Budget monitoring shall be on accrual basis rather than payment basis.
- b. The Head of the Accounts Department shall ensure that all the purchase bills/invoices were journalized before release of the payments.
- c. At the end of the financial year, the Stores-in-charge, the Head of the Accounts Department and the Municipal Chief Auditor shall physically verify the stock lying in stores and compare it with the stock as per the book records and in case of any difference, appropriate remedial steps as prescribed by the ULB shall be taken.
- d. The Stores-in-charge shall ensure availability of adequate budget allocation before procuring any material, after considering all commitments made against the budget allocation.
- e. At the time of issue of any material to the Departments, the Stores-in-charge shall ensure that there is an adequate budget provision in respect of that department.
- f. The Head of the Accounts Department shall ensure that all the dues recoverable including advance provided to supplier has been recovered before making the final payment to the supplier. Further, it should be ensured that only net amount has been paid to the supplier, as may be applicable to the materials actually received or accepted.
- g. Before releasing payment to the supplier, the Head of the Accounts Department shall ensure that the material received is recorded in the Stores Ledger. Further, it shall be ensured that the Payment Order provides reference to the Stores Ledger where the entry for receipt of material is recorded. In addition, at the time of payment to Suppliers/contractors and any other creditors it shall be ensured that no amount is due from them, which may be adjusted before payment.
- b. The Stores-in-charge shall ensure that materials in respect of which bills have been received but have not been forwarded to the Accounts Department are stated separately in the Statement of Closing Stock (Form ST – 3).
- c. The Head of the Accounts Department shall ensure that the ‘Purchase of Materials’ account has been reconciled at the period and the balance has become nil on accounting of stock entries for the closing stock (on the basis of Statement of Closing Stock in Form ST –3) and consumption of stores.
- d. Also the Head of Accounts Department shall ensure that the balance in the ‘Opening Stock’ account has become nil at the period end on accounting of stock entries and consumption based on the closing stocks.
- e. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

13.44 All Reconciliation Statements shall be certified by the Head of the Accounts Department and verified by the Municipal Chief Auditor.

PRESENTATION IN THE FINANCIAL STATEMENTS

13.45 The various heads of accounts used for the accounting of Stores shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

13.46 The Schedules of the Income and Expenditure Statement in respect of Stores are presented below.

Schedule I-5: Income from Sale & Hire Charges

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
150-12 (a) 150-30 (a)	Sale of stores & scrap Sale of Others		
Total Income from Stores to be shown as part of Sale & Hire charges Schedule			

(a) Insert Detailed Head Codes of Account as applicable.

Schedule I-12: Schedule of Operations and Maintenance

Code No.	Expenditure	Amount (Rs.)	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4	5
230-30-(4a) 230-51-(a) 230-52-(a) 230-53-(a) 230-54-(a) 230-59-(a)	Consumption of Stores Repairs & Maintenance – Infrastructure Assets Repairs & Maintenance – Civic Amenities Repairs & Maintenance – Buildings Repairs & Maintenance – Vehicles Repairs & Maintenance – Others			
Total of Expense of Stores to be shown as part of Operations & Maintenance Expense Schedule				

(a) Insert Detailed Head Codes of Account as applicable.

13.47 The Balance Sheet abstracts in respect of Stores are presented below.

Schedule B-7: Deposits Received

		Amount in Rs.	
Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
340-10-(a) 340-10-(a) 340-80-(a)	From Contractors/Suppliers – EMD From Contractors/Suppliers – Security Deposits From Others		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
----------	-------------	---------------------------	----------------------------

1	2	3	4
350-10-(a)	Creditors - Suppliers /Contractors Payable Stores Account		
	Total		

(a) Insert Detailed Head Codes of Account as applicable. Schedule B-14: Stock in Hand (Inventories)

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
430-10-(a)	Stores		
430-20-(a)	Loose Tools		
430-30-(a)	Others		
	Total Stock in hand		

(a) Insert Detailed Head Codes of Account as applicable..

Schedule B-17: Schedule of Cash and Bank

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450-10-(a)	Cash Account		
450-21-(a)	Bank Account		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

Schedules B-18: Schedule of Loans, Advances & Deposits

Code No	. 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.)
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
460-40-(a)	Advance to Suppliers & Contractors – Stores				
460-40-(a)	Advance to Suppliers & Contractors – Material Issued to Contractors /Stores				
	Total				

(a) Insert Detailed Head Codes of Account as applicable.

ST-1

_____ Name of the ULB

MATERIAL RECEIPT NOTE

_____ Stores

Book No. _____

Receipt No. _____

Date _____

Received following material from _____ (name of the supplier)
vide their delivery challan number _____ bill number _____ dated _____
against Purchase Order No. _____

Sr. No	Particulars (Product details and specifications)	Quantity Accepted	Inspected by	Remarks
1	2	3	4	5
Material received by			Entered in Store Records	
Stores Clerk			Entry No.:	

ST- 2

_____ *Name of the ULB*

STORES LEDGER

Item Description_

Receipt											
Date of Receipt	Material Receipt No.	Reference of Cash Book / Journal Book / Ledger where entry is recorded	Department for which purchase made		Quantity		Rate per unit (Rs.)	Value (Rs.)		Initials of Authorised Officer	
					Number	Weight					
1	2	3	4		5	6	7	8		9	
Issues								Balance			
Date of Issue	Material Requisition cum Issue Note No.	Department to which issued	Quantity		Rate per unit (Rs.)	Value (Rs.)	Initials of Authorised Officer	Quantity		Rate per unit (Rs.)	Value (Rs.)
			Number	Weight				Number	Weight		
10	11	12	13	14	15	16	17	18	19	20	21

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

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ST-3

_____ *Name of the ULB*

STATEMENT OF CLOSING STOCK AS ON _____

_____ *Stores*

Sr. No. _____

Reference No. of Stores Ledger	Item Description	Quantity	Unit rate for valuation (Rs.)	Amount (Rs.)	Remarks *
1	2	3	4	5	6
Total					
Details of Material issues					
<u>Purpose</u>	Reference No. of Stores Ledger	Item Description	Quantity	Unit rate for valuation (Rs.)	Amount (Rs.)
1	2	3	4	5	6
For Consumption					
For Repairs & Maintenance					
For Capital Work In Progress					
For Sale					
Written off					
Contractors**					
Total					
Verified by (Audit Department)			Stores-in-charge / Authorised Officer		

* In case of obsolete, unservicable, defective inventory, please indicate so in the Remarks column

** Contractor wise details of the Materials issued shall be given as per annexure attached with this form.

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Annexure to Form ST 3

Details of Material issued to Contractors					
Reference number of Stores Ledger	Name of the Contractor to whom the	Item Description	Quantity	Unit Rate for Valuation (Rs)	Value of the Materials (Rs)
1	2	3	4	5	6
Total					
<div style="display: flex; justify-content: space-between;"><div>Verified by (Audit Department)</div><div>Stores-in-charge / Authorised Officer</div></div>					

The total of this table shall agree to the value of 'materials issued to Contractors'

CHAPTER 14

EMPLOYEE RELATED TRANSACTIONS

INTRODUCTION

14.1 This chapter contains the recommended accounting system on matters (i.e., salaries, allowances, deductions, Provident Fund, Pension Fund, loans, advances, etc.) pertaining to the employees of the Urban Local Body (ULB). The Accounting principles and procedures explained below for maintaining the employee related transactions on the following assumptions

- The employee related funds (for e.g. PF fund account) are maintained within the ULB.
- Processing of payroll and related approvals are decentralized.

ACCOUNTING PRINCIPLES

14.2 The following Accounting Principles shall govern the recording, accounting and treatment of employee related transactions:

- a. Expenses on Salaries and other allowances shall be recognized as and when they are due for payment (i.e. at the month end).
- b. 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.
- c. 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.
- d. Provident Fund money shall be invested as per the guidelines applicable to any Employee Provident Fund.
- e. Separate Funds may also be formed for meeting the pension and other retirement benefits including Gratuity and Leave Encashment. The State Governments can decide on this and can define the modus operandi also. The State may form Trusts either at the state level or at the municipal level.
- f. Contribution due towards Pension and other retirement benefit funds shall be recognized as an expense and a liability. State Government to define the rate of contribution. One basis for such rate could be at 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, their applicable state laws can guide this.
- g. Interest receivable on loans given to employees shall be recognised as revenue at the end of the period in which these have accrued.
- h. In respect of loans to employees, penal interest leviable on default in repayment of principal or payment towards interest shall be recognised on accrual basis.
- i. Bonus, ex-gratia, overtime allowance, other allowances and reimbursements to the employees shall be recognised as an expense as and when they are due for payment.

ACCOUNTING RECORDS & PROCEDURES

14.3 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for employee related transactions. For the purposes of accounting of employee related transactions there are certain forms, registers, etc., which are specific to employee related transactions, e.g., Pay bill – Form ES -1. These (Forms ES – 1 to ES – 6) are annexed to this chapter and are prefixed “ES”.

PAY BILL & DEDUCTIONS

14.4 A Pay Bill shall be prepared for each department on the basis of employee muster and service book maintained. The Pay Bill shall provide computation of gross salaries payable to the employees as per the conditions of service. From the gross salary, adjustments shall be made for deductions in respect of statutory payments such as income tax, profession tax, provident fund, etc., voluntary deductions such as group insurance premium, investment by employees, contribution to various societies, loan recovery for external agencies, etc., as well as recoveries in respect of loans, advances, etc., to arrive at the net salary payable to the employees.

14.5 Pay bills are normally drawn by Drawing and Disbursing Officer (DDO) in every department. There may be more than one DDO in a Department. The pay bills drawn by all DDOs in a Department may be consolidated and sent to Accounts Department for payment.

14.6 The Accounts Department shall prepare a Consolidated Pay Bill summary in Form ES- 1 from the Departmental Pay Bills. Preparation of Consolidated Pay Bill summary would involve consolidation and summation of the individual Departmental Pay Bills.

14.7 On the basis of the Consolidated Pay Bill, the Accounts Department shall pass the following entries every month for recognizing the expense and the corresponding liability:

- a. Recording of salary, allowances and corresponding liability. For recognising the expense under various heads and the liability to the employees in respect of gross salaries, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
210-(a)	Establishment Expenses –	Dr.	1,00,000		Journal Book, Ledger
350-11(b)	To Employee Liabilities – Gross Salaries Payable	Cr.		1,00,000	

- (a) Insert Major and Detailed Head Codes of Account as applicable
- (b) Insert Detailed Head Codes of Account as applicable

Note: The postings in the Ledger Accounts of “Establishment Expenses” Account and “Gross Salaries Payable” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

- b. The department-wise details of establishment expenses will be available in the Consolidated Pay Bill prepared by the Accounts Department, reference to which may be made at the time of preparation of Financial Statements.
- c. The Accounts Department shall maintain a separate Functional Expense Subsidiary Ledger in Form GEN – 34 for recording Function-wise establishment expenses. On recording of establishment expenditure in the Journal Book, the Accounts Department shall immediately update the Subsidiary Ledger mentioned above. The procedure for updating Subsidiary Ledger has been provided in Chapter 5 – General Accounting Procedures, reference to which is invited

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- d. Recording of statutory and other deductions and recoveries from salaries. For accounting liabilities towards amounts payable to different authorities in respect of statutory deductions, and, dues towards settlement of obligations on behalf of employees (e.g. housing loan, contribution to various societies, loan recovery for external agencies, group insurance premium, investment by employees, etc.), recovery of instalments of loans or interest levied on loan and/or advances from employees, etc., the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
350-11-(a)	Employee Liabilities - Gross Salaries Payable	Dr.	1,00,000		Journal Book, Ledger, Register of Employee Advances, Register of Loans to Employees, Register of Interest on Loans to Employees
350-20-(a)	To Recoveries Payable- TDS from Employees	Cr.		1,000	
350-20-(a)	To Recoveries Payable- Profession Tax	Cr.		1,000	
350-20-(a)	To- Provident Fund (for own employees)	Cr.		9,000	
311-(b)	To Recoveries payable –Provident Fund for Employees on Deputation	Cr.		1,000	
350-20-(a)	To Loans to Employees	Cr.		1,500	
350-20-(a)	To Receivable from Other Sources- Interest due from Employees Loans	Cr.		200	
460-10-(a)	To Recoveries Payable - Others*	Cr.		7,500	
431-40-(a)	To Advance to Employees	Cr.		1,500	
431-40-(a)	To Employee Provident Fund Loans	Cr.		300	
350-20-(a)	To Employee Liabilities – Net Salaries Payable	Cr.		77,000	
460-10-(a)					
460-20-(a)					
350-11-(a)					

* This may include voluntary deductions with respect to Insurance Premium deduction, deduction for Investment by Employees, deduction for Contribution to various Societies, Loan recovery for External Agencies, etc.

(a) Insert Detailed Head Codes of Account as applicable

- e. Accounts Department shall update the Register of Employee Advances maintained in Form ES-2 for recovery of Loans / advances and Register of Interest on Loans to Employees maintained in Form ES-3 for recovery of loans and interest respectively.
- f. Salaries may be paid to the employees either (i) by Cheque or (ii) by directly crediting the amount to employees' bank account; or (iii) in cash. (efforts may be made to move towards direct credit of salaries to bank accounts)
- g. Recording of payment of salaries by cash: For accounting of payment of salary by cash, the Accounts Department shall pass the following entries:

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Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
On Withdrawal of cash					
450-10-(a) 450-21-(a)	Cash Account To Bank Account	Dr. Cr.	7,000	7,000	Cash Book
For payment of salary by cash (if paid fully)					
350-11-(a) 450-10-(a)	Employee Liabilities – Net Salaries Payable To Cash Account	Dr. Cr.	7000	7000	Cash Book, Ledger

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Note: If the salary is not fully paid, the accounting treatment is described subsequently.

- h. Recording of payment of salaries through bank: For accounting of payment of salary by cheque or direct credit of the salary to employee bank account, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-11-(a) 450-21-(a)	Employee Liabilities – Net Salaries Payable To Bank Account*	Dr./ Cr.	70000	70000	Cash Book, Ledger

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Note: If the salary is not fully paid, the accounting treatment is described subsequently.

- i. Recording of payment of statutory deductions made from salaries. For discharging liabilities towards statutory deductions (e.g., income tax, profession tax, etc.), on payment, the Accounts Department shall pass the following entries:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-20-(a) 450-10-(a) 450-21-(a)	Recoveries Payable –TDSfrom Employees To Cash Account To Bank Account*	Dr. Cr. Cr.	1,000	50 950	Cash Book, Ledger
350-20-(a) 450-10-(a) 450-21-(a)	Recoveries Payable –Profession Tax To Cash Account To Bank Account*	Dr. Cr. Cr.	1000	100 900	Cash Book, Ledger

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable.

- j. Recording of payment of other deductions made from salaries. For discharging liabilities towards voluntary deductions (e.g., group insurance premium, investment made by employees, contribution to various societies, repayment of loan to various external agencies, etc.) made on behalf of employees, on payment, the Accounts Department shall pass the following entry:

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Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-20-(a)	Recoveries Payable- Others	Dr.	7,500		Cash Book, Ledger
450-10-(a)	To Cash Account	Cr.		500	
450-21-(a)	To Bank Account*	Cr.		7,000	

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Note: Recoveries Payable – Others may include voluntary deductions with respect to Insurance Premium deduction, deduction for Investment by Employees, deduction for Contribution to various Societies, Loan recovery for External Agencies, etc

Unpaid Salaries

14.8 If the salary remains unpaid to the employees, it shall be recorded in the Unpaid Salary Register maintained in Form ES-4. The register shall have the details for unclaimed salary as well as subsequent payment of salary. Cheques remaining unpaid and cash withdrawn for payment of salary remaining unpaid for a period of three (3) months shall be re-deposited in the Bank Account and the details recorded in the Unpaid Salary Register.

14.9 Recording of unpaid salaries (bank). In case cheques issued to the employees have not been encashed for three months or such other period as may be prescribed by the State / applicable acts, such cheques shall be cancelled. On cancellation of cheques, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account*	Dr.	1000		Bank Book, Ledger, Unpaid Salary Register
350-11-(a)	To Employee Liabilities – Unpaid Salaries	Cr.		1000	

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

14.10 Recording of unpaid salaries if cash is withdrawn but not collected by the employee. In case of salary payments by cash, if the amount has not been collected, the Accounts Department shall pass the following entries:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
Assuming that Rs. 500 is unpaid out of Rs. 7000 drawn and only Rs. 6500 has been paid, the entry for the payment would be:					

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350-11-(a)	Employee Liabilities -	Dr.	6500		Cash Book,
450-10-(a)	Net Salaries Payable To Cash	Cr.		6500	Ledger, Unpaid Salary Register
For depositing the cash lying in hand in respect of unpaid salary, the entry would be:					
450-21-(a)	Bank Account*	Dr.	500	500	Cash Book
450-10-(a)	To Cash	Cr.			
For recording the unpaid salary, the following entry shall be passed:					
350-11-(a)	Employee Liabilities -	Dr.	500		Journal Book,
350-11-(a)	Net Salaries Payable To Employee Liabilities – Unpaid Salaries	Cr.		500	Ledger, Unpaid Salary Register

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

14.11 Recording of payment of unpaid salaries. On payment of unpaid salaries, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-11-(a) 450-10-(a) 450-21-(a)	Employee Liabilities – Unpaid Salaries To Cash To Bank Account*	Dr. Cr. Cr.	700	100 600	Cash Book, Ledger, Unpaid Salary Register

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

The illustrative amount indicates that of Rs. 700 outstanding in Salaries Unpaid Account, Rs. 100 is paid in Cash and Rs. 600 is paid by cheque.

LOANS AND ADVANCES TO EMPLOYEES

Loans and Advances given

14.12 Recording of advances and loans to employees. ULB may grant loans (interest bearing or interest free) and advances (temporary, standing, etc.) to the employees. On payment of loans and advances by the ULB, the Register of Employee Loans / Advances (Form ES-2) shall be updated by the Accounts Department. These registers shall be maintained department-wise. For recording the payment of loans and advances to employees, the Accounts Department shall pass the following entries:.

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into

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For Advances given to employees					
460-10-(a) 450-21-(a)	Advance to Employees To Bank Account*	Dr. Cr.	10,000	10,000	Cash Book, Ledger, Register of Employee Advances
For Loans granted to employees					
460-10-(a) 450-21-(a)	Loans to Employees To Bank Account*	Dr. Cr.	10,000	10,000	Cash Book, Ledger, Register of Loans to Employees

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

14.13 The Accounts Department shall intimate the concerned department to update the respective Service Books for recording the loans and advances taken by the employees of that department.

Accrual of Interest on Loans provided to employees

14.14 Recognizing interest on loans and advances granted to the employees at the period- end. As per the terms and conditions of the loan agreement, interest is levied on the monthly outstanding balance of loans. The amount of interest accrued shall be communicated by the concerned department to the Accounts Department at the period-ends for which an entry shall be made in the Register of Interest on Loans to Employees (Form ES-3). On the basis of intimation received, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-40-(a)	Receivable from Other Sources- Interest due on Employee Loans	Dr.	1,000		Journal Book, Ledger, Register of Interest on Loans to Employees
171-20-(a)	To Interest on Loans and Advances to Employees	Cr		1,000	

(a) Insert Detailed Head Codes of Account as applicable

14.15 Recording of Penal Interest for non-payment of principal or interest installment. In case of default in either repayment of principal or payment of interest, penal interest shall be levied at the rates and in the manner prescribed. To record penal interest levied, the Accounts Department shall pass the entry passed in para 14.14 above.

Recovery of Loans and Advances

14.16 Normally as per the terms and conditions of service and loan agreement, recovery of the principal amount of loan assumes precedence over recovery of interest. Interest accrued for the intervening period, i.e., the period between the date of disbursement of loan and full repayment of loan shall be recognized as an asset, recoverable after the repayment of principal in full.

14.17 The Accounts Department shall update the Register of Employee Loans / Advances (Form ES-2) for the amount of advances and loans recovered. The entries for recovery of loans and advances every month from the Pay Bill, have already been described above in Para 14.7 (d).

Recovery of Interest accrued on Loans provided to employees

14.18 Recovery of interest installment. As per the terms and conditions of loan agreement, interest accrued and recognized, as an asset receivable shall be recovered in installments. The accounting entry for interest recovery from the monthly pay-bill has already been described in Para 14.7 (d) above.

PAYMENTS OTHERWISE THAN FROM PAY BILL

14.19 For various types of employee related payments such as leave travel concession, bonus & ex-gratia, overtime, medical reimbursement, hospitalization claim, suspension allowance, gratuity, leave salary, house rent reimbursement, etc., the concerned department shall send the approved Payment Order along with the supporting documents to the Accounts Department.

14.20 Recording of payments otherwise than from Pay Bill. On payment being made, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
210-(a) 450-10-(a) 450-21-(a)	Establishment Expenses- To Cash To Bank Account*	Dr. Cr. Cr.	10,000	4,000 6,000	Bank Book, Ledger

* Specify name of the Bank and Account number

(a) Insert Major & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

Note: Separate entry shall be passed for each of the Payment Order.

14.21 Upon payment, the Accounts Department shall immediately update the Function wise Expense Subsidiary Ledger maintained in Form GEN-34.

PROVIDENT FUND

Employees' Provident Fund Contribution

14.22 A deduction shall be made for employees' provident fund contribution from the salaries of the employees from the Pay Bill. The entry for this has already been described above in Para 14.7 (d).

14.23 Recording of transfer of money to Provident Fund Bank Account. The Accounts Department shall transfer the amount deducted as contribution from Main Bank Account to Provident Fund Bank Account and pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative Figures	Books to be Entered into
450-41-(a) 450-21-	Designated Bank Account* To Bank Account	Dr. Cr.	9,000	9,000	Bank Book ledger

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(b)					
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* Specify name of the Banks and Account number

(a) Insert Detailed Head Codes of Account as applicable

Payment of Provident Fund Contribution in respect of employees on deputation

14.24 Recording of payment of Provident Fund Contribution in respect of employees on deputation. Provident Fund Contribution deducted on behalf of State Government or other organizations/authorities from the salary of employees on deputation to the ULB shall be deposited with the relevant authority every month. On payment, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative Figures	Books to be Entered into
350-20-(a)	Recoveries payable - Provident Fund Contribution for Employees on Deputation	Dr.	1,000		Bank Book, Ledger
450-21-(a)	To Bank Account*	Cr.		1,000	

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Loans to Employees against Provident Fund

14.25 Recording of the loans granted against Provident Fund Contribution. As per the prescribed rules, the ULB may grant loans to the employees against balance standing to the credit of their Provident Fund account. On receipt of approved payment order, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-20-(a)	Employee Provident Fund Loans	Dr.	1,000		Bank Book Ledger
450-21-(a)	To Bank Account	Cr.		1,000	

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Recovery of Provident Fund Loan

14.26 A deduction shall be made for recovery of loan given from the provident fund, from the salaries of the employees from the Pay Bill. The entry for this has already been described above in para 14.7 (d).

14.27 Recording of transfer of money to Provident Fund Bank Account. The Accounts Department shall transfer the amount deducted towards recovery of provident fund loans from Main Bank Account to Provident Fund Bank Account and pass the following entry:

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Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-41-(a) 450-21-(a)	Designated Bank Account* To Bank Account	Dr. Cr	300	300	Bank Book

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Investments of Employees' Provident Fund Contribution

14.28 The Provident Fund money shall be invested as per the guidelines applicable to any Employee Provident Fund.

14.29 Investments made in respect of Provident Fund Contribution shall be entered in a Provident Fund Investment Register to be maintained in Form IN-1 (provided in Chapter 20 on Investments). The accounting procedures to be followed and the accounting entries to be passed in respect of investments of such moneys are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 20 on Investments.

Interest on Provident Fund

14.30 For recording interest shortfall. Interest, which is earned on Investments made out of the Provident Fund Reserve, will be credited to the Provident Fund Reserve as well as individual employees. In situations wherein the interest earned is lower than the stipulated. rate payable to the employees, the shortfall in payment of interest shall be made good by the ULB for which the Accounts Department shall pass the following entries:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
210-40-(a) 311-(b)	Other Terminal & Retirement Benefits– Provident Fund shortfall To Provident Fund	Dr. Cr.	100	100	Journal Book, Ledger
For transfer of money from Main Bank Account to the Provident Fund Bank Account					
450-41-(a) 450-21-(a)	Designated Bank Account* To Bank Account*	Dr. Cr.	100	100	Bank Book

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Withdrawal from Provident Fund

14.31 The balance standing to the credit of the employee's provident fund account may be withdrawn either at the time of employee's retirement or otherwise in accordance with the prescribed rules in this behalf.

14.32 The employee may, in accordance with the prescribed rules, withdraw the balance standing to the credit of his/her provident fund account during the continuation of his/her employment. On receipt of approved payment order (Form GEN - 14), the Accounts Department shall pass the following entries:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
For recognizing the provident fund contribution and interest due to an employee					
311-(a) 350-11-(b)	Provident Fund To Employee Liabilities – Provident Fund Payable	Dr. Cr.	150	150	Journal Book, Ledger
On payment					
350-11-(b) 450-41-(b)	Employee Liabilities – Provident Fund Payable To Designated Bank Account*	Dr. Cr.	150	150	Ledger

* Specify name of the Bank and Account number

(a) Insert Minor & Detailed Head Codes of Account as applicable

(a) Insert Detailed Head Codes of Account as applicable

14.33 When any employee ceases to be an employee of the ULB, the Provident Fund account of the employee shall be closed and he shall be paid the amount to the credit of his Provident Fund account (contribution, interest, etc.) from the Provident Fund Bank Account. The Accounts Department shall pass the entries referred in Para 14.24 above for recognition. of liability, for payment of provident fund dues and for payment of the amount determined from the Provident Fund Bank Account.

RETIREMENT BENEFITS

14.34 Retirement benefits for employees of ULB usually consist of:

- a. Pension;
- b. Gratuity; and
- c. Leave Encashment.

Pension

14.35 The pension would be payable at the time of their retirement either on superannuation or otherwise in accordance with the prescribed rules. Details of pension liability for each pensioner shall be maintained separately in Pension Register in Form ES-6. The ULB may pay pension directly or through a Fund established for this purpose

14.36 Payment of pension shall be made on the basis of the approved Pension Payment Order (PPO). The details of PPO shall be recorded in Pension Payment Order Register in Form ES-5.

Accounting for Pension

Direct Payment

14.37 If the pension amounts were directly paid without creation of a separate fund, the Accounts department shall pass the following entries for accrual of pension expenses and payment of the same.

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Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative Figures	Books to be Entered into
On creation of liability for pension					
210-30-(a) 350-11-(a)	Pension-Pension /Family Pension Expenses To Employee Liabilities –Pension Payable	Dr. Cr.	1,000	1,000	Journal Book, Ledger, Pension Register
On payment of commuted pension					
350-11-(a) 450-21-(a)	Employee Liabilities – Pension Payable To Bank Account*	Dr. Cr.	1,000	1,000	Ledger, Pension Register

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable.

Through Fund

14.38 The ULB shall, on a monthly basis, contribute a sum as determined by the State Government towards the Pension Fund. The contribution shall be recorded as an expense and charged to the Statement of Income and Expenditure and shall also be recognized as a liability.

Creation of Fund

14.39 For creation of Pension Fund. Every month, contribution to the Pension Fund shall be made for the employees on the payroll. For recognizing the liability in respect of Pension Fund contribution, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
210-30-(a) 311-(b)	Pension-Pension/Family Pension Expense To Pension Fund	Dr. Cr.	1,000	1,000	Journal Book, Ledger

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

14.40 For transfer of money to Pension Fund Bank Account. An amount equivalent to the contribution to Pension Fund shall be transferred from Main Bank Account to Pension Fund Bank Account. On transfer, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-(a) 450-21-(b)	Bank Account* To Bank Account*	Dr. Cr.	1,000	1,000	Bank Book, Pension Fund

* Specify name of the Bank and Account number

(a) Insert Major & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

Payment of Pension to Employees

14.41 On retirement, as per the prescribed rules, the employee may have a choice of taking his full pension either through monthly payments or by commuting a portion thereof payable at the time of retirement and the balance through monthly payments after retirement.

Commuted Pension

14.42 On commutation of pension. On the basis of approved Pension Payment Order (Form ES-5), on payment of Commuted Pension, the Accounts Department shall pass the following entries:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
On creation of liability for commutation of pension					
311-(a) 350-11-(b)	Pension Fund To Employee Liabilities -Pension	Dr. Cr.	1,00	1,00	Journal Book, Ledger, Pension Register
On payment of commuted pension					
350-11-(b) 450-41-(b)	Employee Liabilities – Pension Payable To Designated Bank Account*	Dr. Cr.	1,00	1,00	Ledger, Pension Register

* Specify name of the Bank and Account number

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

Uncommuted Pension

14.43 Recording of payment of uncommuted pension. A Pension Pay Bill shall be prepared for making monthly pension payment to the individual pensioners. On receipt of approved Pension Pay Bill, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
311-(a) 450-41-(a)	Pension Fund To Designated Bank Account*	Dr. Cr.	500	500	Pension Fund Cash Book, Ledger, Pension Register

* Specify name of the Bank and Account number

- (a) Insert Minor & Detailed Head Codes of Account as applicable
(b) Insert Detailed Head Codes of Account as applicable

Pension Fund deficit

14.44 An amount equivalent to the deficit in the Pension Fund, i.e., the amount by which the Pension Fund is inadequate to pay pension to the pensioners, shall be transferred from the Main Bank Account to the Pension Fund Bank Account. On transfer of funds, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-41-(a) 450-21-(a)	Designated Bank Account* To Main Bank Account*	Dr. Cr.	200	200	Bank Book, Pension Fund Cash Book

* Specify name of the Bank and Account number

- (a) Insert Detailed Head Codes of Account as applicable

14.45 The shortfall in the Pension Fund Bank Account, which is met by way of transfer from the Main Bank Account, shall be treated as an expense of the accounting period in which such transfer is made. For this, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
210-30-(a) 311-(b)	Pension-Pension Fund Deficit Contribution To Pension Fund	Dr. Cr.	200	200	Cash Book, Pension Fund Cash Book

- (a) Insert Detailed Head Codes of Account as applicable
(b) Insert Minor & Detailed Head Codes of Account as applicable

Employees on Deputation

14.46 On payment of pension contribution in respect of employees on deputation at ULB. In respect of State Government employees or employees of other organisations/authorities, who have been deputed to the ULB, if pension contribution is payable by the ULB, to the concerned authorities, the Accounts Department shall pass the following entry on payment:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount(Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be Entered into
210-30-(a) 450-21-(a)	Pension-Pension Contribution Employees on Deputation To Bank Account*	Dr. Cr.	200	200	Bank Book, Ledger

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

GRATUITY AND LEAVE ENCASHMENT

14.47 The ULB may form separate funds for Gratuity and Leave Encashment as per the rules prescribed by the State Government in this behalf. The ULB shall make contribution to the Fund at the rates prescribed by the State Government in this behalf..

14.48 For recognizing the liability in respect of contribution to the fund, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
210-40-(a)	Other Terminal Expenses – Leave Encashment	Dr.	1,000		Journal Book, Ledger
210-40-(a)	Other Terminal Expenses- Gratuity Expense	Dr.	500		
311-(b)	To _____ Fund	Cr.		1,500	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

14.49 The procedure and the accounting entries in respect of transfer of money to the fund bank account, payments from the fund, etc. shall be similar to as discussed above in respect of Pension Fund.

Direct Payment

14.50 If the gratuity and leave encashment amounts were directly paid without creation of a separate fund, the Accounts department shall pass the following entries for accrual of pension expenses and payment of the same.

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
On creation of liability for gratuity and leave encashment					
210-40-(a)	Other Terminal Benefits –Leave Encashment	Dr.	1,000		Journal Book, Ledger,
210-40-(a)	Other Terminal Benefits Gratuity Expenses	Dr.	500		
350-11-(a)	To Employee Liabilities - Gratuity	Cr.		1,000	
350-11-(a)	To Employee Liabilities - Leave Salary	Cr.		500	
On payment of liability for gratuity and leave salary payable					
350-11-(a)	Employee Liabilities – Leave Salary	Dr.	1,000		Journal Book, Ledger,
		Dr.	500		
350-11-(a)	Employee Liabilities - Gratuity	Cr.		1,000	
450-41-(a)	To Bank Account	Cr.		500	

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable.

Employees on Deputation

14.51 On payment of Leave Encashment contribution in respect of Employees on deputation at ULB. In respect of State Government employees or employees of other organizations /authorities, who have been deputed to the ULB and if leave encashment contribution is payable by the ULB to the concerned authorities, on payment, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be Entered into
210-40-(a)	Other Terminal Benefits – Leave Salary Contribution for Employees on Deputation To Bank Account*	Dr.	200		Bank Book, Ledger
450-21-(a)		Cr.		200	

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

INVESTMENT OF RETIREMENT BENEFITS FUNDS

Investment of Pension Fund

14.52 Investments made in respect of Pension Fund shall be entered in a Pension Fund Investment Register to be maintained in Form IN-1 (provided in Chapter 20 on Investments). The accounting procedures to be followed and the accounting entries to be passed in respect of investments of such moneys are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 20 on Investments.

Investment of Other Retirement Benefits Fund

14.53 Investments made in respect of other retirement benefits funds including gratuity and leave encashment shall be entered in a separate Investment Register to be maintained in Form IN-1 (provided in Chapter 20 on Investments). The accounting procedures to be followed and the accounting entries to be passed in respect of investments of such moneys are similar to those followed in respect of other investments, as described in Chapter 20 on Investments.

ACCOUNTING IN RESPECT OF TRUSTS FORMED BY THE ULB

14.54 The ULB may form Trusts for management of provident fund, pension fund, gratuity fund, leave encashment fund and other retirement benefits funds as per the guidelines of the State Government in this behalf.

14.55 In case Trusts are formed, the ULB shall transfer its contribution to the Trusts as per the prescribed dates. For recording the transfer of its contribution to the Trusts, the Accounts Department shall pass the following entry:

Code of account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative Figures	Books to be Entered into
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311-(a)	Provident Fund*	Dr.	9,000		
210-30-	Pension- Pension/Family	Dr.	1,000		
(b)	Pension				
210-40-	Other Terminal &	Dr.	1,000		
(b)	Retirement				
210-40-	Benefits -Leave Encashment	Dr.	500		
(b)	Other Terminal &				
210-40-	Retirement	Cr.		11,500	
(b)	Benefits – Gratuity Expense				
450-21-	To Bank Account**				
(b)					

* Provident Fund contribution deducted from the monthly salaries of the employees, as shown under Para 14.7 (d), should be transferred to the Trust as per the prescribed dates.

** Specify name of the Bank and Account number

- (a) Insert Minor & Detailed Head Codes of Account as applicable
- (b) Insert Detailed Head Codes of Account as applicable

14.56 The Trusts shall manage the funds transferred to it by the ULB. It shall invest the funds as per the rules prescribed by the State Government in this behalf

14.57 The Trust shall maintain books of accounts to record transactions in respect of funds received by it from the ULB, the funds invested by it, the payments made to the employees, the interest received on the investments made, etc. The accounting entries to be passed by the Trusts would be similar to as discussed above under the section 'Provident Fund' and 'Retirement Benefits'. It may be noted here that the ULB shall only record the entry as discussed in Para 14.53 and all subsequent accounting entries would be passed by the Trust in its books of accounts.

14.58 At the end of the accounting period, the Trusts shall prepare financial statements in respect of the funds managed by it. A copy of the financial statements shall be provided to the ULB by the prescribed dates. The ULB shall attach these to the financial statements of the ULB.

INTERNAL CONTROLS

14.59 The following internal controls shall be observed by the ULB:

- a. Separate Pay Bills shall be prepared by each DDO.
- b. Consolidation of Pay Bills of DDO shall be made Department wise and Department bills are consolidated for ascertainment of ULB level information..
- c. Consolidated paybill summary shall be checked with previous month for ensuring all DDO and departments bills are included.
- d. A monthly reconciliation shall be carried out by the Head of the Accounts Department and the Head of Establishment Department in respect of loans and advances outstanding between the balances in the Ledger Accounts maintained at the Accounts Department and the Register of Employee Advances and Register of Loans to Employees. Further, at the period-end, the Head of the Accounts Department shall ensure that accounting entry for recording income in respect of interest accrued on loans provided to employees has been passed.
- e. Every month, the Head of the Accounts Department shall ensure timely remittance of the various deductions made from the employees' salaries in the Pay Bill to the concerned authorities.
- f. The Head of the Accounts Department shall ensure that the total establishment expenditure incurred and recorded in the Functional Expense Subsidiary Ledger reconciles with the

- balance as per the respective Establishment Expense Ledger Account. The Subsidiary Ledger shall record total establishment expenses incurred, including that paid through Pay Bill.
- g. Every month, the Head of the Accounts Department or other officers of the ULB designated by him shall verify that Provident Fund and Pension Fund contribution deducted for the employees on deputation have been deposited with the concerned authorities.
 - h. At every year-end, the Head of the Accounts Department or other officers of the ULB designated by him shall verify whether interest received or receivable on the provident fund investment is less than the statutory liability for interest payment to employees on their balance in the provident fund reserve account, and if so, ensure that the difference of interest payable is provided for and to that extent amount has been transferred from Main Bank Account to Provident Fund Bank Account.
 - i. The Head of the Accounts Department or other officers of the ULB designated by him shall ensure that payment of pension and other retirement benefits to the employees at retirement should be made from the Pension Fund and other retirement benefits funds created by the ULB
 - j. All the pension payments shall be made only from the Pension Fund Bank Account. To the extent of difference/deficit in the Pension Fund, an amount equivalent to the deficit shall be transferred from the Main Bank Account to the Pension Fund Bank Account. The transfer shall be made before making payment to the pensioners from the Pension Fund Bank Account..
 - k. The Head of the Accounts Department shall ensure that whenever the entries in para 14.7 (d) is passed, the equivalent amount of money in respect of deduction of provident fund contribution and provident fund loan is simultaneously transferred from the Main Bank Account to the Provident Fund Bank Account.
 - l. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

14.60 All Reconciliation Statements shall be certified by Head of the Accounts Department.

PRESENTATION IN FINANCIAL STATEMENTS

14.61 The various heads of account used for the accounting of Employee Related Transactions shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

14.62 The Schedules of Income and Expenditure Statement in respect of Employee Related Transactions are presented below.

Schedule I-8: Schedule of Interest Earned

Code No	. Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
171-20-(a)	Interest on Loans and advances to Employees		
Total Income earned from Employees to be shown Interest Earned Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-9: Schedule of Other Income

Code No	Heads of Account	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
180-40-(a)	Recovery from Employees		
Total Income earned from Employees to be shown Other Income Schedule			

(a) Insert Detailed Head Codes of Account as applicable

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Schedule I-10: Establishment Expenses -Expense head wise

Code No	Heads of Account	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
210-10-(a)	Salaries, Wages and Bonus		
210-20-(a)	Benefits and Allowances		
210-30-(a)	Pension		
210-40-(a)	Other Terminal & Retirement Benefits		
Total Expense of Employees to be shown as part of establishment expenses– expense head wise Schedule			

(a) Insert Detailed Head Codes of Account as applicable.

Note: Details of any other establishment expenses incurred, which has not been specifically disclosed above, shall be collated and disclosed as Other Administrative expenses, provided the expense incurred does not exceed the disclosure limits prescribed in this Accounts Manual.

14.63 The Balance Sheet Abstracts in respect of the Employee Related Transactions are presented below.

Schedule B-2: Schedule of Earmarked Funds

Schedule B – 2: Special Funds

Amount in Rs.

Particulars	Pension Fund	General Provident fund
(a) Opening Balance		
(b) Additions to the Special Fund		
(i) Transfer from Municipal Fund		
(ii) Interest/Dividend earned on Special Fund Investments		
(iii) Profit on disposal of Special Fund Investments		
(iv) Appreciation in Value of Special Fund Investments		
(v) Other addition (Specify nature)		
Total (b)		
Total (a+b)		
(c) Payments out of funds		
(i) Capital expenditure on Fixed Assets*		
Others		
Sub –total		
(ii) Revenue Expenditure on		
Salary, Wages and allowances etc.		
Rent		
Other administrative charges		
Sub –total		
(iii) Other:		
Loss on disposal of Special Fund Investments		
Diminution in Value of Special Fund Investments		
Transferred to Municipal Fund		
Sub –total		
Total of (i+ii+iii) (c)		
Net balance at the year end – (a+b)-(c)		
Grant Total of Special Funds		

Note: All funds are to be shown as separate fund either in the schedule or in a separate schedule with the corresponding indication in the balance sheet under “Funds” on liability.

Additions during the year:

- a. Addition to Pension Fund would be out of the "Transfer to Funds" from Income and Expenditure Account as per the accounting principles.

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b. Addition to General Provident and Contributory Provident Fund are the deductions from salary.

c. Interest from investments of Funds would be added to respective Funds.

Deductions during the year

a. Deductions from Pension Fund means payments made on account of Pension/Family pension

b Deduction from Gross Provident Fund/Contributory Provident Fund - Advances/Withdrawals.

Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)

Code No	Particulars	Pension Fund	General Provident fund
1	2	3	4
350-11-(a)	Employee Liabilities –Gross Salaries payable		
350-11-(a)	Employee Liabilities –Salaries Unpaid		
350-11-(a)	Employee Liabilities –Net Salaries Payable –Pension payable		
350-11-(a)	Employee Liabilities –Provident Fund Payable		
350-11-(a)	Recoveries payable -Provident Fund Contribution for Employees on Deputation Payable		
350-11-(a)	Recoveries payable -Investment by Employees Payable		
350-11-(a)	Recoveries payable –Contribution to Societies Payable		
350-11-(a)	Recoveries payable -Loan Recovery for External Agencies Payable		
350-11-(a)	Recoveries Payable -TDS from Employees		
350-20-(a)	Recoveries Payable Profession Tax Payable		
350-20-(a)	Recoveries Payable Insurance Premium Payable		
350-20-(a)			
Total			

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-17: Schedule of Cash and Bank Balances

Code No	Particulars	Pension Fund	General Provident fund
1	2	3	4
450-10-(a)	Cash		
450-21-(a)	Bank Account		
450-41-(a)	Designated Bank Account		
Total			

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-18: Schedule of Loans, advances and deposits

Code No.	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
460-10-(a)	Loans and advances to employees				
460-20-(a)	Employee Provident Fund Loans				
	Total				
461-(b)	Less: Accumulated Provisions against Loans, Advances and Deposits				
	Net total of Receivables from Employees				

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

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Form ES- 1

_____ *Name of the ULB*

**CONSOLIDATED PAY BILL SUMMARY ROLL OF THE PERMANENT/ TEMPORARY
ESTABLISHMENT**

FOR THE MONTH OF _____

Serial No.	Section of establishment	Substantive pay (Personal pay or special pay, if any, should also be shown in this column as a separate entry below substantive pay)	Leave Salary	Officiating pay	Compensatory or other allowances	Total
		Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7

Pay, officiating pay or leave salary held over for future payment	Deductions			Miscellaneous Recoveries (Fines and advances, house rent, etc.)	Net amount payable	Remarks	Date of receipt of bill
	Income Tax	Provident Fund Subscription	Other deductions *				
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
8	9	10	11	12	13	14	15
*Please specify the nature of Deduction							
Total							
(in words).							

Form ES- 2

_____ *Name of the ULB*

REGISTER OF EMPLOYEE LOANS/ ADVANCES

FOR THE YEAR 20 ____ to 20 ____

Month	Particulars	Voucher	Amount	Monthly	Repayments or adjustments
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and date and name of the employee	of advance	or receipt number		Total	April	May	June	July	Aug	Sept
			Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9	10	11

Repayments or adjustments						Total Repayment for the year **	Date and voucher number of repayment/ adjustment	Balance remaining unadjusted at the end of the year	Remarks
Oct	Nov	Dec	Jan	Feb	March				
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.	
12	13	14	15	16	17	18	19	20	21
Entered By :# _____						Checked By :# _____			

** Total repayment in Column 18 shall be the sum total of Columns 6 to 17

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 ES- 3

_____ *Name of the ULB*

REGISTER OF INTEREST ON LOANS TO EMPLOYEES

FOR THE YEAR 20 __ to 20__

Name of Employee	Particulars of Loans	Opening Cumulative Accrued Interest	Interest Accrued during the Quarters				Total Interest Accrued during the year	Total Cumulative Accrued Interest	Repayments or Adjustments *		
			Quarter I	Quarter II	Quarter III	Quarter IV			April	May	June
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9	10	11	12
							(4+ 5+ 6+ 7)	(3+ 8).			

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Repayments or Adjustments *									Total Interest Recovered during the year **	Balance remaining unadjusted at the end of the year***	Remarks
July	August	September	October	November	December	January	February	March			
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
13	14	15	16	17	18	19	20	21	22	23	24
										(9- 22)	

Entered By :# _____

Checked By :# _____

**** Column 22 shall be sum total of columns 10 to 21**

*** Balance in Column 23 at the end of the accounting year shall be the opening balance of Column 3 in the next year

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 ES- 4

_____ *Name of the ULB*

UNPAID SALARY REGISTER FOR THE YEAR 20__ to 20__

Payments					
Date	Serial No. of credit	Name of person	On what account	Amount (Rs.)	Initials of Authorised Officer
1	2	3	4	5	6
Payments					
Date	Serial No. of payment	Name of person	Amount(Rs.)	Acquittance of payee	Initials of Authorised Officer
7	8	9	10	11	12
<div style="display: flex; justify-content: space-between;"> Entered By :* _____ Checked By :* _____ </div>					

**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 ES- 5

_____ *Name of the ULB*

REGISTER OF PENSION PAYMENT ORDER

Number of Pension Payment Order	Name of Pensioner	Monthly amount (Rs.)	Remarks
1	2	3	4

Entered By :* _____
Checked By :* _____

** 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 ES- 6

_____ *Name of the ULB*

PENSION REGISTER

Name of Pensioner _____

Orders sanctioning the pension _____

Month	20__ to 20__			20__ to 20__			20__ to 20__			20__ to 20__			Remarks
	Date of payment	Voucher No.	Initials of Authorized Officer	Date of payment	Voucher No.	Initials of Authorised Officer	Date of payment	Voucher No.	Initials of Authorised Officer	Date of payment	Voucher No.	Initials of Authorised Officer	
1	2	3	4	5	6	7	8	9	10	11	12	13	14
April ..													
May ..													
June ..													
July ..													
August ..													
September ..													
October ..													
November ..													
December ..													
January ..													
February ..													
March ..													
<div style="display: flex; justify-content: space-between;"> Entered By :* _____ Checked By :* _____ </div>													

** 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*

CHAPTER

15

HEALTH AND SANITATION

CHAPTER 15

HEALTH & SANITATION

INTRODUCTION

15.1 This chapter contains the recommended accounting system for transactions relating to health and sanitation activities in the Urban Local Body (ULB).

15.2 The Health Department is primarily involved in operating the hospitals, dispensaries & maternity homes and in monitoring sanitation and other public health related activities, within the limits of the ULB.

15.3 The main sources of incomes earned by the Health Department are as follows:

a. Fees and User Charges (accounted under Code of Account -)

- Fees from Medical Institutions
- Registration Fees for Patients
- Recovery of Cost of Medicines
- Examination Charges [X -Rays, Tests, Ultra-Sound, etc.]
- Ambulance Charges
- Funeral/Hearse Van Services
- License fees from Butchers and Traders of Meat
- Meat and Poultry Trade Licensing Fees, etc.
- Disposal Charges (Solid Waste).

b. Sale & Hire Charges (accounted under Code of Account -)

- Sale of Garbage/Manure

15.4 Besides incurring the usual administrative expenses such as establishment expenses, printing, stationery, office expenses, etc., the Health Department incurs expenses related to its Health and Sanitation functions. Following is an illustrative list of the expenses incurred in respect of the Health Department:

a. Sanitation related expenses

- Solid Waste Management related expenses
 - City cleaning and sweeping
 - Garbage clearance
 - Dumping ground maintenance
- Repairs and Maintenance – Solid Waste Management related expenses
 - Dustbin repairs and maintenance
 - Cattle-shed maintenance
 - Crematoria operation and maintenance

- Own Programmes
- Consumption of Health Stores – Solid Waste Management, etc.
 - Purchase of cleaning material
 - Insecticides and pesticides
 - Insecticides and pesticide spraying
- b. Hospitals and Dispensaries related
 - Medical related expenses,
 - Testing & inspection fees,
 - Repairs and Maintenance – Medical/Health related assets,
 - Consumption of Medical Stores, etc.
- c. Public Health programme/scheme related
 - Health Program related expenses,
 - Family welfare expenses
 - Pulse polio vaccination expenses
 - School children health program related expenses
 - Aids awareness expenses, etc..

ACCOUNTING PRINCIPLES

15.5 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to health and sanitation:

- a. Revenue in respect of the following shall be recognised on actual receipt.
 - i. Hospital fees, maternity homes fees, diagnostic centre fees and dispensaries fees
 - ii. Hospital training fees
 - iii. Rent and/or hire charges in respect of ambulance, hearse, suction unit, meat van and road roller
 - iv. Sale of fertilisers and waste, sale of animals and sale of scrap.
- b. Revenue in respect of Trade License Fees shall be accrued in the year to which it pertains and where the demand is raised based on applicable Acts of the state.
- c. Revenue in respect of rent of equipment provided to the contractors, deducted from their bills, shall be recognised as and when the deductions are made.
- d. All revenue expenditures incurred shall be recognised on admission of the bills for payment by the ULB.

- e. Provision shall be made at the year-end for all bills received up to a cutoff date (30 th April of the next financial year). However, the State Governments, depending on practicality and materiality involved can decide on this.

ACCOUNTING RECORDS & PROCEDURES

15.6 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Health & Sanitation. For the purposes of accounting of Health & Sanitation all the forms applicable, are generally applicable in respect of the transactions of the ULB including in respect of Health & Sanitation.*

ACCOUNTING FOR INCOME AND OTHER RECEIPTS

Medical Fees

15.7 The procedure to be followed for the collection and accounting of medical fees shall be as follows:

- a. The collection in respect of the medical fees shall be made at the respective units (i.e. Hospitals, Dispensaries, Maternity Homes, etc.). A Receipt (Form GEN-8) or pre-denominated tokens shall be issued to the person making the payment at the respective units.
- b. The amount collected by the units shall be deposited in a Designated Bank Account or forwarded to the Ward Office or to the Accounts Department.
- c. The procedures for cash/cheque collection, remittance and/or deposit have been described in Chapter 5 - General Accounting Procedures, reference to which is invited. These procedures should be followed for Health and Sanitation related transactions.
- d. Recording of collection of medical fees. On the basis of the Summary of Daily Collection (Form GEN-12) received from the various entities, i.e., Units, Ward Offices, Health Department, etc., the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 140- (b)	Bank Account* To _____ Charges**	Dr. Cr.	10,000	10,000	Cash Book, Ledger

* Specify name of the Bank and account number

(a) Specify the Detailed head codes of account as applicable

(b) Insert Minor & Detailed Head Codes of account as applicable.

Note: The postings in the Ledger Account of “_____ Charges” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

Hospital Training Fees

15.8 Recording of collection of hospital training fees. Hospital training fees are charges from medical colleges for granting internship facilities to their students in the hospitals owned by the ULB. The procedure followed for collection of hospital training fees shall be the same as described above for the collection of medical fees. To record the collection of hospital training fees, the Accounts Department shall pass the entry referred to in Para. 15.7 (d).

Trade License Fees

15.9 The income in respect of trade license fees shall be recognized on accrual basis. It shall be accrued in the year to which it pertains and where the demand is raised based on applicable Acts of the State.

15.10 The procedure and accounting entries in respect of demand raised for trade license fees, collections made, provisioning for unrealised fees, etc. shall be similar to as described under section 'Accounting for Incomes to be accounted on Accrual Basis' in Chapter 11 – Rentals, Fees, and Other Incomes.

Other Incomes

15.11 The other incomes pertaining to the health and sanitation related activities such as ambulance rent, suction unit rent, dumping ground charges, etc., shall be accounted for in the manner as has been described under section 'Accounting for Other Incomes to be accounted on Actual Receipt Basis' in Chapter 11 - Rentals, Fees, and Other Incomes.

EXPENDITURES PERTAINING TO HEALTH AND SANITATION

15.12 The accounting for expenditures pertaining to hospitals, dispensaries, sanitation, scavenging, etc., shall be similar to that described in Chapter 12 – Public Works (for expenditure incurred through awarding of contracts to outside parties for carrying out certain activities), Chapter 13 - Stores (for expenditure incurred on purchase of stores such as medicines, insecticides, pesticides, etc.) and Chapter 16 –Other Revenue Expenditures in respect of all other expenditures pertaining to health and sanitation related activities.

15.13 At the period-end, the Health Department shall ensure that all the bills received in respect of expenses incurred before the last date of the accounting period, are processed and forwarded to the Accounts Department for accounting by 30 th April of the next financial year if the accounting period is a financial year and in other cases in 15 days from the end of the accounting period..

INTERNAL CONTROLS

15.14 The following internal controls shall be observed by the ULB in respect of health and sanitation related transactions:

- a. A quarterly reconciliation shall be carried out by the Head of the Accounts Department and the Head of the Health Function in respect of the amount collected under the various heads based on the balances standing in the Functional Income Subsidiary Ledger (Form GEN-33) in respect of Fees & User Charges and Sale & Hire Charges relating to Health Function maintained at the Accounts Department and the Collection Register (Form GEN-11) maintained at the Health Department.
- b. The officers designated by the ULB for operating the Designated Hospital Bank Account shall co-ordinate with the banks on a daily basis and ascertain the status of the cheques deposited by them.
- c. The Head of the Accounts Department shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure.
- d. The Head of the Accounts Department shall ensure that all the bills/invoices were journalised before release of the payments.

- e. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

15.15 All Reconciliation Statements shall be certified by the Head of the Accounts Department and verified by the Municipal Chief Auditor.

PRESENTATION IN THE FINANCIAL STATEMENTS

15.16 The various heads of accounts used for the accounting of Health and Sanitation related transactions shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

15.17 The Schedules of Income and Expenditure Statement in respect of Health and Sanitation related income and expenses are presented below..

Schedule I-4: Schedule of Income from Fees & User Charges – Income head-wise

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
140-10-(a)	Empanelment & Registration Charges- Patients		
140-40-(a)	Other Fees- Health Fees		
140-50-(a)	User Charges-Medicines		
140-50-(a)	User Charges-Examination Charges		
140-50-(a)	User Charges-Ambulance		
Total income of Health & Sanitation to be shown as part of Fees & User Charges – Income head-wise Schedule			

(a) Specify the Detailed head codes of account as applicable

Schedule I-5: Schedule of Income from Sale & Hire Charges – Income head-wise

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
150-11-(a)	Sale of Forms		
150-41-(a)	Hire Charges of Equipment – Medical Equipment		
Total income of Health & Sanitation to be shown as part of Sale & Hire Charges – Income head-wise Schedule			

(a) Specify the Detailed head codes of account as applicable

Schedule I-12: Schedule of Operations & Maintenance – Expenditure head-wise

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
230-51-(a)	Repairs & maintenance - Civic Amenities		
230-52-(a)	Repairs & maintenance – Hospital Buildings		
230-53-(a)	Repairs & maintenance – Health Vehicles		
230-59-(a)	Repairs & maintenance – Others		

Total expense of Health & Sanitation to be shown as part of Operations & Maintenance Expenses Schedule		
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(a) Specify the Detailed head codes of account as applicable

Schedule I-14: Schedule of Programme Expenses

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
250-20-(a)	Own Programmes		
250-30-(a)	Share in Programmes of others		
Total expense of Health & Sanitation to be shown as part of Program Expenses Schedule			

(a) Insert the Detailed head codes of account as applicable.

15.18 The Balance Sheet Abstract in respect of Health & Sanitation Expense is presented below:

Schedule B-17: Schedule of Cash and Bank Balances

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450-10-(a)	Cash		
450-21-(a)	Bank Account		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

CHAPTER 16

OTHER REVENUES EXPENDITURES

CHAPTER 16

OTHER REVENUES EXPENDITURES

INTRODUCTION

16.1 This chapter contains the recommended accounting system for transactions relating to revenue expenditures other than the employees related expenses, the Public Works and the Stores. The expenditures discussed in this chapter are those in respect of which the benefits expire in a short period of time, i.e., less than one year.

16.2 The revenue expenditures discussed in this chapter could illustratively include:

a. Administrative Expenses

- Books and Periodicals, Newspapers
- Legal expenses
- Fuel
- Printing
- Stationery
- Advertisement and publicity
- Service Postage / Stamps
- Electricity and power
- Telephone and communication expenses
- Rent, Rates and Taxes
- Suit Compromises.
- Professional and other Fees/charges
- Insurance charges
- Hospitality expenses
- Training expenses
- Computer related expenses (Revenue Expenses)
- Any other expenses, etc.

b. Programme Expenses

- Election Expenses
- Own Programmes
- Share in Programmes of others
- Census Expenses; etc

c. Miscellaneous Expenses

- Miscellaneous contingent expenses
- Women and Child Welfare Expenditure
- Backward Class Expenditure; etc.

16.3 Payment in respect of all the expenses incurred or borne by the ULB shall be made centrally by the Accounts Department. However, payment for certain categories of expenses, may be made from the Permanent Advance granted to a Head of the Department as resolved by the ULB or from the advance provided to the employees of the ULB.

16.4 Permanent Advance refers to those advances, which are granted to the Heads of the Departments for incurring certain specific expenditure, usually of a minor nature involving payments of small amounts, subject to bye-laws framed by the ULB in this behalf.

16.5 The ULB may also grant Miscellaneous Advance for incurring expenditure to the employees of the ULB. Such advances are expected to be settled immediately after the purpose for which they were sanctioned has been fulfilled..

ACCOUNTING PRINCIPLES

16.6 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Other Revenue Expenditures:

- a. Other Revenue Expenditures shall be treated as expenditures in the period in which they are incurred.
- b. Provision shall be made at year-end for all bills received upto a cut off date (30 th April of next financial year). However, state governments, depending on practicality and materiality involved can decide on this.
- c. 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.
- d. 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.

ACCOUNTING RECORDS & PROCEDURES

16.7 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Other Revenue Expenditures. For the purposes of accounting of Other Revenue Expenditures all the forms applicable, are the ones generally applicable in respect of the transactions of the ULB.*

16.8 The concerned department, on receipt of bill or invoice for goods purchased or services received, shall prepare a Payment Order in Form GEN-14 and forward it to the Accounts Department for payment.

16.9 On receipt of the Payment Order, the Accounts Department shall enter the particulars thereof in a Register of Bills for Payment (Form GEN-13).

16.10 The procedure to be followed for approval and accounting of payment of expenditure is the same as provided in Chapter 5 on General Accounting Procedures..

16.11 Recording payment of expenditure. With regard to the payment made towards an expenditure, the benefit of which is likely to expire within a financial year in which it is incurred, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-(a)	_____ Expenses**	Dr.	25,000		Bank Book, Ledger
230-(a)	_____ Expense**	Dr.	15,000		
271-(a)	_____ Expense**	Dr.	10,000		
450-21-(b)	To Bank Account*	Cr.		50,000	

* Specify name of the Bank and Account number

** Specify the appropriate expense head.

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

Note: The postings in the Ledger Account of “_____ Expenses” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever the cash or the bank account is involved, there will be no entry in the Journal Book.

16.12 The Accounts Department shall maintain a Functional Expense Subsidiary Ledger in Form GEN-34 for each function in which various administrative expenditure incurred by a function shall be recorded on a daily basis. On payment of administrative expenditure, the Accounts Department shall immediately update the Functional Expense Subsidiary Ledger. The procedure for updating Subsidiary Ledger has been provided in Chapter 5 – General Accounting Procedures, reference to which is invited.

TREATMENT OF EXPENSES INVOLVING AN ELEMENT OF PREPAYMENT

16.13 In case of expenses for which payment is made in one accounting period and the benefit is likely to be received in the period within which the payment is made as well as the next period, the accounting entries shall be as explained below. This is illustrated with reference to rent payment.

16.14 Suppose the rent is payable in advance for a calendar year, e.g., January 2004 to December 2004. The bill for this is received in the month of November 2003. The portion in respect of January 2004 to March 2004 will pertain to the financial year 2003-2004. The portion in respect of April 2004 to December 2004 will pertain to the financial year 2004-2005..

16.15 Recordings of payment say in November 2003. The Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-10-(a)	Rent, Rates & Taxes	Dr.	48,000		Bank Book,

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450-21-(a)	To Bank Account*	Cr.		48,000	Ledger**
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* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

16.16 Recording of adjustment of prepaid rent. Immediately on expenditure being incurred, the amount of rent paid in advance shall be determined for recording the prepaid rent. For adjusting the rent paid for April 2004 to December 2004, i.e., for the next financial year, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
440-20-(a)	Prepaid Expenses – Administration	Dr.	36,000		Journal Book, Ledger
220-10-(a)	To Rent, Rates & Taxes	Cr.		36,000	

(a) Insert Detailed Head Codes of Account as applicable

Note: This entry shall be passed only if the prepaid amount is ascertainable at the time of recording expenditure. If such amount is not ascertainable at the time of recording of expenditure, the same shall be ascertained at the period-end and recorded then.

16.17 Recording of rent expense in next year. In the financial year 2004-2005, in April 2004, the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-10-(a)	Rent, Rates & Taxes To Prepaid Expenses – Administration	Dr.	36,000		Journal Book, Ledger
440-20-(a)		Cr.		36,000	

(a) Insert Detailed Head Codes of Account as applicable

16.18 By passing the entries in the above manner, the following shall happen:

- Rent expense for the year 2003-2004 shall be shown as at Rs. 12,000 (Rs. 48,000 less Rs. 36,000).
- Prepaid rent of Rs. 36,000 shall be carried forward in the Balance Sheet as at 31st March 2004 and shown as an asset.
- Rent expense for the year 2004-2005 shall be shown at Rs. 36,000 as far as it relates to the payment made in November 2003.
- For the payment made during financial year 2004-2005, similar entries as above would need to be passed. It is likely that a further Rs. 12,000 shall be treated as an expense in the financial year 2004-2005 and therefore, the total rent for the financial year 2004-2005 shall be Rs. 48,000 (Rs. 36,000 paid in previous year plus Rs. 12,000 paid in the year 2004-2005).

16.19 All other expenses shall be treated in a similar manner.

16.20 Most expenses which are payable on a time basis shall be treated in the above manner. In case of expenses of a sporadic nature, if the entire service has not been received in the year of

payment, an estimate would need to be made at the end of the financial year to carry forward the unexpired portion of the benefit or service to the next financial year.

ACCRUED EXPENDITURE

- 16.21 There may be instances of expenditures, which pertain to a particular accounting period in respect of which the bills have been received but may not have been admitted for payment by the ULB. These shall be provided at the end of an accounting period to fully reflect the revenue expenditures incurred in that period.
- 16.22 For this, at the end of the accounting period, each of the departments shall collate the details of the accrued expenditure from the bills received during or after the accounting period but pertaining to the accounting period and remaining unpaid at the end of the accounting period. The said information shall be collated in Form GEN-28 by 30th April of the next financial year where the accounting period is a financial year and in other cases in 15 days from the end of the accounting period.
- 16.23 The portion of a bill representing accrued liability in respect of an accounting period shall be accounted for in that period's books, irrespective of the fact that it has been received in the next accounting period..
- 16.24 Recording of Accrued Expenditure. For recording the accrued expenditure, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-(a)	_____ Expenses*	Dr.	2,00,000		Journal Book, Ledger
360-10-(b)	To Provision for Expenses	Cr.		2,00,000	

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

- 16.25 Payment of Accrued Expenditure. In the next accounting period, upon payment of accrued expenditure, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
360-10-(a)	Provision for	Dr.	2,00,000		Cash Book, Ledger
450-21-(a)	Expenses To Bank Account*	Cr.		2,00,000	

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

- 16.26 Suppose the bill in respect of legal fees of Rs. 10,000/- payable for the months of March 2004 and April 2004 is received at the end of April 2004 with the expenditure for the month of April being separately quantified at Rs. 5,000/-.

- c. Recording the liability. For the accrued expenditure, the Accounts Department shall pass the following entry for legal fees in the books of accounts of financial year 2003 – 2004:

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Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-51-(a)	Legal Expenses – Legal Fees	Dr.	5,000		Journal Book, Ledger**
350-10-(a)	To Creditors -Expenses	Cr.		5,000	

(a) Insert Detailed Head Codes of Account as applicable

- b. Recording of payment of Legal Fees. When the payment is made in the month of April 2004, the following entry shall be passed in the books of accounts of financial year 2004-2005:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-51-(a)	Legal Expenses – Legal Fees	Dr.	5,000		Cash Book, Ledger
350-10-(a)	Creditors – Expenses	Dr.	5,000		
450-21-(a)	To Bank Account*	Cr.		10,000	

* *Specify Name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

16.27 The effect of the above entries shall be as follows:

- a. Legal Expenses shall be reflected for March 2004 in the accounts for the period 2003-2004 and an outstanding liability created.
- b. When the actual payment is made, the legal expenses ledger account shall be debited for that portion of legal fees which pertains to April 2004 and Creditors for Other Expenditures shall be debited for that portion of legal fees which pertains to March 2004 for which a liability was created in the financial year 2003-2004.

PAYMENT AGAINST PERMANENT ADVANCE

16.28 Recording of grant of Permanent Advance. Permanent Advance may be provide to the heads of the departments for incurring specific expenditure, as per the bylaws of the ULB or as approved by the ULB. The Accounts Department shall record the grant of Permanent Advance in Register of Permanent Advance in Form GEN-17 and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-50-(a)	Advance to others – Permanent Advance	Dr.	2,500		Bank Book, Ledger, Register of Advances
450-21-(a)	To Bank Account*	Cr.		2,500	

** Specify Name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

- 16.29 Recording of other revenue expenditure incurred. Expenditure in respect of which Permanent Advance has been provided shall be initially incurred against it. At intervals of not more than one month, the concerned department shall prepare a Payment Order (Form.GEN-14) and forward it to the Accounts Department. On receipt of Payment Order, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-(a)	_____ Expenses*	Dr.	1,000		Journal Book, Ledger, Register of Advances
460-50-(b)	To Advance to others Permanent Advance	Cr.		1,000	

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

- 16.30 The Accounts Department after recording the aforesaid entry shall replenish the permanent advance to the extent of the amount expended and in respect of which entry as referred to in para. 16.28 shall be passed.

- 16.31 For recovery of Permanent Advance. The permanent advance granted to the Departments shall be recovered at the end of the financial year. On receipt of money, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account*	Dr.	1,500		Bank Book, Ledger, Register of Advances
460-50-(a)	To Advance to others –Permanent Advance	Cr.		1,500	

** Specify name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

PAYMENT AGAINST MISCELLANEOUS ADVANCE

- 16.32 Recording of grant of Miscellaneous Advances. Miscellaneous Advances may be given to the employees of the ULB for incurring specific expenditure for the ULB. The Accounts Department at the time of granting of miscellaneous advance shall make an entry in the Register of Advance (Form GEN-16) and pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-10-(a)	Advances to Employees-	Dr.	1,500		Bank Book, Ledger,

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450-21-(a)	Miscellaneous Advance To Bank Account*	Cr.		1,500	Register of Advances
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* *Specify Name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

Expenses incurred are less than the advance given

16.33 Recording of Expense incurred. The concerned employee shall prepare a Payment Order (Form GEN-14) for the expenditure incurred against the miscellaneous advance provided (for e.g. - expenses incurred are Rs. 1,000 against advance provided Rs. 1,500) and forward it to the Accounts Department. The excess cash shall be re-deposited with the Accounts Department. The Accounts Department shall update the Register of Advances (Form GEN-16) for the Payment Order received and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-(a)	Administrative Expenses –	Dr.	1,000		Journal Book, Ledger, Register of Advances
460-10-(b)	Others To Advances to Employees – Miscellaneous Advance	Cr.		1,000	

(a) Insert Minor and Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

16.34 Re-deposit of excess cash. For excess cash tendered along with the Payment Orders, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 460-10-(a)	Bank Account* To Advances to Employees – Miscellaneous Advance	Dr. Cr.	500	500	Journal Book, Ledger, Register of Advances

* *Specify name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable.

Expenses incurred are more than the advance given

16.35 Recording of Expense incurred. The concerned employee shall prepare a Payment Order (Form GEN-14) for the expenditure incurred against the miscellaneous advance provided (for e.g. - expenses incurred are Rs. 2,500 against advance provided Rs. 1,500) and forward it to the Accounts Department. The Accounts Department shall update the Register of Advances (Form GEN-16) for the Payment Order received and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.)	Credit Amount (Rs.)	Books to be entered into
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			Illustrative figures	Illustrative figures	
220-(a)	_____ Expenses*	Dr.	1,500		Journal Book, Ledger, Register of Advances
460-50-(b)	To Advances to Employees – Miscellaneous Advance	Cr.		1,500	

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

16.36 Recording extra expense incurred. In case, expenditure incurred is more than the advance provided to the employee, for recording the extra expenditure incurred and payment for it, either to the employee or to the supplier, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
220-(a)	_____	Dr.	1,000		Cash Book, Ledger, Register of Advances
450-21-(b)	Expenses** To Bank Account*	Cr.		1,000	

* Specify name of the Bank and Account number

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

**ACCOUNTING OF EXPENDITURE INCURRED IN TERMS OF ANY GRANT
OR SPECIAL FUND**

16.37 The procedure to be followed for accounting of expenditure incurred in pursuance of the terms and conditions of any Grants or Special Funds, shall be the same as what is described above in respect of expenditure incurred by the ULB during the normal course of its operations. The expenditure so incurred shall be paid from the respective designated bank accounts. The accounting entry to be passed for expenditure incurred and paid shall be the same as what has been described in Chapter 17 on Grants in respect of expenditure incurred under any Grant and Chapter 19 on Special Funds in respect of expenditure incurred from any Special Fund.

INTERNAL CONTROLS

16.38 The following internal controls shall be observed by the ULB:

- a. The Head of the Accounts Department shall ensure budget availability with respect to the expenditure incurred at the time of accruing of the expenditure.
- b. The Head of the Accounts Department shall ensure that all the bills/invoices were journalised before release of the payments.
- c. The Head of the Accounts Department shall ensure proper authorisation of Payment Order as per the authorities delegated by the ULB.
- d. The Head of the Accounts Department shall ensure that the relevant supporting documents are annexed to the Payment Order submitted by the Department.
- e. The Head of the Accounts Department shall ensure appropriate classification both in terms of expenditure head and the period in which the expenditure has been accounted with reference to the nature of the bill and the date of the bill, respectively.

- f. On a quarterly basis, and, also in between, on a random basis, the Head of the Accounts Department shall conduct physical verification of cash in hand held at the various departments and tally it with the departmental records maintained there and thereafter with the Register of Advances (Form GEN-16) maintained at the Accounts Department.
- g. At the time of making payment, the Accounts Department shall ensure that reference to the departmental Register of Bills for Payment where the payment bill has been recorded by the department concerned, is provided in the Payment Order. In case of non-referencing, the Accounts Department shall return the Payment Order to the concerned Department for rectification and resubmission. In addition, at the time of payment to Suppliers/contractors and any other creditors it shall be ensured that no amount is due from them, which may be adjusted before payment.
- h. The Head of the Accounts Department shall ensure that a monthly reconciliation of total expenditure incurred and recorded in the Departmental Expense (Administrative Expenses) Subsidiary Ledger is carried out with the total expenditure recorded in several Administrative Expense Ledger Accounts.
The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

16.39 All Reconciliation Statements shall be certified by the Head of the Accounts Department.

PRESENTATION IN FINANCIAL STATEMENTS

16.40 The prepaid expenses and accrued liability shall be identified for proper disclosure in the Balance Sheet of the ULB.

16.41 The various heads of accounts used for the accounting of Other Revenue Expenditures shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

16.42 The Schedules of Income and Expenditure Statement in respect of Other Revenue Expenditures are presented below.

Schedule I-11: Schedule of Administrative Expenses – Expenditure head-wise

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
220-10-(a)	Rent, Rates and Taxes		
220-51-(a)	Legal Expenses		
220-80-(a)	Other Administrative Expenses		
Total expense of Other Revenue Expenditure to be shown as part of Administrative expenses – expense head wise Schedule			

(a) Insert Detailed Head Codes of Account as applicable

16.43 The abstracts of Balance Sheet in respect of Other Revenue Expenditures are presented below:

Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350-10-(a)	Creditors – Payable against Expenses		

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	Total		
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(a) Insert Detailed Head Codes of Account as applicable

Schedule B-10: Schedule of Provision for Expenses

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
360-10-(a)	Provision for Expenses		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-16: Schedule of Prepaid Expenses

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
440-20-(a)	Administration		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-17: Schedule of Cash and Bank Balances

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450-10-(a)	Cash Account		
450-21-(a)	Bank Account		
450-41/61-(a)	Designated Bank Account		
	Total Cash and Bank balances		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-18: Schedule of Loans, advances and deposits

Code No.	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
460-50-(a)	Advance to Others				
	Net total of Loans, advances, and deposits				

(a) Insert Detailed Head Codes of Account as applicable.

CHAPTER

17

GRANTS

CHAPTER 17

GRANTS

INTRODUCTION

17.1 This chapter contains the recommended accounting system for transactions relating to Grants received by the Urban Local Body (ULB).

17.2 The ULB receives grants from the State and/or Central Government(s). The grants received by the ULB could be either for general purposes or for carrying out specific projects/schemes or in form of reimbursements for specific expenditures.

NATURE OF GRANTS

17.3 Grants received by the ULB may be of a capital or revenue nature. A *Capital Grant* is usually utilised for capital expenditure i.e. creation of a fixed asset (like purchase of land, building, equipment, facilities, etc.). The benefits of such expenditure are of an enduring nature and spread over an extended period of time. A *Revenue Grant*, on the other hand, is generally utilised for meeting recurring expenditure, the benefits of which usually expire within the accounting year in which it is incurred. Revenue Grants are usually in the nature of a subsidy. Grants may be for a non-specific purpose, i.e., *General Grants* or for a specific purpose, i.e., *Specific Grants*. These are further described below.

GENERAL GRANTS

17.4 Grants received for general (unspecified) purposes are usually in the form of a lump sum payment from the State Government to facilitate meeting certain expenditure (usually revenue in nature) relating to the ULB's activities.

17.5 Following is an illustrative list of the General Grants that may be received by the ULB from the State Government:

- Motor Vehicles Tax grant
- Stamp Duty grant
- District Court grant

SPECIFIC GRANTS

17.6 The ULB usually also receive grants for carrying out specific projects/schemes or for meeting specific expenditures. These can be Revenue or Capital in nature based on the purpose for which they are received. Certain Specific Grants can have both, capital and revenue components, e.g., grant for construction of new roads and subsequent repairs and maintenance of roads. Specific Grants may either be received in advance or as a reimbursement of the expenditure incurred by the ULB.

17.7 The following is an illustrative list of Specific Grants that may be received by the ULB:

- Revenue Grants for meeting expenditure incurred during the ordinary course of activities of the ULB:
- Dearness Allowance Expenditure Reimbursement Grant,
- Grant for Chemicals used for Water Supply Works, etc.
- Revenue Grants for operating specific projects/schemes:

- Census Grant,
 - Pulse Polio Grant,
 - Family Welfare Grant,
 - Tuberculosis Control Grant,
 - Malaria Control Grant,
 - Aids Awareness Grant,
 - School Children Health Program Grant, etc.
- Capital Grants for meeting capital expenditures under specific projects/schemes:
- ☐ Backward Classes Development Grant,
 - Integrated Urban Areas Development/Integrated Development of Small and Medium Towns Grant,
 - Public Toilets Construction grant, etc.

17.8 When a Specific Grant is received in advance, the ULB is required to submit an “Utilization Certificate” in the manner, prescribed in the Grant Sanction Order.

17.9 The claim for grant receivable as a reimbursement of expenditure incurred is made by submitting “Statement of Expenditure” to the sponsoring agency at such intervals as prescribed in the Grant Sanction Order.

17.10 Some Specific Grants require opening of a Designated Bank Account from which all expenditures in respect of the grant are paid and/or maintenance of separate Books of Accounts.

ACCOUNTING PRINCIPLES

17.11 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Grants:

- a. General Grants, which is of a revenue nature, shall be recognized as income on actual receipt.
- b. Grants towards revenue expenditure, received prior to the incurrence of the expenditure, shall be treated as a liability till such time that the expenditure is incurred.
- c. 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.
- d. 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.
- e. Grants received as a nodal agency or as implementing agency for an intended purpose, which does not, result in the creation of assets with ownership rights for the ULB shall be treated as a liability till such time it is used for the intended purpose. Upon utilization for the intended purpose, the extent of liability shall stand reduced by the value of such utilization and no further treatment shall be required.
- f. Grants in the form of non-monetary assets (such as fixed assets given at a concessional rate) shall be accounted for on the basis of 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 One).
- g. 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.

ACCOUNTING RECORDS & PROCEDURES

17.12 This section describes the records, register, documents, accounting entries, etc., in respect of accounting for transactions related to Grants. For the purposes of accounting, the form Grant Register (Form G-1) is specific to Grants. This is annexed to this chapter.

17.13 The Accounts Department shall maintain a Grant Register in Form G-1 with separate registers for capital and revenue grants and separate pages for each grant for recording details of receipt of grant and expenditures incurred from it.

GENERAL GRANTS

17.14 The amount of grant sanctioned by the State Government may be after deduction of certain charges/dues payable to the State Government by the ULB. For example loan liabilities/interest on the loans from the State Government/electricity charges payable etc Therefore recording of a grant received from the State Government of Rs.85,000 after deduction of 'Electricity charges payable' amounting to Rs 10,000 and Interest on Short-term loan from the State Government' amounting to 5,000 is explained as detailed below:

a. Recording of receipt of General Grant. Details of General grants received shall be entered in the Receipt Register (Form GEN-9) maintained at the Accounts Department and deposited into the Main Bank Account. A Receipt shall be issued in Form GEN-8 to the sponsoring agency. To record the receipt of grant, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450--(a) 160-10-(b)	Bank Account * To Revenue Grant	Dr. Cr.	85,000	85,000	Bank Book, Ledger, Grant Register

* Specify name of bank and Account number

(a) Insert Minor and Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

b. Recording of deductions made by the State Government at the time of payment: At the time of release, state government may deduct from the grants the payments to be made by ULB like Electricity Charges, Interest on Loans, Loan repayment etc. ULBs shall account for the gross amount of the grant as Income and book the relevant heads for the deductions made. As per the details of the deductions in the government order sanctioning the grant, the Accounts Department shall pass the following entry in its books:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into

240-20-(a)	Interest on Loans from State Government	Dr.	5,000		Journal Book, Ledger, Loans Register and Grants Register
220-11-(a)	Office Maintenance - Electricity Charges	Dr.	10,000		
160-10-(a)	To Revenue Grant	Cr.		15,000	

(a) Insert Detailed Head Codes of Account as applicable

Note: The postings in the Ledger (Form GEN-3) of “Main Bank” Account and “___Grant Income” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures.

The postings in the Ledger shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book (Form GEN-2)

SPECIFIC GRANTS

17.15 Specific Grants could either be received in advance or as a reimbursement of the expenditure already incurred. These could be Revenue or Capital in nature, or a combination of both. The accounting entries for Specific Grant will, depend on the nature of the receipt (in advance or as reimbursement) and the nature of the expenditure, which are expected to be incurred out of such grants (capital or revenue).

Specific Grants Received in Advance

17.16 Grants received in advance shall be deposited in their respective Designated Grant Bank Accounts and they shall be accounted for in the following manner.

Specific Grant in respect of Revenue Expenditure

17.17 The Specific Grants received in advance towards revenue expenditure shall be accounted as follows:

- a. Recording of grant received in advance. The details of the Grant Sanction Order shall be recorded in the Grant Register (Form G-1). On receipt of the grant, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450- 61-(a) 320-(b)	Designated Bank Account* To Grants for Specific Purposes	Dr. Cr.	1,00,000	1,00,000	Grant Cash Book, Ledger, Grant Register

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

- b. Separate Cash Book (Form GEN-1) shall be maintained in respect of all grants.
- c. The details of the receipt of the grant shall be updated in the Grant Register (Form G-1).
- d. The accounting procedure to be followed in respect of revenue expenditure incurred against Specific Grants received in advance shall be the same as what is described in Chapter 12 – Public Works for repairs and maintenance expenses, Chapter 13 – Stores for stores purchased, and Chapter 16 - Other Revenue Expenditures for other revenue expenditures.
- e. Payment of advance to contractor/supplier in respect of a Specific Grant received in advance. Any advance made to a supplier/contractor in respect of a project/scheme to be carried out

against a Specific Grant received in advance, shall be payable from the Designated Grant Bank Account only and not from the Main Bank Account. The entry for this shall be the same as described in the section “Advance paid to contractors/suppliers”.

- f. Recording of liability on receipt of contractor/supplier bill. On receipt of processed bill in respect of material supplied or services rendered or works executed which is of a revenue nature, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
2-(b)	Expenditure	Dr.	20,000		Journal Book, Ledger, Grant Register
350-10-(a)	To Creditors-Payables against Specific Grants	Cr.		12,000	
340-10-(a)	To From Contractors/ Suppliers -Security Deposit Specific Grant	Cr.		2,000	
350-20-(a)	To Recoveries Payable – TDS from Specific Grant	Cr.		1,000	
350-20-(a)	To Recoveries Payable – Works Contract Tax from Specific Grant	Cr.		2,000	
460-40-(a)	To Advance to Suppliers/ Contractors– Specific Grants	Cr.		3,000	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Major, Minor and Detailed Head Codes of Account as applicable

- g. The details of the expenditure shall be recorded in the Grant Register (Form G-1) under the respective Specific Grant.

- h. Recording of payment to the contractor/supplier. The payment to the contractor/supplier shall be made only from the respective Designated Grant Bank Account. On payment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors – Payables against Specific Grants	Dr.	12,000		Grant Cash Book, Ledger, Grant Register
450- 61-(a)	To Designated Bank Account*	Cr.		12,000	

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

- i. Recording of payment for deductions made. The deductions made on behalf of the Government in point "h" above shall also be paid from the respective Designated Grant Bank Account. On payment of deductions made, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into

350-20-(a)	Recoveries Payable - TDS –	Dr.	1,000		Grant Cash
350-20-(a)	Specific Grant	Dr.	2,000		Book,
450-61-(a)	Recoveries Payable -Works	Cr.		3,000	Ledger, Grant
	Contract Tax from Specific				Register
	Grant				
	To Designated Bank				
	Account*				

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

- j. Recording of transfer of money from Designated Grant Bank Account to Main Bank Account on utilisation of common stores. The amount equivalent to the cost of common stores utilised for the purpose of the Specific Grant shall be transferred from the respective Designated Grant Bank Account to Main Bank Account. Accounts Department shall update the Grant Register (Form G-1) for the same and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account*	Dr.	1,000		Grant Cash Book,
450-61-(a)	To Designated Bank Account*	Cr.		1,000	Cash Book, Grant Register

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

- k. Recognising grant income in respect of revenue expenditure incurred under Specific Grants. At the end of each quarter, the Accounts Department shall identify the revenue expenditure incurred under the Specific Grants received in advance (from the Grant Register). To record income against it, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
320-(a)	Grants for Specific Purposes	Dr.	21,000		Journal Book,
160-10-(b)	To Revenue Grant	Cr.		21,000	Ledger, Grant Register

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable.

Advance paid to contractors/suppliers

17.18 On payment of advance to contractors for work executed under a Specific Grant, the Accounts Department shall pass the following entries:

- a. To record the advance sanctioned. Suppose an advance of Rs. 20,000 is sanctioned to a contractor from which Rs. 1,000 is deducted on account of income tax. On deduction, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount	Credit Amount	Books to be entered into
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			(Rs.) Illustrative figures	(Rs.) Illustrative figures	
460-40-(a)	Advance to Suppliers & Contractors – Specific Grant	Dr.	20,000		Journal Book, Ledger, Grant Register
350-20-(a)	To Recoveries Payable TDS From Specific Grant	Cr.		1,000	
350-10-(a)	To Creditors –Contractors Advance Control Account Specific Grants	Cr.		19,000	

(a) Insert Detailed Head Codes of Account as applicable

- b. For recording payment of advance. On payment of balance advance, i.e., Rs. 19,000 from the respective Designated Grant Bank Account, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors –Contractors Advance Control Account Specific Grants	Dr.	19,000		Grant Cash Book, Ledger, Grant Register
450-61-(a)	To Designated Bank Account*	Cr.		19,000	

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

Earnest Money Deposit

17.19 Any amount received or paid on account of Earnest Money Deposit in respect of any contract executed under Specific Grant received in advance shall be deposited in or refunded from the respective Designated Grant Bank Account. The accounting procedure to be followed for this shall be the same as described in Chapter 12 - Public Works, reference to which is invited.

17.20 Recording of receipt of Earnest Money Deposit. On receipt of Earnest Money Deposit, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-61-(a)	Designated Bank Account*	Dr.	1,000		Grant Cash Book, Ledger, Grant Register
340-10-(a)	To From Suppliers/ Contractors – EMD Specific Grants	Cr.		1,000	

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

17.21 Recording of refund of Earnest Money Deposit. On refund of Earnest Money Deposit to the unsuccessful bidder, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a) 450-61-(a)	From Suppliers/ Contractors – EMD Specific Grants To Designated Bank Account*	Dr. Cr.	900	900	Grant Cash Book, Ledger, Grant Register

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

17.22 Conversion of Earnest Money Deposit to Security Deposit. On receipt of intimation from the concerned department for conversion of Earnest Money Deposit of the successful bidder into Security Deposit payable by him, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a) 340-10-(a)	From Suppliers/ Contractors – EMD Specific Grants To From Suppliers/ Contractors – Security Deposit Specific Grants	Dr. Cr.	100	100	Journal Book, Ledger, Grant Register

(a) Insert Detailed Head Codes of Account as applicable

Security Deposit

17.23 Any amount received or paid on account of Security Deposit in respect of any contract executed under any Specific Grant shall be deposited in or refunded from the respective Designated Grant Bank Account. The accounting procedure to be followed in this respect shall be the same as described in Chapter 12 - Public Works, reference to which is invited

17.24 Recording receipt of Security Deposit. On receipt of Security Deposit, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-61-(a) 340-10-(a)	Designated Bank Account* To From Suppliers/ Contractors – Security Deposit Specific Grants	Dr. Cr.	10,000	10,000	Grant Cash Book, Ledger, Grant Register

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

17.25 Treatment of Security Deposit deducted from the contractor's/supplier's invoice has already been described in Para. 17.16 (f) above.

17.26 Recording refund of Security Deposit. The refund of the Security Deposit collected/deducted in respect of any Specific Grant received in advance shall be made from the respective Designated Grant Bank Account. And the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340-10-(a)	From Suppliers/ Contractors – Security Deposit Specific Grants	Dr.	12,000		Grant Cash Book, Ledger, Grant Register
450-61-(a)	To Designated Bank Account*	Cr.		12,000	

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

Specific Grant in respect of Capital Expenditure

17. 27 Recording of grant received in advance. The details of the Grant Sanction Order shall be recorded in the Grant Register (Form G-1). On receipt of the grant, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-61-(a)	Designated Bank Account*	Dr.	3,00,000		Grant Cash Book, Ledger, Grant Register
320-(b)	To Grants for Specific Purposes	Cr.		3,00,000	

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

17.28 The accounting procedure to be followed and accounting entries to be recorded in respect of:

- a. Advance provided to the contractor/supplier,
- b. Recovery of advance provided to contractor/supplier,
- c. Receipt of Earnest Money Deposit (EMD) from the bidders and its refund to unsuccessful bidders;
- d. Conversion of EMD of successful bidder into Security Deposit;
- e. Security Deposit received from contractor/supplier,
- f. Security Deposit deducted from the contractor's/supplier's bill,
- g. Refund of Security Deposit,
- h. Deduction of tax from the contractor's/supplier's bill,
- i. Payment of amounts deducted to the relevant authorities, etc.

Shall be the same as what is described in the section "Specific Grant in respect of Revenue Expenditure" above.

17.29 Recording of receipt of bill for capital work-in-progress. On receipt of a progress bill

in respect of capital works being executed under Specific Grants, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
412-(a) 50-10-(a)	Capital Work-in-Progress _____ Specific Grants To Creditors – Payables against Specific Grants	Dr. Cr.	2,00,000	2,00,000	Journal Book, Ledger, Grant Register

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

17.30 Recording of receipt of bill for acquisition of fixed assets. On receipt of a bill in respect of acquisition/purchase of fixed assets under Specific Grants, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410-(a) 350-10-(a)	Fixed Assets (Specify the name of the Asset) To Creditors – Payables against Specific Grants	Dr. Cr.	1,00,000	1,00,000	Journal Book, Ledger, Grant Register

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable.

17.31 Recording payment to contractors/suppliers. Payment in respect of any expenditure incurred for purchase, acquisition or construction of any fixed asset under any Specific Grant shall be made from the respective Designated Grant Bank Account. On payment, the Accounts Department shall pass the following:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a) 450-61-(a)	Creditors - Payables against Specific Grants To Designated Bank Account*	Dr. Cr.	3,00,000	3,00,000	Grant Cash Book, Ledger, Grant Register

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

17.32 Recording capitalisation of capital work-in-progress. On completion of construction of capital project, the capital work-in-progress shall be capitalised for which the Accounts Department shall pass the following entry:

Code of	Accounting Entry	Dr./	Debit	Credit	Books to be
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Account		Cr.	Amount (Rs.) Illustrative figures	Amount (Rs.) Illustrative figures	entered into
410-(a)	Fixed Assets (Specify name of the Asset)	Dr.	2,00,000		Journal Book, Ledger, Grant Register
412-(a)	To Capital Work-in- Progress _____ Specific Grants	Cr.		2,00,000	

(a) Insert Minor Head Codes of Account under 3-07 & 3-08 as applicable

17.33 Recording of transfer of Specific Grant to 'Capital Contribution' on capitalisation . On capitalisation of capital work-in-progress or on acquisition of any fixed assets under a Specific Grant, an amount equivalent to the amount of capital expenditure incurred and capitalised shall be transferred from the Specific Grant to the Capital Contribution. To record this transfer, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
320-(a) 312-10-(b)	Grants for Specific Purposes To Capital Contribution	Dr. Cr.	3,00,000	3,00,000	Journal Book, Ledger, Grant Register

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable.

17.34 The above entry shall be passed simultaneously along with the entry for purchase/acquisition or capitalisation of the fixed assets.

Investment of Funds from Specific Grant received in advance

17.35 Investments made from Specific Grants received in advance shall be entered in a Grant Investment Register to be maintained in Form IN-1 (provided in Chapter 20 -Investments). The accounting entries /procedures to be followed for investments of such moneys are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 20 - Investments.

17.36 Interest earned on investments, profit/loss on disposal of Investments, if any, shall be updated in the Grant Register (Form G-1) by the Accounts Department.

GRANTS RECEIVED AS NODAL/ IMPLEMENTATION AGENCY

17.37 ULBs may receive grants as a nodal agency under certain schemes, wherein the expenditure of the schemes are for a set of beneficiaries. In some cases, the scheme expenditure is met by the ULB directly. In some other cases they are paid to the beneficiaries group who upon spending will produce the relevant expenditure / utilisation statement.

17.38 Recording of grant received: The details of the Grant Sanction Order shall be recorded in the Grant Register (Form G-1). On receipt of the Grant in advance, the Accounts department shall pass the following entry:

Code of	Accounting Entry	Dr./	Debit	Credit	Books to be
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Account		Cr.	Amount (Rs.) Illustrative figures	Amount (Rs.) Illustrative figures	entered into
450-61-(a) 320-(b)	Designated Bank Account* To Grants for Specific Purposes	Dr. Cr.	3,00,000	3,00,000	Grant Cash Book, Ledger, Grant Register

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

17.39 Payment of advance to executing agency or beneficiary group: The ULBs may pay advance to the executing agency / beneficiary group towards the works to be undertaken by them. For recording the payment of advances, the accounts department will pass the following accounting entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-50-(a)	Advances for Project – Specific grants	Dr.	2,00,000		Grant Cash Book, Ledger,
450-61-(a)	To Designated Bank account*	Cr.		2,00,000	Grant Register

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

17.40 Recording of liability for 'Scheme expenses' on receipt of bill: ULBs may receive the bills for payment either directly from the contractors or from the implementing agency. The expenses incurred against Scheme to which the grant is received by the ULB shall be taken to a separate control to accumulate the expenditure incurred. For recording of the amounts payable to the contractors or nodal agencies the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-80-(a)	Other Current Assets – Scheme expenses	Dr.	1,00,000		Journal Book and Ledger
350-10-(a)	To Creditors – Payables against Scheme expenses	Cr.		80,000	
350-20-(a)	To Recoveries Payable TDS from– Scheme expenses	Cr.		10,000	
460-50-(a)	To Advances for Project –Specific grants	Cr.		10,000	

(a) Insert Detailed Head Codes of Account as applicable

17.41 Recording of payments made to contractor / implementing agency.

- a. The payment for the bills shall be made only from the respective designated grant bank account. . The accounts department shall pass the following entry on payment:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a)	Creditors -Payable against Scheme expense	Dr.	80,000		Grant Cash Book, Ledger,
450-61-(a)	To Designated Bank Account*	Cr.		80,000	Grant Register

*Specify the name of the Bank and Account number

- (a) Insert Detailed Head Codes of Account as applicable

17.42 Recording of payment for deductions made the deductions made on behalf of the Government in above shall also be paid from the respective Designated Grant Bank Account. On payment of deductions made, the Accounts Department shall pass the same entry as explained in Para 17.16.

17.43 Recording of transfer of money from Designated Grant Bank Account to Main Bank Account on utilisation of common stores. The amount equivalent to the cost of common stores utilised for the purpose of the Specific Grant shall be transferred from the respective Designated Grant Bank Account to Main Bank Account before issue of any common stores. Accounts Department shall update the Grant Register (Form G-1) for the same and the accounting entry is same as explained in Para 17.16 (j).

17.44 Recording of Transfer of Scheme expenses on completion of the scheme or at period end: On completion of the scheme or at the period ends, the total amount of grant received for specific purpose as a nodal agency shall be adjusted to the extent of amounts utilised under the project. The accounting entry for such adjustment is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
320-(a)	Grants for Specific Purposes	Dr.	3,00,000		Journal Book,
460-80-(b)	To Other Current Assets – Scheme Expenses	Cr.		3,00,000	Ledger, Grant Register

- (a) Insert Minor & Detailed Head Codes of Account as applicable

- (b) Insert Detailed Head Codes of Account as applicable

Period End Procedures

17.45 At the period-end it shall be ensured that the bills received in respect of revenue expenditure incurred as well as works executed or acquisition / purchase of fixed assets before the last date of the accounting period, are processed and forwarded to the Accounts Department for accounting and payment within 15 days from the end of the accounting period.

17.46 The accounting entry to be recorded in respect of revenue expenditure shall be same as provided in para 17.16 (f) above and the accounting entry to be recorded to recognise the grant income in respect of revenue expenditure incurred shall be same as provided in para 17.16 (k) above.

17.47 The accounting entry to be recorded for progress bill in respect of capital works being executed under Specific Grants shall be the same as provided in para 17.28 above and for bills in respect of acquisition / purchase of fixed assets under Specific Grants shall be the same as provided in para 17.29 above..

17.48 For grants received as a nodal agency, it shall be ensured that the transfer entry is made for expenses incurred against it and the balance in the 'Scheme Expenses – Nodal Agency' account has become nil.

Repayment of unutilised Specific Grant received in advance

17.49 Recognition of liability for repayment of grant. Specific grants are normally to be used within a period specified in the Grant Sanction order. Generally the Specific grants shall be refunded in the following circumstances:

- On expiry of the period for utilisation of the grant as per grant sanction order.
- The total amount utilised out of the grant is lesser than the amount of the grant received.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
320-(a) 350-40-(b)	Grants for Specific Purposes To Refunds Payable – Grants	Dr. Cr.	10,000	10,000	Journal Book, Ledger, Grant Register

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

17.50 Payment of unutilised Specific Grant. The unutilised Specific Grant received in advance shall be repaid from the respective Designated Grant Bank Account. On payment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-40-(a) 450-61-(a)	Refund Payable –Grants To Designated Bank Account*	Dr. Cr.	10,000	10,000	Journal Book, Ledger, Grant Register

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Specific Grants Received as Reimbursement of Expenditure incurred by the ULB

17.51 Specific Grants received as reimbursement of expenditures could be received towards revenue expenditures incurred during the ordinary course of activities of the ULB or for implementing a specific project/scheme or towards capital expenditure incurred under a specific project/scheme. These expenditures would be incurred from the Main Bank Account before claiming reimbursement. The grants receivable as reimbursement shall be accounted in the following manner:

Specific Grant for revenue expenditure incurred during the ordinary course of activities of the ULB

17.52 The grants receivable as reimbursement of revenue expenditures incurred during the ordinary course of activities of the ULB, shall be accounted in the following manner:

a. Recognition of grant income on sanction of the grant. The details on receiving the Grant Sanction Order in respect of the specific grant where application/details of expenditure submitted earlier shall be recorded in the Grant Register (Form G-1). To recognize the income, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-50-(a)	Receivable from Government -Grants	Dr.	50,000		Journal Book, Ledger, Grant Register
160-20-(a)	To Re-imbursement of Expenses	Cr.		50,000	

(a) Insert Detailed Head Codes of Account as applicable

b. Recording of receipt of grant. On receipt of the grant, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a)	Bank Account	Dr.	45,000		Cash Book, Ledger, Grant Register
431-50-(a)	To Receivable from Government -Grants	Cr.		45,000	

(a) Insert Detailed Head Codes of Account as applicable

Specific Grant for expenditure incurred under a specific project/scheme

17.53 The grants receivable as reimbursement of expenditure incurred under a specific project/scheme shall be accounted as follows:

- a. The project/scheme is usually sponsored / sanctioned by a sponsoring agency. The details of the Grant Sanction Order shall be recorded in the Grant Register (Form G-1).
- b. The accounting entries/procedure to be followed for receipt of deposits, incurrence of expenditure, payment of contractor bills, payment of deductions made from the contractor bills, utilisation of common stores, completion of the asset and capitalisation of the asset, period end procedure for making provisions for unpaid bills, has been described in Chapter

12 - Public Works, Chapter 13 - Stores, Chapter 16 - Other Revenue Expenditures and Chapter 21 - Fixed Assets.

- c. The department incurring the expenditure shall specify the name of the grant in respect of which the expenditure has been incurred in the Payment Order (Form GEN-14). As and when any expenditure is recorded in the books of original entry, i.e., Cash Book (Form GEN-1) or Journal Book (Form GEN-2) as well as utilisation of common stores, the Grant Register (Form G-1) shall also be updated correspondingly.
- d. Recording of grant income in respect of revenue expenditure incurred under the grant. The grant becomes receivable on incurrance of expenditure under the grant. At period-end, the Accounts Department shall identify the revenue expenditure incurred and paid for during the period from the Grant Register (Form G-1). To recognise the grant income in respect of the revenue expenditure incurred under the grants during the period, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-50-(a) 160-30-(a)	Receivable from Government -Grants To Contribution towards scheme	Dr. Cr.	10,000	10,000	Journal Book, Ledger, Grant Register

(a) Insert Detailed Head Codes of Account as applicable

- e. Recording of receipt of grant. The concerned department shall submit a “Statement of Expenditure” at periodic intervals (as specified in the program/scheme details) to the sponsoring agency for claiming the amount of grant due. On receipt of the grant, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 431-50-(a)	Bank Account* To Receivable from Government -Grants	Dr. Cr.	9,500	9,500	Cash Book, Ledger, Grant Register

(a) Insert Detailed Head Codes of Account as applicable

Period-end Procedure

17.54 At the period-end, it shall be ensured that revenue expenditure incurred under the grant scheme but remaining outstanding for re-imbursement before the last date of the accounting period shall be recorded with matching the income corresponding to the expenditure being recorded. The accounting entry to be recorded shall be the same as provided in para 17.51 (a) above.

Write-off of Grant Receivable

17.55 Recording of write-off of grant receivable. The Accounts Department shall, at the end of each year, review the recoverable position of Grants Receivables. The ULB may consider writing-off the grants that have remained outstanding for a period exceeding three (3) years. If the ULB decide to

write-off any grants receivable, based on the Write-off Order, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
270-30-(a)	Revenues Written off – Grants	Dr.	500		Journal Book, Ledger, Grant Register
431-50-(a)	To Receivable from Government –Grants	Cr.		500	

(a) Insert Detailed Head Codes of Account as applicable

ADJUSTMENT OF GRANT RECEIVABLE FROM THE STATE GOVERNMENT AGAINST ULB'S DUES TO THE STATE GOVERNMENT

17.56 The State Government may deduct any amount, which is due from ULB to any Government Corporation, Government Company or any other statutory authority constituted by it, from the grants payable to the ULB.

17.57 Recording of adjustment of State Government dues against grant receivable. On receiving the intimation from the State Government regarding such adjustment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-30-(a)	Government Dues Payable*	Dr.	500		Journal Book, Ledger, Grant Register
431-50-(a)	To Receivables from Government –Grants	Cr.		500	

* Specify the head of account of the government due, against which the grant is adjusted, e.g., State Education Cess Payable, Electricity Charges payable, Employment Guarantee Cess Payable, etc.

(a) Insert Detailed Head Codes of Account as applicable

INTERNAL CONTROLS

17.58 The following internal controls shall be observed by the ULB in respect of Grant related transactions:

- The Head of the Accounts Department shall ensure that the grant received for a specific purpose shall not be utilised for any other purpose..
- The Head of the Accounts Department and the Head of the Department implementing the project/scheme sponsored by the grant shall quarterly reconcile the expenditure incurred during the period in respect of each of the grant from the Ledger (Form GEN-3) and the Grant Register (Form G-1) maintained at the Accounts Department and the relevant records maintained at the respective departments.
- The Head of the Accounts Department shall quarterly reconcile the amount of grant received and receivable in the Ledger (Form GEN-3) and the Grant Register (Form G-1) maintained at the Accounts Department.
- The Head of the Accounts Department shall, after entry in CashBook in respect of grants received, ensure that the grant received is recorded in the Grant Register. Further, it shall be

ensured that the Receipt in from GEN-8 Summary of Daily collections prepared, provides reference of Grant Register.

- e. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

17.59 All Reconciliation Statements shall be certified by the Head of the Accounts Department.

PRESENTATION IN FINANCIAL STATEMENTS

17.60 The various heads of account used for the accounting of Grant related transactions should be reflected in the Financial Statements or in the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

17.61 The Schedule of the Income and Expenditure Statement in respect of Grants is provided below.

Schedule I-6: Schedule of Revenue Grants, Contribution and Subsidies

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
160-10-(a)	Revenue Grant		
160-20-(a)	Re-imbursement of expenses		
160-30-(a)	Contribution towards schemes		
Total Income of Grants to be shown as part of Revenue Grants, Contributions and Subsidies Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-16 : Schedule of Provisions & Write off

Code No	Particulars	Current Year	Previous Year
270-30-(a)	Revenues Written Off –Revenue Grants		
Total Expense of Grants to be shown as part of Provision & Write Off Schedule			

(a) Insert Detailed Head Codes of Account as applicable

17.62 The Balance Sheet Abstract in respect of Grants is provided below.

Schedule B-3: Schedule of Reserves

Code No.	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)
312-10-(a)	Capital Contribution					
312-30-(a)	Special Funds (Utilised)					
	Total Reserve funds					

(a) Insert Detailed Head Codes of Account as applicable.

Schedule B- 4: Schedule of 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 Organisations	Others
Code No.							
(a) Opening Balance							
(b) Additions to the Grants *							
(i) Grant received during the year							
(ii) Interest/ Dividend earned on Grant Investments							
(iii) Profit on disposal of Grant Investments							
(iv) Appreciation in Value of Grant Investments							
(v) Other addition (Specify nature)							
Total (b)							
Total (a+ b)							
(c) Payments out of funds							
(i) Capital expenditure on							
Fixed Assets*							
Others							
Sub –total							
(ii) Revenue Expenditure on							
Salary, Wages and allowances etc. Rent							
Other administrative charges							
Sub –total							
(iii) Other:							
Loss on disposal of Grant Investments							
Diminution in Value of Grant Investments							
Grants Refunded							
Sub –total							
Total (c) [i+ ii+ iii]							
Net balance at the year end – (a+ b)-(c)							
Total Grants & Contribution for Specific Purposes							

Note: Plan funds received from Central/ State Government are to be shown as grant funds and not be mixed up with earmarked funds

* For transferring completed capital assets, expenditure incurred will be capitalised and assets will be taken to Fixed Assets schedule (B- 11) and Capital contribution will be increased by the same amount

Schedule B-7: Schedule of Deposits Received

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
340-10-(a)	From Contractors and Suppliers – EMD Specific Grants		
340-10-(a)	From Contractors and Suppliers – Security Deposits Specific Grants		
340-80-(a)	From Others Specific Grants		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedules B-9: Schedule of Other Liabilities (Sundry Creditors)

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
350-10-(a)	Creditors Payable against Specific Grant Grants		
350-10-(a)	Creditors Payable against Scheme Expense Recoveries Payable TDS Specific Grants		
350-20-(a)	Recoveries Payable- Works Contract Tax from Specific Grants		
350-20-(a)	Refunds Payable - Grants		
350-40-(a)			
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-13: Schedule of Investments – Other Funds

Code No	Nature of investment	With whom invested	Face value	Cost	Remarks.
1	2	3	4	5	6
421-(a)	Investment Other Funds –Grant Investment				
	Total				

(a) Insert Detailed Head Codes of Account as applicable

Schedules B-15: Schedule of Sundry Debtors (Receivables)

Code No	Particulars	Gross Amount (Rs.)	Provision for doubtful receivables Amount (Rs.)	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
431-50-(a)	Current Assets Receivable from Government -Grants				
	Total				

(a) Insert Detailed Head Codes of Account as applicable.

Schedules B-17: Schedule of Cash & Bank Balances

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
450-10-(a)	Cash Account		
450-21-(a)	Bank Account		

450-61-(a)	Designated Bank Account		
	Total		

(a) Insert Detailed Head Codes of Account as applicable
Schedule B-18: Loans, advances and deposits

Code No.	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
460-40-(a)	Advance to Suppliers and Contractors – Specific Grants				
460-50-(a)	Advance to Others – Specific Grants				
460-80-(a)	Other Current Assets-Scheme Expenses				
	Total				
461--(b)	Less: Accumulated Provisions against Loans, Advances and Deposits [Schedule B – 18 (a)]				
	Net total of Loans, advances, and deposits				

(a) Insert Detailed Head Codes of Account as applicable
(a) Insert Minor & Detailed Head Codes of Account as applicable.

Form G-1

Name of the ULB
GRANT REGISTER*

Sr. No.	Name of the Grant	Order/Designation of the Authority sanctioning the grant	Nature of the Grant*	Grant Sanctioned Amount (Rs.)	Grant Received in Advance Sr.	
					DATE	AMOUNT(Rs)
1	2	3	4	5	6	7

Expenditure Incurred on Specific Grants	Grant unutilised on expiry of	Grants Refund of unutilized Grant
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Date	Voucher Number	Nature of Expenditure	Amount (Rs.)	Date of Payment	grant period (Rs.)	Date	Amount (Rs.)
9	10	11	12	13	14	15	16

* Maintain separate registers for Capital and Revenue Grants.

State whether Grants received from Central Govt., State Govt. or Other Govt. agencies

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.

CHAPTER

18

BORROWINGS

(LOANS RECEIVED)

CHAPTER 18

BORROWINGS (LOANS RECEIVED)

INTRODUCTION

18.1 This chapter contains the recommended accounting system for transactions relating to loans received by the Urban Local Body (ULB).

18.2 On sanction by the State Government, the ULB may borrow funds, either by issuing debentures, or other wise, for the purposes specified in the approval. These borrowings are generally secured by movable and immovable properties vested in the ULB. Unless specifically approved by the State Government, the loans cannot be used for any purpose other than that specified in the approval.

18.3 Where the terms of sanction provide for the establishment of a sinking fund for the repayment of loan, the ULB shall establish it and credit to it, funds from the Municipal Fund. Similarly, if the terms provide for a creation of an escrow account for repayment of loans, the ULB shall create it and credit to it, the income earmarked for this. The purpose of establishment of a sinking fund or an escrow account is to accumulate money, including interest, adequate to repay the loan as per the repayment schedule.

ACCOUNTING PRINCIPLES

18.4 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Borrowings (Loans Received)

- a. Interest expenditure on loan shall be recognised on accrual basis.
- b. 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
- c. 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 Statement.
- d. The expenses incurred while issuing of debentures or bonds (Issue Expenses) shall be deferred and amortised in equal installments over a period of 5 years or the tenure of the loan whichever is earlier. In case, the debentures & bonds are prematurely redeemed, the amount of issue expenses outstanding during the year shall be written-off and charged to the Income and Expenditure Statement as expense of the year when such an event 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.

ACCOUNTING RECORDS AND PROCEDURES

18.5 *This section describes the records, registers, documents, forms, accounting entries ,etc., in respect of accounting for transactions related to Loans. For the purposes of accounting of Loans, there are certain forms, registers, etc., which are specific to Loans, e.g., Register of Loans – (Form BR-1). These (Forms BR-1 to BR-3) are annexed to this chapter and are prefixed “Loan”.*

ACCOUNTING FOR RECEIPT OF LOAN

18.6 The amount borrowed as per the terms of sanction shall be entered in the Register of Loans in Form BR-1 maintained by the Accounts Department of the ULB. A separate folio shall be allotted for each loan taken. In case, sanction has been obtained for issuing debentures, the particulars of the debenture holder shall be recorded in the Register of Debentures in Form BR-2. Amount received as loan shall be deposited in the Designated Loan Bank Account.

18.7 Raising / Borrowing of Funds. On receipt of loan, the Accounts Department shall pass the following entries:

- a. In cases where debentures have been issued for raising funds.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
450- (b)	Designated Loan Bank Account *	Dr.	10,00,000		Cash Book, Ledger, Register of Debenture
331-70-(a)	To Bonds & debentures**	Cr.		10,00,000	

* Specify the name of the Bank and Account number

**Specify the percent or any other distinguishing feature of the debenture issued for easy identification.

- (a) Insert Detailed Head Codes of Account as applicable
(b) Insert Detailed & Minor head codes of account as applicable

Note 1: The Major account head to be credited shall be 330 in the case of Un- Secured Loans and this applies to all the entries relating to loans explained in this Chapter.

Note 2: The postings in the Ledger Accounts of "Bonds & debentures" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever the cash or the bank account is involved there will be no entry in the Journal Book.

- b. In cases where funds are borrowed otherwise than by issue of debentures.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
450-(b)	Designated Loan Bank Account *	Dr.	10,00,000		Cash Book, Ledger, Register of Loans
331-(b)	To Loans ____ **	Cr.		10,00,000	

*Specify the name of the Bank and Account number

**Specify the institution from which the funds have been borrowed or any other distinguishing feature of the loan received for easy identification.

- (a) Insert minor & detailed Head Codes of account as applicable

ACCOUNTING OF INTEREST PAYABLE ON LOAN / DEBENTURES

18.8 Recording of interest accrued. For interest payment, on receipt of approval for payment of interest from the authorities designated by the ULB, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
240 – (b)	Interest & Finance	Dr.	1,00,000		Journal Book,

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350-12-(a)	Charges To Interest Accrued & due – Loans	Cr.		1,00,000	Ledger, Register of Loans, Register of Debenture
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(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

18.9 Recording of payment of interest. On payment of interest to the lenders, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
350-12-(a)	Interest Accrued & due – Loans	Dr.	1,00,000		Cash Book, Ledger, Register of Loans, Register of Debenture
450-21-(a)	To Bank Account *	Cr.		1,00,000	

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

18.10 The amount of interest remaining unclaimed or unpaid shall be treated as Current Liability.

18.11 Recording of interest accrued but not due. For the period between the date of last payment of interest and the date of the preparation of the financial statements, the amount of interest accrued for the period aforesaid shall be determined and a provision shall be made for it. The Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
240 –(b)	Interest & Finance Charges	Dr.	15,000		Journal Book, Ledger
360 –20-(a)	To Provision for Interest- Interest Accrued & Not Due	Cr.		15,000	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

18.12 Recording of reversal of interest provisioning. At the beginning of the new accounting period, the provision entry made in the previous accounting period shall be reversed and the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
360 –20-(a)	Provision for Interest – Interest Accrued and Not Due	Dr.	15,000		Journal Book, Ledger
240 –(b)	To Interest & Finance Charges- Loans	Cr.		15,000	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

18.13 Through the reversal entry, the entry for period end expenses passed in the current period shall be reversed in the next accounting period. Payments made during the next accounting period in respect of the interest shall be recorded by debits to the interest on loans/ debentures accounts in the same manner as payment for interest accruing and arising in the next accounting period as described in paras 18.11 and 18.12.

18.14 The credits made in the interest account through the above reversal entry would automatically take care of the extra debits given in the next accounting period.

ACCOUNTING FOR REPAYMENT OF LOAN/REDEMPTION OF DEBENTURES

Repayment of Loan/Redemption of Debentures in case where Sinking Fund is Established

Establishment of Sinking Fund

18.15 For creation/addition to Sinking fund. Where the terms of sanction for raising loan or issuing debenture provides for establishment of a Sinking Fund, an amount stipulated in the terms of sanction shall be transferred to the Sinking Fund from the Municipal Fund at the end of the year. To record the above, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
290- (a)	Transfer to Sinking Fund	Dr.	1,00,000		Journal Book, Ledger, Register of Sinking Fund
311-50-(b)	To Sinking Fund	Cr.		1,00,000	

(a) Insert Minor and Detailed Head Codes of account as applicable

(b) Insert Detailed Head Codes of account as applicable.

18.16 Recording of transfer of funds from the Main Bank Account to the Sinking Fund Bank Account. The amount so transferred to the Sinking Fund from the Municipal Fund shall be deposited in a separate bank account. On deposit, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450- 41-(a)	Designated Bank Account*	Dr.	1,00,000		Cash Book, Ledger, Register of Sinking Fund
450-21-(a)	To Bank Account *	Cr.		1,00,000	

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

Investment of Sinking Fund

18.17 Investments made in respect of Sinking Fund shall be entered in a Sinking Fund Investment Register (Form IN-1) (provided in Chapter 20 on Investments). The accounting entries/procedures to be followed for investments of such moneys are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 20 on Investments.

18.18 Interest earned on Investments, profit/loss on disposal of Investments, if any, shall be updated in the Register of Sinking Fund (Form BR-3).

Transfer from Municipal Fund to Sinking Fund

18.19 Recording of transfer from Municipal Fund to make good the deficit in Sinking Fund observed during an examination of sinking fund investment. On examination, if it is observed that the present value of sinking fund investment is less than the value of the Fund stipulated in the terms of sanction, the difference shall be made good from the Municipal Fund. The Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
290-(a)	Transfer to Sinking Fund	Dr.	5,000		Journal Book, Ledger, Register of Sinking Fund
311-50-(a)	To Sinking Fund	Cr.		5,000	

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed head as applicable.

18.20 Recording of transfer of Funds. The additional amount so transferred from Municipal Fund to Sinking Fund shall be deposited to the Sinking Fund Bank Account and accordingly following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
450- 41-(a)	Designated Bank Account*	Dr.	5,000		Bank Book, Ledger, Register of Sinking Fund
450-21-(a)	To Bank Account *	Cr.		5,000	

**Specify the name of the Bank and Account number*

(a) Insert Minor & Detailed Head Codes of Account as applicable

Repayment of Loan/Redemption of Debentures

18.21 On repayment/redemption of loans/debentures. For repayment of loans and/or redemption of debentures, the Accounts Department shall pass the following entries:

a. For repayment of loan from the Sinking Fund

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
331 - (a) 450-41-(b)	Loans To Designated Bank Account *	Dr. Cr.	10,00,000	10,00,000	Bank Book, Ledger, Register of Sinking Fund, Register of Loans

**Specify the name of the Bank and Account number*

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

b. For redemption of debentures from the Sinking Fund

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Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
331- (a) 450- 41-(a)	Bonds & debentures To Designated Bank Account *	Dr. Cr.	10,00,000	10,00,000	Bank Book, Ledger, Register of Sinking Fund, Register of Debentures

**Specify the name of the Bank and Account number*

(a) Insert Minor & Detailed Head Codes of Account as applicable.

c. For transfer of funds from the Sinking Fund on repayment/redemption of loan/debenture

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
421- (b) 420 - (b)	Investments – Other Funds To Investments – General Funds	Dr. Cr.	20,00,000	20,00,000	Journal Book, Ledger, Register of Sinking Fund

(a) Insert Minor & Detailed Head Codes of Account as applicable

Repayment of Loan/Redemption of Debentures in case where Escrow Account is created:

18.22 Creation of Escrow account: Where the terms of sanction for raising loan or issuing debentures provide for the establishment of an Escrow account, an amount equivalent to that stipulated in the sanction shall be transferred to the Escrow account based on collections of earmarked income. For e.g. if a loan has been taken for building Water Supply Infrastructure, then out of the water supply income collected, an amount equal to certain percentage of water tax shall be deposited into the Escrow account. For creation of Escrow Account, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
450-41-(a) 450-21-(a) 110-02-(a)	Designated Bank Account * Bank Account * To Tax Revenues – Water Taxes	Dr. Dr. Cr.	3,00,000 7,00,000	10,00,000	Bank Book, Ledger, Register of Loans, Register of Debenture

**Specify the name of the Bank and Account number*

Insert Detailed Head Codes of Account as applicable

Investment of amount lying in Escrow Account:

18.23 Investments made in respect of Escrow account shall be entered in an Escrow Account Investment Register (Form IN-1) (provided in Chapter 20 on Investments). The accounting entries/procedures to be followed for investments of such moneys are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest,

profit/loss on sale/maturity of investments, etc. These have been described in Chapter 20 on Investments.

18.24 Interest earned on Investments, profit/loss on disposal of Investments, if any, shall be updated in the Escrow Account Investments Register.

Accounting and payment of Interest on Loans/ Debentures

18.25 Accounting and payment of interest on Loans/ Debenture/ Bonds raised/ issued will be same as provided in the section “Accounting of interest payable on loan / debentures” above, reference to which is invited. The only difference being payment will be out of Escrow Bank Account instead of Main Bank Account. To record the payment the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
350- 12- (a) 450-41-(a)	Interest Accrued & due- Loans To Designated Bank Account*	Dr. Cr.	70,000	70,000	Cash Book, Ledger, Register of Loans, Register of Debenture

* Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Repayment of Loan/Redemption of Debentures

18.26 On repayment/redemption of loans/debentures. For repayment of loans and/or redemption of debentures, the Accounts Department shall pass the following entries:

a. For repayment of loan from the Escrow Account:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
331- (a) 450-41-(b)	Loans To Designated Bank Account*	Dr. Cr.	300,000	300,000	Bank Book, Ledger, Register of Loans

*Specify the name of the Bank and Account number

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

b. For redemption of debentures from the Escrow Account:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
331- (b) 450- 41-(a)	Bonds & debentures To Designated Bank Account*	Dr. Cr.	10,00,000	10,00,000	Cash Book, Ledger, Register of Debentures

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

Repayment of Loan/Redemption of Debentures in case where Sinking Fund/Escrow Account is not established

18.27 Recording of repayment of loan or redemption of debenture. Where Sinking Fund is not established, the loan shall be repaid or debentures redeemed from the Municipal Fund as per the terms of the agreement entered into and the following entry shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
331-(b) 331-(b) 450-21-(a)	Loans Bonds & debentures To Bank Account*	Dr. Dr. Cr.	10,00,000 10,00,000	20,00,000	Bank Book, Ledger, Register of Loans, Register of Debentures

**Specify the name of the Bank and Account number*

(a) *Insert Detailed Head Codes of Account as applicable*

(b) *Insert Minor & Detailed Head Codes of Account as applicable*

Accounting for Expenditure incurred in raising loans or issuing debentures

18.28 Recording of Loan Issue Expenses. The ULB may incur expenses such as credit rating fees, security creation fees, stamp duty, etc., at the time of raising loan or issuing debentures. These expenses shall be deferred and be classified as Loan Issue Expenses and on payment being made, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
480-10-(a) 450-21-(a)	Loan Issue Expenses– Deferred To Bank Account*	Dr. Cr.	50,000	50,000	Bank Book, Ledger,

**Specify the name of the Bank and Account number*

(a) *Insert Detailed Head Codes of Account as applicable*

18.29 Recording of amortization of Loan Issue Expenses. The Loan Issue Expenses shall be amortized in equal installments over a period of 5 years or the tenure of the loan whichever is lower. For instance, issue expenses of Rs. 50,000 incurred for raising loan shall be amortized over a period of 5 years in equal installments of Rs. 10,000/- every year. At the end of each financial year, for amortizing the relevant portion of Loan Issue Expenses, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
270-50-(a) 480-10-(a)	Miscellaneous Expenditure written off To Loan Issue Expenses Deferred	Dr. Cr.	10,000	10,000	Journal Book, Ledger,

(a) *Insert Detailed Head Codes of Account as applicable*

18.30 Recording of write-off of Loan Issue Expenses. In case the loans are pre-paid or debentures are redeemed prematurely, the balance outstanding in the Loan Issue Expenses shall be written-off during

the year in which the prepayment or premature redemption has been made. Continuing the earlier illustration, in case the loans have been prepaid during the third year, then the balance of Rs. 30,000/- lying outstanding in the Loan Issue Expenses shall be written-off during the third year. At the end of the financial year, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
270-50-(a)	Miscellaneous Expenditure written off	Dr.	30,000		Journal Book, Ledger,
480-10-(a)	To Loan Issue Expenses Deferred	Cr.		30,000	

(a) Insert Detailed Head Codes of Account as applicable

INTERNAL CONTROLS

18.31 The following internal controls shall be observed by the ULB in respect of Loans related transactions:

- a. The Head of the Accounts Department shall ensure that adequate provision is made for the interest accrued between the date of last payment of interest and the date of Financial Statements and is charged to the current period's Income and Expenditure Statement.
- b. The Head of the Accounts Department shall carry out physical verification of Sinking Fund Investment documents and compare with the Sinking Fund Investment Account.
- c. The Head of the Accounts Department shall monitor the funds borrowed and ensure proper utilization of funds..
- d. The Head of the Accounts Department shall ensure that the present value of the sinking fund investment ties up with the value of the Fund as per the State Government's sanction. If any mismatch is observed, the adequate funds shall be transferred from the Main Bank Account to Sinking Fund Bank Account.
- e. The Head of the Accounts Department shall ensure that the transfers to escrow account out of income collected are as per the conditions of borrowings.
- f. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

18.32 All Reconciliation Statements shall be certified by the Head of the Accounts Department and verified.

PRESENTATION IN FINANCIAL STATEMENTS

18.33 The various heads of accounts used for the accounting of Loans shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULB. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

18.34 The schedule of Income and Expenditure Statement in respect of Loans is provided below.

Schedule I-13: Interest & Finance Expenses

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4

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240-10-(a)	Interest on Loans from Central Government		
240-20-(a)	Interest on Loans from State Government		
240-30-(a)	Interest on Loans from Government Bodies & associations		
240-40-(a)	Interest on Loans from International Agencies		
240-50-(a)	Interest on Loans from Banks & Other Financial Institutions		
240-60-(a)	Other Interest		
240-70-(a)	Bank Charges		
240-80-(a)	Other Finance Expenses		
	Total Interest & Finance expenses		

(a) Insert Detailed Head Codes of Account as applicable.

Schedule I-16 - Schedule of Provisions & Write off

Code No.	Particulars	Current Year	Previous Year
1	2	3	4
270-50-(a)	Miscellaneous Expenses / Expenditure written off		
	Total – Provisions & Write off		

(a) Insert Detailed Head Codes of Account as applicable

18.35 The Balance Sheet abstract in respect of Loans is provided below.

Schedule of Ear Marked Funds

Schedule B-2 (a): Sinking Fund

Particulars	Sinking Fund
(a) Opening Balance	
(b) Additions to the Sinking Funds	
(i) Transfer from Municipal Funds	
(ii) Interest/Dividend earned on Sinking Fund Investments	
(iii) Profit on disposal of Sinking Fund Investments	
(iv) Appreciation in Value of Sinking Fund Investments	
(v) Other addition (Specify nature)	
Total (b)	
Total (a+b)	
(c) Payments out of funds	
(i) Capital expenditure on	
Fixed Assets	
Others	
Total	
(ii) Revenue Expenditure on	
Salary, Wages and allowances etc.	
Rent	
Other administrative expenses	
Total	
(iii) Other:	
Loss on disposal of Sinking Fund Investments	
Diminution in Value of Sinking Fund Investments	
Transferred to Municipal Fund	
Total	
Total (c)	

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Net balance at the yearend – (a)+(b)-(c)	
Schedule B-2 (b): Escrow Account	
Particulars	Escrow Account
(a) Opening Balance	
(b) Additions to the Escrow Account	
(i) Transfer from Income from Project	
(ii) Interest/Dividend earned on Escrow Account Investments	
(iii) Profit on disposal of Escrow Account Investments	
(iv) Appreciation in Value of Escrow Account Investments	
(v) Other addition (Specify nature)	
Total (b)	
Total (a+b).	
Particulars	Escrow Account
(c) Payments out of funds	
(i) Capital expenditure on	
Fixed Assets	
Others	
Total	
(ii) Revenue Expenditure on	
Salary, Wages and allowances etc.	
Rent	
Other administrative expenses	
Total	
(iii) Other:	
Loss on disposal of Escrow Account Investments	
Diminution in Value of Escrow Account Investments	
Transferred to Municipal Fund	
Total	
Total (c)	
Net balance at the yearend – (a)+(b)-(c)	

Schedule B-5/6: Secured & Unsecured Loans [Code No 330/331]

		<i>Amount in Rs.</i>	
Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
330/31-10-(a)	Loans from Central Government		
330/31-20-(a)	Loans from State government		
330/31-30-(a)	Loans from Govt. bodies & Associations		
330/31-40-(a)	Loans from international agencies		
330/31-50-(a)	Loans from banks & other financial institutions		
330/31-60-(a)	Other Term Loans		
330/31-70-(a)	Bonds & debentures		
330/31-80-(a)	Other Loans		
	Total Secured/Un Secured Loans		

(a) Insert Detailed Head Codes of Account as applicable
Notes

1. Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan under each of these categories separately;
2. The nature of the Security shall be specified in each of these categories
3. Particulars of any guarantees given shall be disclosed
4. Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption

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5. For loans disbursed directly to an Executing Agency, please specify the name of the Project for which such loan is raised.

Schedule B-9: Schedule of Other Liabilities

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350-12-(a)	Interest Accrued and Due-Loans		
	Total Other liabilities		

(a) Insert Detailed Head Codes of Account as applicable.

Schedule B-10: Schedule of Provisions

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
360-20-(a)	Provision for interest- Interest Accrued & not due- Loans		
	Total Provisions		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-13: Schedule of Investments - Other Funds (Sinking Funds, Escrow Account)

Code No.	Particulars	With Whom Invested	Current year		Previous year	
			Face Value (Rs.)	Carrying Cost (Rs.)	Face Value (Rs.)	Carrying Cost (Rs.)
1	2	3	4	5	6	7
421-10-(a)	Central Government Securities					
421-20-(a)	State Government Securities					
421-30-(a)	Debentures and Bonds					
421-40-(a)	Preference Shares					
421-50-(a)	Equity Shares					
421-60-(a)	Units of Mutual Funds					
421-80-(a)	Other Investments					
	Sub-total					
	Less:					
420-90-(a)	Accumulated Provision					
	Net Total Investments OF					

(a) Insert Detailed Head Codes of Account as applicable

Note:

1.Details of Investments shall be provided separately for each of the Special Fund Investment and Grant Investment.

2.Value in respect of investments, which have matured but not encashed shall be disclosed separately.

Schedules B-17: Schedule of Cash & Bank Balances

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450-21-(a)	Bank Balances		
450-41-(a)	Designated Bank Account		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

Schedules B-20: Schedule of Miscellaneous Expenditure Not Written Off

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
480-10-(a)	Loan Issue Expense Deferred		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

Form BR – 1

_____ *Name of the ULB*
REGISTER OF LOANS

1. Department from which loan received _____ 2. Purpose of Loan _____ 3. No. & date of resolution / orders sanctioning the loan _____ 4. Amount of Loan sanctioned _____	5. Rate of Interest _____ 6. No. of instalment _____ [whether half- yearly or yearly] 7. Amount of each instalment _____
---	---

Amount Repaid				Balance			Remarks
Date of Repayment t	Principal Amount	Interest	Total	Principal Amount	Interest	Total	
9	10	11	12	13	14	15	16

Receipt of Loan			Amount due for repayment				Initials of the Officer
Date of Receipt	Amount Received	Total Amount Received	Due Date of Repayment	Amount of Principal	Amount Of Interest	Total Amount due to repayment	
	2	3	4	5	6	7	8

Note :

1. Separate folio shall be allotted to each loan.
2. The format for capital grant register would be similar.
3. Pages of ledger / register would be numbered.
4. In case of more than one loan, summary of all loans shall be drawn suitably in the register.
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.

Form BR - 2

Name of the ULB
REGISTER OF DEBENTURES

Date of order sanctioning the issue of debenture:

Debenture Face Value (Rs.):

Amount raised by issue of debentures (Rs.):

Rate of interest payable on debentures:

Date of issue of Debentures:

Purpose of issuing debentures:

Details of Guarantee and Security furnished:

Name of the Debenture- trustee, if any:

Interest payment Schedule:

Date of maturity:

Repayment Schedule:

Sr. No.	Debenture Folio No.	Debenture Certificate Nos	Distinctive number of Debentures issued		Name and Address of The debenture holder	Date of becoming a debenture holder	Date of ceasing as a debenture holder	Initials of Authorised Officer*	Payment of Interest on Debentures				Initials of Authorised Officer*	Remarks
			From	To					Date when due	Amount due (Rs.)	Date of Payment	Amount paid (Rs.)		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Notes:

- (1) Details of all the holders who have been issued debentures of a particular series shall be listed above.
- (2) Separate folios shall be allotted for each series of the debentures being issued.
- (3) Three to four lines should be left after each certificate number to record the transfer entries for those certificates.
- (4) Date on which a person becomes a debenture holder and the date on which he ceases to be shall be mentioned for all the transfers effected.
- (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

Form BR - 3

-----Name of the ULB

REGISTER OF SINKING FUNDS

Amount of loan and rate of interest:

Date of raising the loan:

Amount of sinking fund instalment:

Rate of interest provided for in the Agreement at which sinking fund develops:

Previous Balance (Rs.)	RECEIPTS					INVESTMENTS										Difference (Rs.)	Remarks
	Annual Instalments (Rs.)	Date of Credit	Total (Rs.)	Amount of interest received/ Invest ments (Rs.)	Theoretic al value as on 31st March (Rs.)	Previous Balance		Purchased during the year			Total		Present Value of Sinking Fund				
						Actual value at cost (Rs.)	Face Value (Rs.)	Value at Cost (Rs.)	Face Value (Rs.)	Date of invest ment	Value at Cost (Rs.)	Face Value (Rs.)	Market Value of securities mentioned in column 13 on 31st March (Rs.)	Uninvested Cash Balance of sinking fund as on 31st March (Rs.)	Total (Rs.)		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
			(1+ 2)		(4+ 5)						(7+ 9)	(8+ 10)			(14+15)	(16- 6)	

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

CHAPTER

19

SPECIAL FUNDS

CHAPTER 19

SPECIAL FUNDS

INTRODUCTION

19.1 This chapter contains the recommended accounting system for transactions relating to Special Funds, which are accounted in the same books of the ULBs.

19.2 ULBs may, as per relevant statutes, constitute special funds for any purpose mentioned in the statute. The statutes may also prescribe the manner in which such funds shall be constituted and disposed off.

19.3 Special funds are created for objects for which it is considered essential to allocate separate funds from the Municipal Funds or by earmarking certain percentage of specific receipts of the ULB. A separate account may be created and all moneys collected for the specific purpose shall be transferred to the Special Funds Account. All expenditures incurred for the specific purpose shall be debited to the respective fund accounts.

19.4 The following is an illustrative list of the Special Funds that may be created by the ULB:

Development Funds

- Fire Brigade Fund
- Road Fund
- Water Supply Reserve Fund
- Tree Authority Fund, etc.
- City Development Funds
- Solid Waste Management Fund.

Employee Funds:

- Pension Fund
- General Provident Fund / Contributory Provident Fund
- Welfare Fund, etc.
- Gratuity / Leave encashment Fund

Sinking Funds:

- Asset Replacement Fund
- Sinking Fund etc

19.5 The accounting procedure and entries in respect of employee funds are described in Chapter 14 on Employee Related Transactions, reference to which is invited.

19.6 The accounting procedure and entries for creation/addition to sinking fund and its utilization, investments made from fund and other related aspects are described in Chapter 18 on Borrowings (Loans Received), reference to which is invited.

19.7 This chapter essentially covers the accounting procedures in respect of Development Funds only.

ACCOUNTING PRINCIPLES

19.8 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to **Special Funds**:

- a. Special Funds shall be treated as a liability on their creation.
- b. 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.
- c. 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.
- d. 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).

ACCOUNTING RECORDS & PROCEDURES

19.9 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Special Funds. For the purposes of accounting of transactions related to Special Funds, the register applicable is specific to Special Funds transactions, e.g., Special Funds Register – Form SF -1.

CREATION OF FUNDS

19.10 Special Funds are created as an appropriation from the Municipal Fund. Each of the Special Funds shall be represented by a separate Bank Account. On creation of the fund, money shall be transferred from the Main Bank Account to Special Fund Bank Account. The Accounts Department shall maintain a Special Fund Register in Form SF-1 where details of each fund created, expenditure incurred in respect of each fund, etc., is separately recorded.

- a. On creation of Special Funds. The Accounts Department shall enter the details of the order approving the creation of fund in the Special Fund Register and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
310-10-(a) 311-(b)	Municipal Fund To ----- Special Fund *	Dr. Cr.	1,00,000	1,00,000	Journal Book, Ledger, Special Fund Register

* Specify the name of the special fund

(a) Insert Detailed Head Code of Account as applicable

(b) Insert Minor Head Codes of Account between 10-49 and detailed head of account as applicable

Note: The postings in the Ledger Accounts of “Municipal Fund” Account and “Special Fund” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting

entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

- b. Recording of contribution to Special funds from earmarked collection: The accounts department as per the decision of the ULB shall transfer the earmarked collection accounted as revenue to the special funds. Accounting entry for transfer of these amounts to Special fund is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
290-(a)	Transfer to ----- Fund*	Dr.	1,00,000		Journal Book, Ledger, Special Fund Register
311-(a)	To ----- Special Fund*	Cr.		1,00,000	

* Specify the name of the special fund

(a) Insert Minor Head Codes of Account as applicable.

- c. Recording of transfer of money to Designated Special Fund Bank Account. For transferring the funds to a separate bank account, Accounts Department shall transfer the amount from Main Bank Account to Special Fund Bank Account and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
450-41-(a)	Designated Bank Account*	Dr.	1,00,000		Cash Book, Special Fund Cash Book
450-21-(a)	To Main Bank Account *	Cr.		1,00,000	

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Note: A Separate Cash Book shall be maintained for Special Funds.

- d. On creation of Welfare Fund: As per relevant act, an amount of surplus of the Transport Undertaking acquired or established by the ULB may be transferred to the Municipal Fund for credit to the Welfare Fund constituted under the rules provided in Act. On receipt of contribution from the Transport Undertaking, the Accounts Department shall pass the following entry

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
450-41-(a)	Designated Bank Account*	Dr.	25,000		Cash Book, Special Fund Cash Book
311-(b)	To Welfare Fund	Cr.		25,000	

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor Head Codes of Account between 70-99 and detailed head of account as applicable

19.11 Collection of Special Funds may be made along with other collections. For example, ULB may collect Tree Authority Cess along with Property Tax. The accounting treatment in such cases is described below.

19.12 At the end of every month, Accounts Department shall also identify the transactions pertaining to Tree Authority Cess collected along with the property and other taxes, accounting process in respect of which has been described in Chapter 8 on Property and Other Taxes. Accounts Department shall transfer the amount of the cess thus collected from Municipal Fund to Tree Authority Fund. In addition, money will be transferred from Main Bank Account to Tree Authority Fund Bank Account. Accounts Department shall further pass the entries mentioned in Para 19.10 (b) and (c) above for the same..

19.13 In respect of Development Charges, the amount collected shall be transferred to Development Fund. In addition, money equal to Development Charges so collected shall be transferred from the Main Bank Account to Development Fund Bank Account. Accounts Department shall pass the entries mentioned in para 19.10 (b) and (c) above for the same

19.14 Similar procedure shall be followed for identifying transactions and transferring an equivalent amount to designated bank account pertaining to various other Special Funds created/ought to be created. Accounting entries referred to in para 19.10 (a) for creation, (b) for addition and (c) for transfer of money to Special Funds shall be recorded. .

UTILISATION OF FUNDS

19.15 Special Funds shall be utilized for the purpose for which they are created. The expenditure incurred could be either revenue or capital expenditure. The accounting procedure to be followed is described below.

Utilization of Special Fund for Revenue Expenditure

- a. The accounting procedure to be followed in respect of revenue expenditure incurred against Special Fund shall be the same as what is described in Chapter 12 on Public Works for repairs and maintenance expenses, Chapter 13 on Stores for stores purchased, and Chapter 16 on Other Revenue Expenditures for other revenue expenditures.
- b. Payment of advance to contractor/supplier in respect of a Special Fund. Any advance made to a supplier/contractor in respect of a project/scheme to be carried out against a Special Fund, shall be payable from the Designated Special Fund Bank Account only and not from the Main Bank Account. The entry for this shall be the same as described in section “Advance paid to contractors/suppliers”.
- c. Recording of liability on receipt of contractor/supplier bill. On receipt of processed bill in respect of material supplied or services rendered or works executed which is of a revenue nature, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) Illustrative figures	Books to be entered into
311-(a) 350-10-(b)	___ Special Fund* To Payables against Special Funds	Dr. Cr.	10,000	10,000	Journal Book, Ledger, Grant Register

*Specify the name of the special Fund

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable.

- d. Recording of deductions from contractor's/supplier's bill. If Security or any tax on behalf of Government or advance provided to contractor/supplier is deducted or any other deduction is

made from the processed bill, the amount payable shall be reduced for the deduction made and the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
350-10-(a)	Payables against Special Funds	Dr.	4,000		Journal Book, Ledger, Special Fund Register
340-10-(a)	To Deposit From Contractors Security Deposit Special Funds	Cr.		1,000	
350-20-(a)	To TDS– Special Funds	Cr.		500	
350-20-(a)	To Works Contract Tax – Special Funds	Cr.		1,000	
460-40-(a)	To Advance for suppliers and contractors –Special Funds	Cr.		1,500	

(a) Insert Detailed Head Codes of Account as applicable

- e. Recording of payment to the contractor/supplier. Such payments shall be made only from the bank account maintained for that Special Fund. On payment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
350-10-(a)	Payables against Special Funds	Dr.	6,000		Special Fund Cash Book, Special Fund Register, Ledger
450-41-(a)	To Designated Bank Account*	Cr.		6,000	

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

- f. Recording of payment for deductions made. Deductions made shall also be paid from the respective Designated Special Fund Bank Account. On payment of deductions made, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
350-20-(a)	TDS - Special Funds	Dr.	500		Special Fund Cash Book, Special Fund Register, Ledger
350-20-(a)	Works contract Tax – Special Funds	Dr.	1,000		
450-41-(a)	To Designated Bank Account*	Cr.		1,500	

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable.

- g. Recording of transfer of money from Designated Special Fund Bank Account to Main Bank Account on utilization of Common Stores. The amount equivalent to the common stores utilized for the purpose of the Special Fund shall be transferred from the Special Fund Bank Account to Main Bank Account before issue of any common stores. Accounts Department shall update the Special Fund Register (Form SF-1) and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount(Rs.) illustrative figures	Books to be entered into
450-21-(a) 450-41-(a)	Main Bank Account* To Designated Bank Account*	Dr. Cr	1,000	1,000	Cash Book, Special Fund Cash Book, Special Fund Register

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

- h. Recording of utilization of Common Stores for special funds. For common stores consumed, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
311-(a) 430-10-(b)	Special Fund * To Purchase of Stores	Dr. Cr	1,000	1,000	Journal Book, Ledger, Special Fund Register

*Specify the name of the Special Fund

(a) Insert Minor Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

Advance paid to contractors/suppliers

19.16 As mentioned earlier, any advance payable to the contractor/supplier in respect of any work executed or services or materials received under any Special Fund shall be paid from the Designated Special Fund Bank Account. On payment, the Accounts Department shall pass the following entries:

- a. For recording tax deducted, if any, from the advance provided. Suppose an advance of Rs. 10,000 is granted to a contractor from which Rs. 500 is deducted on account of income tax. On deduction, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
460-40-(a) 350-20-(a) 350-10-(a)	Advance for Suppliers and contractors – Special Funds To TDS – Special Funds To Contractors Advance Control Account – Special Funds	Dr. Cr Cr.	1,0000	500 9500	Journal Book, Ledger, Special Fund Register

(a) Insert Detailed Head Codes of Account as applicable

- b. For recording payment of advance. On payment of balance advance, i.e., Rs.9,500 from the Designated Special Fund Bank Account, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
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460-40-(a)	Advances for suppliers and contractors – Special Funds	Dr.	9,500		Special Fund
450-41-(a)	To Designated Bank Account*	Cr.		9,500	Cash Book, Ledger, Special Fund Register

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

Earnest Money Deposit

19.17 Any amount received or paid on account of Earnest Money Deposit in respect of any contract executed under Special Fund shall be deposited in or refunded from the respective Designated Special Fund Bank Account. The accounting procedure to be followed for the same is described in Chapter 12 on Public Works, reference to which is invited.

19.18 Recording of receipt of Earnest Money Deposit. On receipt of Earnest Money Deposit, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-41-(a) 340-10-(a)	Designated Bank Account* To Deposit From Contractors – EMD Special Funds	Dr. Cr.	1,000	1,000	Special Fund Cash Book, Ledger, Special Fund Register

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable.

19.19 Recording of refund of Earnest Money Deposit. On refund of Earnest Money Deposit to the unsuccessful bidder, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
340-10-(a) 450-41-(a)	Deposit From Contractors – EMD Special Funds To Designated Special Fund Bank Account*	Dr. Cr.	900	900	Special Fund Cash Book, Ledger, Special Fund Register

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

19.20 Conversion of Earnest Money Deposit into Security Deposit. On receipt of intimation from the concerned department for conversion of Earnest Money Deposit of the successful bidder into Security Deposit payable by him, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
340-10-(a) 340-10-(a)	Deposit From Contractors – EMD Special Funds To Deposit From Contractors – Security Deposit Special Funds	Dr. Cr.	100	100	Journal Book, Ledger, Special Fund Register

(a) Insert Detailed Head Codes of Account as applicable

Security Deposit

19.21 Any amount received/paid on account of Security Deposit in respect of any contract executed under Special Fund shall be deposited in or refunded from the respective Designated Special Fund Bank Account. The accounting procedure to be followed for the same is described in Chapter 12 on Public Works, reference to which is invited.

19.22 Recording of receipt of Security Deposit. On receipt of Security Deposit, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-41-(a) 340-10-(a)	Designated Bank Account* To Deposit from Contractors - Security Deposit Special Funds	Dr. Cr.	5,000	5,000	Special Fund Cash Book, Ledger, Special Fund Register

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable.

19.23 Treatment of Security Deposit deducted from the contractor's/supplier's invoice has already been described in para 19.15(d) above.

19.24 Recording of refund of Security Deposit. On refund of Security Deposit, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
340-10-(a) 450-41-(a)	Deposit From Contractors - Security Deposit Special Funds To Designated Special Fund Bank Account*	Dr. Cr.	6,000	6,000	Special Fund Cash Book, Ledger, Special Fund Register

**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

Utilization of Special Fund for Capital Expenditure

19.25 The accounting procedures and entries to be recorded for:

- a. Advance provided to the contractor/supplier,
- b. Recovery of advance provided to contractor/supplier,
- c. Receipt of Earnest Money Deposit (EMD) from the bidders and its refund to unsuccessful bidders;
- d. Conversion of EMD of successful bidder into Security Deposit;

- e. Security Deposit received from contractor/supplier,
- f. Security Deposit deducted from the contractor's/supplier's bill,
- g. Refund of Security Deposit,
- h. Deduction of tax from the contractor's/supplier's bill,
- i. Payment of amounts deducted to the relevant authorities, etc. shall be the same as described in the section "Utilization of Special Funds for Revenue Expenditure" above.

19.26 Recording of receipt of bill for capital work-in-progress. On receipt of a progress bill in respect of capital works being executed under Special Fund, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
412-(a)	Capital Work-in-Progress	Dr.	1,00,000		Journal Book,
350-10-(b)	– against ____ Special Funds To Payables against Special Funds	Cr.		1,00,000	Ledger, Special Fund Register

- (a) Insert Minor & Detailed Head Codes of Account as applicable
- (b) Insert the Detailed head code of account as applicable

19.27 Recording of receipt of bill for fixed asset purchased/acquired. On receipt of bill in respect of fixed asset purchased/acquired under Special Fund, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
411-(a)	Fixed Assets (Specify the name)	Dr.	50,000		Journal Book,
350-10-(a)	To Payables against Special Funds	Cr.		50,000	Ledger,

- (a) Insert Minor & Detailed Head Codes of Account as applicable
- (b) Insert the Detailed head code of Account as applicable

19.28 Recording of payment made. Payment in respect of any expenditure incurred for purchase, acquisition or construction of any fixed asset under any Special Fund shall be made from the Bank Account maintained for that Special Fund. On payment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
350-10-(a)	Payables against Special Funds	Dr.	1,50,000		Special Fund Cash Book,
450-41-(a)	To Designated Bank Account*	Cr.		1,50,000	Special Fund Register, Ledger

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**Specify the name of the Bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

19.29 Recording of capitalization of capital work-in-progress. On completion of construction of capital project, the capital work-in-progress shall be capitalized for which the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative Figures	Credit Amount (Rs.) illustrative Figures	Books to be Entered into
411-(a)	Fixed Assets (Name of the	Dr.	1,00,000		Journal Book,
413-(a)	Fixed Asset) To Capital Work-in-Progress – against Specific Grant	Cr.		1,00,000	Ledger

(a) Insert Minor and Detailed Head Codes of Account as applicable

19.30 Recording of transfer of funds from Special Fund to Special Fund (Utilized) on capitalization. On capitalization of capital work-in-progress or on purchase/acquisition of fixed asset, an amount equivalent to the amount of expenditure incurred and capitalized shall be transferred from Special Fund to Special Fund (Utilized). For this, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative Figures	Credit Amount (Rs.) Illustrative Figures	Books to be Entered into
311-(a)	___ Special Fund *	Dr.	1,50,000		Journal Book,
312-30-(b)	To ___ Special Fund (Utilised)*	Cr.		1,50,000	Ledger, Special Fund Register

** Specify name of the fund*

(a) Insert Minor and Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

INVESTMENT OF SPECIAL FUNDS

19.31 Investments made in respect of Special Fund shall be entered in a Special Fund Investment Register (Form IN-1) (provided in Chapter 20 on Investments). The accounting procedures/ entries to be followed/ passed in respect of investments of such moneys are similar to those followed in respect of other investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 20 on Investments.

19.32 Interest earned on Investments, profit/ loss on disposal of Investments, if any, shall be updated in the Special Fund Register (Form SF-1) by the Accounts Department.

PERIOD END PROCEDURES

19.33 The following entries shall be passed for provisioning of the unpaid bills.

- a. Recording of period-end provision for bills remaining unpaid in respect of Special Fund expenditure. At period-end, a provision shall be made for the revenue expenditure incurred under Special Fund but for which bills are remaining unpaid as at the end of the accounting period. For making provision, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
311-(a) 350-10-(b)	___ Special Fund To Payables against Special Funds	Dr. Cr.	5,000	5,000	Journal Book, Ledger, Special Fund Register

(a) Insert Minor and Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

- b. Recording of payment. On payment of the expenditures in respect of which period-end provision entry has been passed, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
350-10-(a) 450-41-(a)	Payables against Special Funds To Designated Bank Account*	Dr. Cr.	5,000	5,000	Special Fund Cash Book, Special Fund Register, Ledger

*Specify the name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

19.34 In respect of capital project / schemes, bills received in respect of works executed or acquisition / purchase of fixed assets before the last date of the accounting period, must be processed and forwarded to the Accounts Department for accounting and payment by 30th April of the next financial year if the accounting period is a financial year and in other cases, within 15 days from the end of the accounting period. The accounting entry to be recorded shall be the same as provided in para 19.26 above for progress bill in respect of capital works being executed under Special Funds and 19.27 above for bills in respect of acquisition / purchase of fixed assets under Special Funds.

ON CLOSURE OF FUNDS

19.35 On closure of Special Funds. Once the purpose for which the Special Fund created is achieved, the unutilized balance in the fund, if any, shall be transferred from Special Fund to Municipal Fund by transferring the money from the Special Fund Bank Account to the Main Bank Account. The approval of the ULB shall be obtained wherever required. The following entries shall be passed:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
311-(a) 310-10-(b)	____ Special Fund To Additions to Municipal Fund	Dr. Cr.	10,000	10,000	Journal Book, Ledger, Special Fund Register
460-21-(b) 460-41-(b)	Main Bank Account To Designated Special Fund Bank Account*	Dr. Cr.	10,000	10,000	Cash Book, Special Fund Cash Book

*Specify the name of the Bank and Account number

(a) Insert Minor and Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

INTERNAL CONTROLS

19.36 The following internal controls shall be observed by the ULB:

- a. The Head of the Accounts Department shall, before transferring the money from Main Bank Account to the respective designated special fund bank account, ensure that the fund created is recorded in the Special Fund Register. Further, it shall be ensured that the Journal Voucher in Form No. GEN-7 prepared to record the transaction, shall provide reference to the Special Fund Register.
- b. The Head of the Accounts Department and other officer designated in this behalf shall ensure timely transfer of mandatory contribution to Special Fund Bank Accounts.
- c. The Head of the Accounts Department and the or other officer designated in this behalf, shall ensure that the amount of Special Fund shall not be utilized for the purpose other than for which the fund it is created.
- d. Bank reconciliation of Special Fund Bank Accounts shall be carried out on a monthly basis by the department/office responsible for operating the bank account.
- e. The Head of the Accounts Department or other officer designated in this behalf shall regularly match the expenditure from a Special Fund to the reduction in the balance of the Special Fund.
- f. At the end of every month, the Head of the Accounts Department or other officer designated in this behalf shall reconcile the ledger balance of the Special Fund Account with the Special Fund Register and the Special Fund Bank Account balance.
- g. The Head of the Accounts Department shall reconcile the expenditure incurred towards Backward Classes Welfare activities and ensure that the unspent balance is transferred to the Backward Classes Welfare Fund Bank Account.
- h. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

19.37 All Reconciliation Statements shall be certified by the Head of the Accounts Department and verified.

PRESENTATION IN BALANCE SHEET

19.38 The various heads of accounts used for the accounting of Special Funds shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULB. All these

Financial Statements and schedules should be affixed with signature and seal of designated authorities.

19.39 The Balance Sheet Abstract in respect of Special Funds is provided below.

Schedule B-2 : Special Fund

Code No.	Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	Special Fund 5	Special Fund 6	Special Fund 7
	(a) Opening Balance							
	(b) Additions to the Special Funds							
	i. Transfer from Municipal Funds							
	ii. Interest/Dividend earned on Special Fund Investments							
	iii. Profit on disposal of Special Fund Investments							
	iv. Appreciation in Value of Special Fund Investments							
	v. Other addition (Specify nature)							
	Total (b)							
	Total (a+b)							
	(c) Payments out of funds							
	(i) Capital expenditure on							
	Fixed Assets							
	Others							
	Total							
	(ii) Revenue Expenditure on							
	Salary, Wages and allowances etc.							
	Rent							
	Other administrative charges							
	Total.							

Code No.	Particulars	Special Fund 1	Special Fund 2	Special Fund 3	Special Fund 4	Special Fund 5	Special Fund 6	Special Fund 7
	(iii) Other: Loss on disposal of Special Fund Investments Diminution in Value of Special Fund Investments Transferred to Municipal Fund							
	Total							
	Total (c)							
	Net balance at the yearend – (a)+(b)-(c)							

Schedule B-3: Schedule of Reserves

Code No.	Particulars	Opening Balance at the beginning of the year (Rs.)	Additions (Rs.)	Total (Rs.)	Deductions (Rs.)	Balance outstanding at the end of the current year (Rs.)
312-30-(a)	Special Fund (Utilised)					
	Total					

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-7: Schedule of Deposits Received

Code No.	Particulars	Opening Balance at the beginning of the year	Additions during the current year	Refunded during the year	Balance outstanding at the end of the current year
340-10-(a)	Security Deposit – Special Funds				
340-10-(a)	Earnest Money Deposit – Special Funds				
	Total				

(a) Insert Detailed Head Codes of Account as applicable

Schedules B-9: Schedule of Other Liabilities (Sundry Creditors)

Code of Account	Liabilities	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
350-10-(a)	Payables against Special Funds		
350-20-(a)	TDS – Special Funds		
350-20-(a)	Works Contract Tax – Special Funds		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

Schedule B-13: Schedule of Investments – Other Funds

Code No	Particulars	With whom invested	Face value	Cost	Remarks
1	2	3	4	5	6
321-(a)	Any other investments Special Fund Investment				
	Total				

(a) Insert Minor & Detailed Head Codes of Account as applicable

Schedules B-17: Schedule of Cash & Bank Balances

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
450-10-(a)	Cash Account		
450-21-(a)	Main Bank Accounts		
450-41-(a)	Designated Bank Accounts		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedules B-18: Schedule of Other Loans, Advances & Deposits

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
460-40-(a)	Advance for suppliers and contractors – Special Funds		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

Form SF- 1

Name of the ULB _____

SPECIAL FUNDS REGISTER

Name of the Fund _____

On creation/ addition to Fund					On Utilization of Fund					Balance in fund (Rs.) (5-10)	Remarks
Date of Receipt	Reference of voucher No	Particulars	Amount (Rs.)	Cumulative Amount (Rs.)	Date of Payment	Reference Of voucher No.	Particulars	Amount (Rs.)	Cumulative Amount (Rs.)		
1	2	3	4	5	6	7	8	9	10	11	12

Note:

- Interest earned on investments and Profit on disposal of investments made from the Special Funds shall be recorded in the column 1 to 5 to update the balance of Special Funds
 - Loss on disposal of investments shall be recorded in the column 6 to 10 to reduce the balance of Special Fund
- 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.

CHAPTER

20

INVESTMENTS

CHAPTER 20

INVESTMENTS

INTRODUCTION

20.1 This chapter contains the recommended accounting system in relation to investment transactions, i.e., transactions dealing with surplus or other funds.

20.2 The local bodies invest surplus funds available with it as per state laws under which it was constituted. Investments means assets held not for operational purposes or for rendering services and comprises financial assets resulting from investments of cash surpluses (e.g., securities, shares, debentures, etc.).

20.3 Investments shall be classified based on the maturity profile / nature into short-term and long-term. According to the Accounting Standard 13 prescribed by the Institute of Chartered Accountants of India, 'short term' investments are those which are readily realizable, and are intended to be held for not more than twelve months from the date of investment. Investments falling outside the ambit of current investments are treated as 'long term' investments.

20.4 A separate account code has to be assigned for each type of the investments made by the ULBs. (The accounting procedures for accounting of various investment transactions are explained in detail in the accounting principles listed below)

ACCOUNTING PRINCIPLES

20.5 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Investments:

- a. Investment shall be recognised at cost of investment. The cost of investment shall include cost incurred in acquiring investment and other incidental expenses incurred for its acquisition.
- b. 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.
- c. Short-term investments shall be carried at their cost or market value (if quoted) whichever is lower.
- d. Interest on investments shall be recognised as and when due. At period-ends, interest shall be accrued proportionately.
- e. Dividend on investments shall be recognised on actual receipt.
- f. Profit/loss, if any, arising on disposal of investment (net of selling expense such as commission, brokerage, etc) from the Municipal Fund shall be recognised in the year when such disposal takes place.
- g. Income on investments made from Special Fund and Grants under specific purpose shall be recognised and credited to Special Fund and Grants for Specific purpose 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 purpose shall be recognised and credited/debited to Special Fund Account and Grant under specific purpose 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.

ACCOUNTING RECORDS AND PROCEDURES

This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Investments. For the purposes of accounting of Investments, the register applicable is specific to Investments, e.g., Investment Register –Form IN-1. This is annexed to this chapter and is prefixed “IN”. Accounts Department shall maintain an Investment Register in Form IN-1. Details of investment made from the Municipal Fund, various Special Funds and Grants for specific purpose shall be recorded separately in the Investment Register.

Investment of funds from Municipal Fund, Special Funds and Grant for specific purposes

20.6 Recording of investment made from Municipal Fund: For investment made from the Municipal Fund, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
420-(a) 450-21-(b)	Municipal Fund Investment* To Bank Account**	Dr. Cr.	10,000	10,000	Cash Book, Ledger, Investment Register

* Separate folios shall be maintained in respect of each of the investments made in the Investment Register.

** Specify name of the Bank and Account number

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

Note: The postings in the Ledger Account of “Municipal Fund Investment” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

20.7 Recording of investment made from Special Funds. For investment made from Special Funds, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
421-(a) 450-41-(b)	Special Fund Investment* To Designated Bank Account **	Dr. Cr.	10,000	10,000	Cash Book, Ledger, Investment Register, Special Fund Register,

* Separate accounts shall be maintained for investments made from different funds such as, provident fund, pension fund, sinking fund, etc.

**Specify name of the bank

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

20.8 Recording of investment made from Grants for specific purposes. For investment made from Grants for specific purposes, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
421-(a) 450-61-(b)	Grant Investment* To Designated Bank Account**	Dr. Cr.	10,000	10,000	Cash Book, Ledger, Investment Register, Grant Register,

* Separate accounts shall be maintained for investments made from different grants for specific purposes, such as, Grants from Central Government, State Government and Others.

**Specify name of the bank

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable.

20.9 Designated bank accounts of Special Funds and Grants shall be credited for investment made from respective funds and grants.

Income from Investment

20.10 Recording of receipt of interest/dividend on investments from the Municipal Fund. To record the receipt of interest/dividend on the Municipal Fund Investments, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-21-(a)	Bank Account *	Dr.	1,000		Bank Book, Ledger, Investment Register
170-10-(a)	To Income From Investments –Interest	Cr.		800	
170-20-(a)	To Income From Investments -Dividend	Cr.		200	

Specify name of Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

20.11 Recording of receipt of interest/dividend on investments from the Special Funds and Grants. Interest/dividend earned on investments made from Special Funds and Grants shall be deposited in the respective Special Fund or Grant bank account. Interest/dividend received on investments represents accretion to the Special Fund or Grant and cannot be utilized for any purpose other than for which the Special Fund has been created or Grant has been received. To record the receipt of interest/dividend on investments made from Special Funds or Grants, the Accounts Department shall pass the following entries:

a. Recording of interest/dividend received on Special Fund Investments. To record the interest/dividend received on Special Fund Investments, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
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450-41- (a) 311-10- (a)	Bank Account * To Income From Investments –Interest To Income From Investments -Dividend	Dr. Cr.	1,000	1,000	Bank Book, Ledger, Investment Register, Special Fund Register, Register of Sinking Fund
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* Specify name of Bank and Account number

** Specify name of the Special Fund

(a) Insert Detailed Head Codes of Account as applicable.

- b. Recording of interest/dividend received on Grant Investments. To record the interest/dividend received on Grant Investments, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-61- (a) 320-(b)	Designated Bank Account * To Grants for specific purposes	Dr. Cr.	1,000	1,000	Bank Book, Ledger, Investment Register, Grant Register

* Specify name of Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

20.12 Interest earned on investments made from Special Funds and Grants shall be updated in the Investment Register along with Special Funds Register maintained in Form SF-1, Grants Register maintained in Form G-1.

Re investment of interest amounts

20.13 Investments are re-invested along with Interest on many occasions. To record the re- investment of interest on the Municipal Fund Investments, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
420-(a) 170-10- (b)	Municipal Fund Investments To Income From Investments -Interest	Dr. Cr.	1,000	1,000	Ledger, Investment Register

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

20.14 Similar entries will be passed for other funds.

Period-end Procedures

20.15 At period-end, interest shall be accrued on investments made from the date of last receipt of interest till the end of the accounting period. The accrual of interest shall include both interests due for

receipt and interests not due for receipt. This can be explained with the help of an illustration. For instance, assume interest on Municipal Fund Investment of Rs. 1 lakh is payable half yearly on 30 th June and 31 st December at 10% per annum, which implies that interest of Rs.5000 is receivable on 31 st December 2004 of the current accounting year and Rs 5000 is receivable on 30 th June 2005 of the next accounting year. However, interest for the period from the date of last receipt, i.e., 30 th December 2004 to the end of the accounting year needs to be accounted in the books of account as interest is computed on the basis of time elapsed. Thus, Rs. 7500 (10% on Rs. 1 lakh for 3 months), i.e., interest for the intervening period shall be recorded in the books of accounts. In the case interest due for half-year ended 31 December of Rs. 5,000 which is not received as of March i.e. year end it shall be accounted as 'Interests accrued and due' and the interest accrued for the three months period upto 31 March 2005 of Rs 2,500 shall be accounted as 'Interest accrued but not due'. The entries that would be passed for accounting of interest accrued is outlined below.

- a. Recording of Interest accrued on Municipal Fund Investments. At period-end, to record the interest accrued on Municipal Fund Investments, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
431-40-(a)	Interest from Receivable from other sources	Dr	5,000		Journal Book, Ledger, Investment Register
431-40-(a)	Interest accrued & dues on Municipal Fund Investment Receivable from other sources	Dr.	2,500		
170-10-(a)	Interest accrued & not due on Municipal Fund Investment To Investment Income Municipal Fund Investment	Cr.		7,500	

(a) Insert Detailed Head Codes of Account as applicable

- b. Recording of Interest accrued on Investments made from the Special Funds. In case the investment in the illustration is made from the Special Fund, 'interest accrued and due on Investments' and 'interest accrued and not due on Investments' shall be added to the respective Special Fund for which the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
431-40-(a)	Receivable from other sources -Interest accrued & dues on Special Fund Investment	Dr.	5,000		Journal Book, Ledger, Investment Register
431-40-(a)	Receivable from other sources-Interest accrued & not due on Special Fund Investment	Dr.	2,500		
	To Special Funds*	Cr.		7,500	

311-10-(a)					
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- *Specify name of the Special Fund*

(a) Insert Detailed Head Codes of Account as applicable.

- c. Recording of Interest accrued on Investments made from the Grants. In case the investment in the illustration is made from funds received in the form of Grant, 'interest accrued and due on Investments' and 'interest accrued and not due on Investments' shall be added to the respective Grant for which the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-40-(a)	Receivable from other sources -Interest accrued & dues on Grant Investment	Dr.	5,000		Journal Book, Ledger, Investment Register
431-40-(a)	Receivable from other sources –Interest accrued & not due on Grant Investment	Dr.	2,500		
320-(b)	To Grant for specific purposes	Cr.		7,500	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

20.16 Reversal of Interest accrued on Municipal Fund Investments and Grants received as reimbursements. At the beginning of the next accounting period, the entry for accrual of interest on Municipal Fund Investment shall be reversed by passing the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
170-10-(a)	Investment Income - Interest from Municipal Fund Investment	Dr.	7,500		Journal Book, Ledger, Investment Register
431-40-(a)	To Receivable from Other Sources – Interest Accrued and due on Municipal Fund Investment	Cr.		5,000	
431-40-(a)	To Receivable from Other Sources - Interest Accrued and not due on Municipal Fund Investment	Cr.		2,500	

(a) Insert Detailed Head Codes of Account as applicable

20.17 Reversal of Interest accrued on investments made from Special Funds. At the beginning of the next accounting period, the entry for accrual of interest on Investments made from the Special Funds shall be reversed by passing the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
311-10-(a)	Special Funds*	Dr.	7,500		Journal Book, Ledger, Investment Register
431-40-(a)	To Receivable from Other Sources - Interest Accrued & due on Special Fund Investment	Cr.		5,000	
431-40-(a)	To Receivable from Other Sources - Interest Accrued and not due on Special Fund Investment	Cr.		2,500	

* Specify name of the Special Fund

(a) Insert Detailed Head Codes of Account as applicable

20.18 Reversal of Interest accrued on investments made from Grants. At the beginning of the next accounting period, the entry for accrual of interest on Investments made from the Grants shall be reversed by passing the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
320-(b)	Grant for specific purposes	Dr.	7,500		Journal Book, Ledger, Investment Register
431-40-(a)	To Receivable from Other Sources-Interest Accrued and due on Grant Investment	Cr.		5,000	
431-40-(a)	To Receivable from Other Sources – Interest Accrued and due on Grant Investment	Cr.		2,500	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

20.19 Through the above reversing entries passed in Paras 20.16 to 20.18, the entry for period end interest income passed in the current accounting period shall be reversed in the next accounting period. Money received during the next accounting period in respect of the concerned head of accounts shall be recorded by credits to the concerned head of accounts in the same manner as receipt of interest income accruing and arising in the next period.

20.20 The debits made in the interest income account through above entries would be for a temporary period and would automatically be set-off when credits shall be given in the next accounting period. Through this, interest of Rs. 7,500 is recognized as an income of the current accounting period and not as an income of the next accounting period when money is actually received.

Maturity/Disposal of Investment

20.21 Investments may be held to maturity or may be disposed before the maturity date. On disposal of investment, the ULB may either realise a profit or loss depending on whether the amount received on disposal of investment is more or less than the cost of investment. In case of Municipal Fund Investment, the profit earned or loss incurred on disposal of investment shall be recorded as income or expenditure in the Income and Expenditure Statement whereas, in case of Special Funds Investments or Grants Investments, the profit realised or loss incurred shall be adjusted in the Special Fund or Grant.

20.22 This is explained with the following illustration wherein an original investment which had cost Rs. 9000 is disposed under three different alternative scenarios resulting in no profit or loss in Scenario I, profit in Scenario II and loss in Scenario III.

a. Investment is disposed of at Rs. 9000 and thus only cost is recovered. In this case the Accounts Department shall pass the following entries for money realised:

i. In case of Municipal Fund Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-21-(a) 420-(b)	Bank Account* To Municipal Fund Investment	Dr. Cr.	9,000	9,000	Bank Book, Ledger, Investment Register

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

ii. In case of Special Fund Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-41-(a) 421-(b)	Designated Bank Account* To Special Fund Investment**	Dr. Cr.	9,000	9,000	Bank Book, Ledger, Investment Register, Special Fund Register, Register of Sinking Fund

* Specify name of the Bank and Account number

**Separate accounts shall be maintained for investments made from different funds such as provident fund, pension fund, sinking fund, etc.

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

iii. In case of Grant Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-61-(a) 421-(b)	Designated Bank Account To Grant Investment*	Dr. Cr.	9,000	9,000	Bank Book, Ledger, Investment Register, Grant

					Register,
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** Separate accounts shall be maintained for investments made from different grants for specific purposes, such as Grants from Central Government, State Government and Others.*

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

b. Suppose investment instead of being disposed of at Rs. 9000 is disposed of at Rs.9,500 (after deducting cost of disposal of investment such as brokerage, commission, etc.), thus resulting in a profit of Rs. 500. The Accounts Department shall pass the following entry for money received and profit realised on disposal of investment.

i. For money realised on disposal of investment. Entries referred to in (a) above shall be passed for money realised on disposal of investment, i.e., Rs. 9,500.

ii. For recording profit realised on disposal of investment.

➤ In case of Municipal Fund Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
420-(a)	Municipal Fund Investment	Dr.	500		Journal Book, Ledger,
170-40-(b)	To Profit on Sale of Investments	Cr.		500	Investment Register

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
271-20-(a)	Loss on Sale of Investments	Dr.	500		Cash Book, Ledger,
420-(b)	To Municipal Fund Investment*	Cr.		500	Investment Register

** Separate folios shall be maintained in respect of each of the investments made in the Investment Register.*

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

➤ In case of Special Fund Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
311-10-(a)	Special Fund*	Dr.	500		Journal Book, Ledger,
421-(b)	To Special Fund Investment**	Cr.		500	Investment Register, Special Fund Register, Register of Sinking Fund

** Specify name of the Special Fund*

*** Separate accounts shall be maintained for investments made from different funds such as, provident fund, pension fund, etc.*

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

➤ In case of Grant Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
320-(a) 421-(a)	Grants for specific purposes To Grant Investment*	Dr. Cr.	500	500	Journal Book, Ledger, Investment Register, Grant Register,

**Separate accounts shall be maintained for investments made from different grants for specific purposes, such as Grants from Central Government, State Government and Others.*

(a) Insert Minor & Detailed Head Codes of Account as applicable

20.23 Profit or Loss arising on disposal of Special Funds Investments and Grants Investments shall be updated in the Special Funds Register maintained in Form SF-1, Grants Register maintained in Form G-1..

Valuation of Investments

20.24 All long-term investments shall be carried / stated in the books of accounts at their cost. In the case of the market values being less than the carrying value of the investments at the period, the diminution in the value of investments will be accounted as charge to the Income and expenditure account in the case of General Fund Investment or to respective funds account as the case may be.

20.25 Short-term investments shall be carried at their cost or market value (if quoted) whichever is lower.

20.26 At the end of the financial year, the accounts department has to ascertain whether any amount to be provided towards diminution or decline in value of the investments. The provision required in accordance with the accounting principle shall be calculated investment wise. The total amount of provision so calculated would then have to be compared with the balances in the 'Accumulated Provision for Decline in Value of Investments' accounts. Wherever balances fall short of the amount of provision calculated, an additional provision for such shortfall is created and where the balance in accumulated provision for investments account exceeds the provision calculated, such excess in the books would have to be written back. For the purpose of calculation for provision, calculation sheet as provided in Form IN-2 shall be used. To record the diminution in value of long-term investments and fall in the value of short-term investments, the Accounts Department shall pass the following entries:

i. In case of Municipal Fund Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
270-20-(a) 420-(b)	Provision for other Assets-Investments To Municipal Fund Investments*	Dr. Cr.	200	200	Journal Book, Ledger, Investment Register

** In the case of long-term investment the account to be credited is 'Provision for decline in the value of investments' (under the account head 420-90-(a) and the Investment value will be shown net of the balance in this account).*

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

In case of Special Funds Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
311-10-(a) 421-(b)	Special Fund * To Special Fund Investment	Dr. Cr.	200	200	Journal Book, Ledger, Investment Register, Special Fund Register, Register of Sinking Fund

** Specify the name of the Special Fund*

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

iii. In case of Grant Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
320-(a) 421-(a)	Grants for specific purposes To Grant Investment*	Dr. Cr.	200	200	Journal Book, Ledger, Investment Register, Grant Register,

** Separate accounts shall be maintained for investments made from different grants for specific purposes, such as, Grants from Central Government, State Government and Others.*

(a) Insert Minor & Detailed Head Codes of Account as applicable

20.27 Investments, after provision for diminution shall be carried in Financial Statements at the reduced value.

20.28 Any appreciation in market value of both short-term and long-term investments over the cost of investments shall be ignored. If the appreciation is in respect of investments for which provision for diminution in value or fall in value was made in earlier years, the value of the said investments shall be appreciated by an amount not greater than the provision for diminution / fall in value made in earlier years. To record the appreciation in value of investment, the Accounts Department shall pass the following entries:.

i. In case of Municipal Fund Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
420-(a) 170-80-(a)	Municipal Fund Investment To Appreciation in Value of Investment	Dr. Cr.	200	200	Journal Book, Ledger, Investment

					Register
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Note 1 : It is presumed that the market value of current investments increases as follows:

- ☐ Investments in respect of which diminution in value had been provided in earlier years – Rs. 250
- ☐ Investments in respect of which no diminution was provided – Rs. 50.

Note 2: The appreciation in value of investments for which diminution provision was provided in earlier years would be restricted to provision for diminution provided. Thus, the appreciation in value of such investments is restricted to Rs. 200/- (equivalent to diminution provided) despite increase in market value by Rs. 250. In respect of investments for which no diminution was provided in earlier years, the increase in market value of Rs. 50 shall be ignored.

ii. In case of Special Funds Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
421-(a) 311-10-(b)	Special Fund Investment To Special Fund*	Dr. Cr.	200	200	Journal Book, Ledger, Investment Register, Special Fund Register, Register of Sinking Fund

* Specify the name of the Special Fund

- (a) Insert Minor & Detailed Head Codes of account as applicable
(b) Insert Detailed Head Codes of Account as applicable

Note: Restricted to increase in value of Special Fund investments for which diminution provision was provided in earlier years.

iii. In case of Grant Investments

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
421-(a) 320-(a)	Grant Investment* To Grants for specific purposes	Dr. Cr.	200	200	Journal Book, Ledger, Investment Register, Grant Register,

- (a) Insert Minor & Detailed Head Codes of Account as applicable

Note: Restricted to increase in value of Grant investments for which diminution provision was provided in earlier years..

20.29 Investments, whose value has appreciated on account of reversal in diminution in value, shall be disclosed in the Financial Statements at their increased value.

INTERNAL CONTROLS

20.30 The following internal controls shall be observed by the ULBs:

- a. The Head of the Accounts Department shall ensure that investments are made as per the laws applicable.
- b. At the end of every month, the Head of the Accounts Department or other officer designated in this behalf shall reconcile the ledger balance of various Investment Accounts with the Investment Register.
- c. At the end of the financial year, the Head of the Accounts Department shall conduct physical verification of investments and reconcile the balance as denoted in the investments with the balance in ledger accounts. Each of the investment certificate/instrument/document shall be tallied with the Investment Register.
- d. The Head of the Accounts Department or other officer designated in this behalf shall review the Investment Register on a weekly basis to identify and list investments maturing within the next two weeks for information of the Commissioner.
- e. The Head of the Accounts Department shall ensure that interest/dividend on investments is actually received as per the terms of the investments.
- f. The Head of the Accounts Department shall ensure that the Investments at the end of the financial year are valued at cost or market price, whichever is less. Further, they shall ensure that Investments are not stated over the original cost of acquisition.
- g. The Chief Executive Officer or the Head of ULB may prescribe appropriate MIS reports of their level for monitoring.

20.31 The Head of the Accounts Department shall certify all Reconciliation Statements.

PRESENTATION IN FINANCIAL STATEMENTS

20.32 The various heads of accounts used for the accounting of Investments related transactions shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULBs. These Financial Statements and schedules should be affixed with signature/seal of authorized staff.

20.33 The schedules of Income and Expenditure Statement in respect of the income earned from Municipal Fund Investments are provided below..

Schedule I-7: Income from Investments – General Fund

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
170-10-(a)	Interest		
170-20-(a)	Dividend		
170-30-(a)	<i>Income from projects taken up on commercial basis</i>		
170-40-(a)	Profit on Sale of Investments		
170-80-(a)	Others		
	Total Income from Investments		

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-8: Interest Earned

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
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1	2	3	4
171-10-(a)	Interest from Bank Accounts		
	Total. – Interest earned		

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-17: Miscellaneous Expenses

Code No	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
271-20-(a)	Loss on disposal of Investments		
	Total Expenses of Investments to be shown as part of Miscellaneous expenses Schedule		

(a) Insert Detailed Head Codes of Account as applicable

20.34 The Balance Sheet Abstract in respect of Investments is provided below.

Schedule B-12: Investments - General Fund

Code No.	Particulars	With whom invested	Current year		Previous year	
			Face value	Carrying Cost	Face value	Carrying Cost
1	2	3	4	5	6	7
420-10-(a)	Central Government Securities					
420-20-(a)	State Government Securities					
420-30-(a)	Debentures and Bonds					
420-40-(a)	Preference Shares					
420-50-(a)	Equity Shares					
420-60-(a)	Units of Mutual Funds					
420-80-(a)	Other Investments					
	Sub-total					
420-90-(a)	Less:					
	Accumulated Provision					
	Net Total Investments GF					

(a) Insert Detailed Head Codes of Account as applicable

Note: 1. Provide detailed break-up of 'other investments' as applicable

2. Value in respect of investments, which have matured but not encashed shall be disclosed separately.

3. Aggregate amount of quoted investments and also market value thereof shall be disclosed.

Aggregate amount of unquoted investments shall also be disclosed..

Schedule B-13: Investments - Other Funds (Special Funds, Grants)

Code No.	Particulars	With whom invested	Current year		Previous year	
			Face Value(Rs.)	Carrying Cost(Rs.)	Face value(Rs.)	Carrying Cost(Rs.)
1	2	3	4	5	6	7
421-10-(a)	Central Government Securities					
421-20-(a)	State Government Securities					
421-30-(a)	Debentures and Bonds					
421-40-(a)	Preference Shares					
421-50-(a)	Equity Shares					
421-60-(a)	Units of Mutual Funds					
421-80-(a)	Other Investments					
	Sub-total					
	Less:					

420-90-(a)	Accumulated Provision					
	Net Total Investments OF					

Net Total Investments

(a) Insert Detailed Head Codes of Account as applicable

Notes: 1. Provide break-up of investments as provided for General Provident Fund Investment.

2. Details of Investments shall be provided separately for each of the Special Fund Investment and Grant Investment.

3. Value in respect of investments, which have matured but not encashed shall be disclosed separately.

4. Aggregate amount of quoted investments and also market value thereof shall be disclosed.

Aggregate amount of unquoted investments shall also be disclosed.

Schedule B-15: Sundry Debtors (Receivables)

Code No	Particulars	Gross Amount (Rs.)	Provision for Outstanding Revenues (Rs.)	Net amount (Rs.)	Previous Year Net amount (Rs.)
1	2	3	4 432	5 = 3 - 4	6
431-40-(a)	Receivables from Other Sources – Interest accrued & due				
431-40-(a)	Receivables from Other Sources – Interest accrued & not due				
	Total				

(a) Insert Detailed Head Codes of Account as applicable

Schedules B-17: Schedule of Cash & Bank Balances

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
450-10-(a)	Cash Account		
450-21-(a)	Main Bank Accounts		
450-41-(a)	Designated Bank Accounts		

(a) Insert Detailed Head Codes of Account as applicable.

_____ *Name of the ULB*
INVESTMENT LEDGER / REGISTER

Sr. No.	No. and date of resolution authorising investment	Date of investment	Particulars of investment quoting no. and date of Govt. Paper or FDR no. of the Bank	Purchase Price (Rs.)	Face Value (Rs.)	Due date of receipt of interest	Amount of interest due on	Initials of Authorised Officer	Amount of interest recovered (Rs.)	Date on which interest recovered	Date / month in which adjusted in accounts	Amount realised either on sale or maturity of investment (Rs.)	Date on which proceeds were realised	Date / month of adjustment in accounts	Initials of Authorised Officer	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17

Seal/ Signature of authorised officer

Note:

1. Separate folio would be allotted to each type of investment.
2. Separate ledger / register for each type of fund investment should preferably be maintained. For example, separate ledger may be maintained for General Fund Investment, GPF investment, Pension Fund Investment, etc..

Form IN – 2

_____ **NAME OF THE ULB**
CALCULATION SHEET FOR PROVISION FOR DIMINUTION IN VALUE OF INVESTMENTS
FOR THE PERIOD ENDING _____

S No	Name of the investment	No of units	Cost per unit	Cost of the investment	Book value as of the previous closing period	Market rate/NAV (refer notes)	Market value as on the reporting date	Accumulated Provision as of the previous period	Accumulated Provision to be made as of current reporting date	Additional provision to be made or reversed
			(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)	(Rs.)
Col 1	Col 2	Col 3	Col 4	Col 5 (Col 3 x 4)	Col 6	Col 7	Col 8(Col 3x7)	Col 9	Col 10	Col 11 (10- 9)
a										
b										
c										
d										
	Total									

Notes

1. Market rate is applicable for only the quoted shares (normally classified as 'short term' investments)
2. NAV (net assets value) is applicable to unquoted investments which are generally intended to be held for more than twelve months and these are classified as 'long- term investments'

CHAPTER 21

FIXED ASSETS

INTRODUCTION

21.1 This chapter contains the recommended accounting system for transactions relating to fixed assets for Urban Local Bodies (ULBs).

21.2 Fixed Assets represent those assets of the ULBs, which are meant for use over an extended period. These are the assets held for providing services and are not held for resale in the normal course of operations of the ULBs.

21.3 Fixed Assets may be constructed or acquired by or may be gifted or donated to the ULBs either for its own use or for public benefit. The accounting treatment in respect of Fixed Assets constructed by the ULBs has been described in Chapter 12 on “Public Works”, reference to which is invited.

21.4 This chapter covers the accounting procedures in respect of purchase/acquisition and disposal of Fixed Assets, including acquisition by way of gift or donation. This chapter also covers the accounting for revaluation of the assets and Depreciation on all the Fixed Assets of the ULBs including those covered by Chapter 12 on “Public Works” and Chapter 24 on “Special Transactions”. The accounting principles and procedures given in this chapter is based on specific references taken from Indian Accounting Standards (AS) 10 on ‘Accounting for Fixed Assets’ issued by the Institute of Chartered Accountants of India. In case of any other guidance/ clarifications, the same shall be obtained by referring to AS 10.

21.5 The Fixed Assets described in this chapter could be broadly classified as Infrastructure assets and other assets and the list of these assets illustratively include:

A. Infrastructure Assets

- Roads and Bridges;
 - ☐ Bridges,
 - ☐ Causeways, etc.
- Water Works;
 - ☐ Bore Wells,
 - ☐ Laboratory Equipment, etc.
- Sewerage and drainage;
 - ☐ Open Drains,
 - ☐ Underground Drains, etc.
- Public Lighting;
 - ☐ Lamp Posts,
 - ☐ Luminary & Electrical Fittings, etc.

B. Other Assets

- Land;
 - ☐ Land,
 - ☐ Grounds, etc.

- Buildings;
 - ☐ ☐ Art gallery Buildings,
 - ☐ ☐ Auditorium Buildings, etc.
- Furniture, fixtures, fittings and Electrical appliances;
 - ☐ ☐ Cabinets and cupboards,
 - ☐ ☐ Chairs, etc.
- Office & other equipments;
 - ☐ ☐ Air Conditioners,
 - ☐ ☐ Computer - Hardware, etc.
- Vehicles;
 - ☐ ☐ Ambulances,
 - ☐ ☐ Buses, etc.
- Health related assets; and
 - ☐ ☐ Cold Storage Equipment,
 - ☐ ☐ Medical Equipment, etc.
- The codes of Account for above and all other transactions are given in Part IV-chart of Accounts of this Manual.

21.6 A record shall be maintained for the immovable fixed assets in the relevant Register of Immovable Property in Form GEN-30 and for the moveable fixed assets in the Register of Moveable Property in Form GEN-31.

ACCOUNTING PRINCIPLES

21.7 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Fixed Assets:

- a. All Fixed Assets shall be carried at cost less accumulated depreciation. 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 month of commissioning of the assets and other incidental and indirect expenses incurred up to that month.
- b. 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.
- c. 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/-.
- d. All assets costing less than Rs.5, 000 (Rupees five thousands) shall be expensed / charged to Income & Expenditure Account in the year of purchase.
- e. 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.

- f. 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.
- g. Revaluation reserve shall be reduced by transfer of equivalent amount of depreciation charged on the revalued portion of the cost of the fixed assets.
- h. Depreciation shall be provided at the rates prescribed by the State. Depreciation on all fixed assets is to be provided consistently on either Written Down Value or Straight Line Method (A task Force is being set up to prescribe life and rates of Depreciation for different type of assets of ULBs).
- i. 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.
- j. 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.
- k. 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 same shall be as defined under the respective Act or rules. However the specified period shall not exceed five years.

ACCOUNTING RECORDS AND PROCEDURES

21.8 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Fixed Assets. For the purposes of accounting of Fixed Assets all the forms applicable, are generally applicable in respect of the transactions of the ULBs including in respect of Fixed Assets.

21.9 The procedure for accounting of fixed assets is briefly described below:

- a. Earnest Money Deposit (EMD) may be received from the bidders bidding for the tender as per the principles and procedures prescribed by the ULBs. On award of contract, EMD shall be refunded to the unsuccessful bidders.
- b. Contract for supply of requisite fixed asset shall be awarded to the successful supplier and a Purchase Order shall be issued to the supplier for supply of fixed assets specified therein.
- c. Advance may be provided to the contractor as per the terms and procedures of the ULBs and purchase agreement entered into with the contractor.
- d. On receipt of bill, the concerned department shall prepare a Payment Order in Form GEN-14 for the purchase/acquisition of the Fixed Asset and forward it to the Accounts Department to make the payment after deducting the Security Deposit and any other deduction specified in the purchase agreement.
- e. As explained above in the accounting principles (Para 21.7) that all assets costing less than Rs 5,000 shall be charged to Income and Expenditure account in the period in which they were purchased.

Accounting for Earnest Money Deposit (EMD)

21.10 Earnest Money Deposit may be collected from the bidders on such basis as determined by the ULBs at the time of submitting their tenders. A Receipt in Form GEN-8 shall be issued for the amount collected. The accounting for collection of EMD from the bidders, refund of EMD to the unsuccessful bidders and conversion of EMD of successful bidder into Security Deposit and its refund shall be the same as provided in the Chapter 12 on “Public Works”.

Accounting for Security Deposit

21.11 Where the terms of Agreement entered into with the supplier provide for collection of a certain percentage of Security Deposit in advance, a Receipt (Form GEN-8) shall be issued for the amount collected to the successful bidder. The procedure for accounting of Security Deposit received and refunded on successful execution of the order shall be the same as provided in Chapter 12 on “Public Works”.

Accounting for Advance

21.12 As per the terms of purchase agreement, advance may be paid to the supplier. The procedure to be followed for payment and accounting in respect of advance shall be the same as provided in the Chapter 12 on “Public Works”.

Accounting for Acquisition/Purchase of Fixed Assets

21.13 Recording of purchase of Fixed Assets. The department which purchases/acquires the Fixed Asset shall prepare a Payment Order in Form GEN-14 for the purchase/acquisition of the Fixed Asset and forward it to the Accounts Department. To record the purchase of the Fixed Asset, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410- (b)	Fixed Assets	Dr.	1,00,000		Journal Book, Ledger
350-10-(a)	To Creditors -Suppliers Account	Cr.		90,000	
340- 10- (a)	To From Contractors / Suppliers –Security Deposit	Cr.		5,000	
460- 40- (a)	To Advance to Suppliers and contractors	Cr.		5,000	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

Note 1: All the fixed assets belonging to a class of assets shall be accounted under that asset class. For instance, the acquisition of a building for any purpose shall be accounted under the asset head of Buildings.

Note 2: The Cost of the fixed assets shall also include installation, duties, taxes and other incidental expenses for eg, transport charges, port dues, etc incurred towards acquisition of an asset.

Note 3: The postings in the Ledger Accounts of “Fixed Asset” Account, ”Suppliers” Account, “Security Deposit” Account and “Advance to Supplier” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

21.14 Recording of payment made. After obtaining approval of the concerned authority, the Accounts Department shall prepare a Bank Payment Voucher in Form GEN-5 and draw a cheque in accordance with the procedure provided in the Chapter 5 on General Accounting Procedures. On payment, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a) 450-21- (a)	Creditors –Suppliers Account To Main Bank Account*	Dr. Cr.	90,000	90,000	Bank Book, Ledger

* Specify name of the Bank and account number

(a) Insert detailed head codes of account as applicable

21.15 Any addition or improvement to the Fixed Asset that results in increasing the utility or useful life of the asset shall be capitalised and included in the cost of Fixed Asset. The procedure to be followed for accounting of any addition or improvement to Fixed Asset shall be the same as provided earlier in this chapter.

Depreciation on Fixed Assets

21.16 At the end of the accounting year, depreciation shall be provided on each class of Fixed Asset at the prescribed rates. The amount of depreciation to be provided each year shall be computed by applying the depreciation rate to the cost or written down value of Fixed Asset as per the accounting principles of the ULB. An example of computation of depreciation is provided in Table 21.1 below. .

21.17 For Depreciation on Fixed Asset. For providing depreciation (refer e.g. in Table 21.1 below), the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
272- (a) 411- (a)	Depreciation on _____ To Accumulated Depreciation	Dr. Cr.	2,100	2,100	Journal Book, Ledger

(a) Insert Minor & Detailed Head Codes of account as applicable

Note: Separate depreciation entry shall be passed for each class of fixed assets, such as Buildings, Vehicles, etc..

Table 21.1
Computation of Depreciation at Year-end on an asset class

Sr. No	Particulars	Amount (Rs.)
a.	Original Cost of Fixed Asset at the beginning of the year	10,000
b.	Less: Original Cost of fixed asset sold during the accounting year*	2,000
c.	Original Cost of the fixed asset held at year-end	8,000
d.	Annual Depreciation provision (@ 20%) for the financial year	1,600
	Depreciation on fixed assets purchased during the year**	
e.	Depreciation on the fixed asset purchased before October 1 of an accounting year (at full rate of 20% on Rs. 2,000/-)	400
f.	Depreciation on the fixed asset purchased after October 1 of an accounting year (at half the rate of 20% i.e. 10% on Rs. 1,000/-)	100
g.	Total Depreciation charge for the year (d+e+f)	2,100

* Refer sale of fixed asset worth Rs 2000 in para 21.24 under section ‘Sale/Disposal of Fixed Assets’ below.

** It is assumed that fixed assets worth Rs. 2,000 purchased before October 1 of an accounting year and fixed assets worth Rs. 1,000 purchased after October 1 of an accounting year.

21.18 Register of Immovable Property maintained in Form GEN-30, Register of Moveable Property maintained in Form GEN-31, and Register of Public Lighting System in Form GEN- 36 shall be updated in respect of the depreciation provision made during an accounting year annually.

Maintenance of Sinking Fund

21.19 ULBs may maintain sinking funds to invest the replacement of assets. In such cases the following procedures shall be adopted.

21.20 Recording of transfer of funds from Main Bank Account to Asset Replacement Bank Account. Immediately after the approval of Financial Statements by the ULBs, an amount equivalent to depreciation provision for the year shall be transferred from the Main Bank Account to Asset Replacement Bank Account for which the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-41-(a) 450- 21- (a)	Designated Bank Account* To Bank Account*	Dr. Cr.	2,100	2,100	Bank Book, Ledger

* Specify name of the Bank and account number

(a) Insert detailed head codes of account as applicable

21.21 The amount so set aside shall be utilised only for the purpose of purchase or acquisition of the fixed assets pertaining to the asset class in respect of which the above depreciation has been provided..

21.22 Asset Replacement Register in Form GEN-35 shall be maintained asset class-wise to record the money set aside and shall be updated for deposits made to Asset Replacement Bank Account in respect of annual depreciation provision made during the accounting year and for utilisation of proceeds from the Asset Replacement Bank Account for the purpose of replacement by way of purchase / acquisition / construction of fixed asset.

21.23 Recording of transfer of funds from Asset Replacement Bank Account to Main Bank Account. In case, where the payment in respect of any such fixed assets is made through the Main Bank Account, the Accounts Department shall transfer an amount equivalent to the cost of acquisition from the Asset Replacement Bank Account to the Main Bank Account and pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 450- 41- (a)	Main Bank Account * To Asset Replacement Bank Account*	Dr. Cr.	200	200	Bank Book, Ledger

(a) Insert detailed head code of accounts

Sale/Disposal of Fixed Asset

21.24 The Fixed Assets may be transferred by way of sale either through auction or otherwise. The procedure for accounting of receipt of EMD from the bidders, refund of EMD to the unsuccessful

bidders, conversion of EMD of successful bidder into Security Deposit and its adjustment shall be the same as provided in Chapter 12 on Public Works.

21.25 Recording of Depreciation on disposal of Fixed Asset. Depreciation shall be provided at the prescribed rates on the asset class (in respect of fixed asset sold). The amount of depreciation to be provided shall be computed by applying the depreciation rate to the cost of fixed asset upto the month of sale. For providing depreciation, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
272- (b) 411- (b)	Depreciation on _____ (please specify) To Accumulated Depreciation	Dr. Cr.	100	100	Journal Book, Ledger

(a) Insert Minor & detailed Head Codes of Account as applicable.

21.26 Recording of disposal of Fixed Asset. In respect of the Fixed Asset to be sold, the Accounts Department shall compute the Written Down Value for that Fixed Asset. Written Down Value of an asset is calculated as Cost of the Fixed Asset – Accumulated Depreciation provided till the previous year - Provision for Depreciation made during the year till the month of disposal (computed in Table 21.2 below). The Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410- 90- (a) 411- (b) 410- (b)	Fixed Assets -Assets under Disposal # Accumulated Depreciation To Fixed Assets	Dr. Dr. Cr.	1,500 500	2,000	Journal Book, Ledger

This would be the same figure as the Written-Down Value of the Fixed Asset computed in Table 21.2 below as an example.

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

21.27 Recording of receipt of money on disposal of Fixed Asset. On receipt of money, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450- 21- (a) 350-90-(a)	Bank Account * To Sale Proceeds from Assets	Dr. Cr.	2,000	2,000	Cash Book, Ledger

* Specify name of Bank and account number

(a) Insert Detailed Head Codes of Account as applicable

Note: This entry would be passed for the consideration amount at which the Fixed Asset is disposed.

21.28 Recording of refund of Security Deposit. After the completion of the disposal of the fixed asset, Security Deposit (if any) received shall be refunded for which the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
340- 10- (a) 450- 21-	From Suppliers/ Contractors – Security Deposit To Bank Account *	Dr. Cr.	500	500	Bank Book, Ledger

(a)					
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* Specify name of Bank and account number

(a) Insert detailed head code of accounts as applicable.

21.29 The concerned Fixed Asset may be transferred at a loss or profit in comparison to its written down value, as provided in Table 21.2 which shall be calculated by applying the rate of depreciation (prescribed for the asset class) to the cost of fixed asset sold. The cost of Fixed Asset sold shall be obtained from Register of Immovable Property (GEN-30).

Table 21.2
Computation of Profit or Loss on Disposal of Fixed Asset

Sr. No.	Particulars	Profit scenario Amount (Rs.)	Loss scenario Amount (Rs.)
a.	Original Cost of Fixed Asset	2000	2000
b.	Add: Cost of improvement/addition	0	0
c.	Total cost of Fixed Asset (a+b)	2000	2000
d.	Less: Depreciation provided from the year of acquisition till the previous financial year	400	400
e.	Less: Depreciation provided for the current financial year till the month of disposal	100	100
f.	Total Depreciation provided on the Fixed Asset Disposed (d+e)	500	500
g.	Written down Value of the Fixed Asset at the time of transfer (c- f)	1500	1500
h.	Less: Disposal value realised	2000	500
i.	Profit or (loss) on transfer of Fixed Asset (h-g)	500	(1000)

21.30 Recording profit on disposal of Fixed Asset. In case of profit on disposal of Fixed Asset (as per the example given above), the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-90-(a)	Sale Proceeds from Assets	Dr.	2,000		Journal Book, Ledger
410- 90- (a)	To Fixed Assets -Assets under Disposal	Cr.		1,500	
180- 30- (a)	To Profit on disposal of Fixed Assets	Cr.		500	

(a) Insert detailed head code of accounts as applicable

21.31 Recording loss on disposal of Fixed Asset. In case the asset is disposed at Rs. 500, i.e., a loss of Rs. 1,000 is incurred on disposal of fixed asset, the Accounts Department shall pass the entry referred to in para. 21.29 for Rs. 500 for recording, the money realised on disposal of fixed asset. For loss incurred on disposal of fixed asset, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
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350-90-(a)	Sale Proceeds from Assets	Dr.	500		
271-10- (a)	Loss on disposal of fixed asset	Dr.	1,000		
410-10- (a)	To Fixed Assets -Assets under Disposal	Cr.		1,500	Journal Book, Ledger

Note: In practice, only one of the above two situations could happen.

(a) Insert detailed head code of accounts as applicable

REVALUATION OF FIXED ASSETS

21.32 Fixed assets may be revalued under the following circumstances such as:

- a) Commercial development of the fixed assets are taken up after the land use and architectural control have been approved by the competent authority;
- b) At the time of lease; or
- c) At the time of issue of municipal bonds.

21.33 The procedure for accounting of revaluation of fixed assets are briefly described below:

- Recording for increase or decrease of the values of the Fixed Assets;
- Recording of amortization of revaluation reserve;
- Recording of disposal of revalued assets.

a) Recording of increase in the value of assets: Increase in values arising on account of revaluation of the fixed assets shall be credited to a reserve account under General fund. The accounting entry for recording the increase shall be as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410 – (b) 312- 60- (a)	Fixed Assets To Reserves – Revaluation Reserve	Dr. Cr.	10,000	10,000	Journal Book, Ledger and Fixed Assets Register

(i) Insert Detailed Head Codes of Account as applicable

(ii) Insert Minor & Detailed Head Codes of Account as applicable.

b) Recording of decrease in the value of assets: Decrease in the value of fixed assets because revaluation shall be charged off in the Income and Expenditure Account. The accounting entry for recording the decrease shall be as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
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270-40-(a)	Assets Written Off/ Decline in value of Assets on Revaluation To Fixed Assets	Dr.	10,000		Journal Book, Ledger and Fixed Assets Register
410- (b)		Cr.		10,000	

(i) Insert Detailed Head Codes of Account as applicable

(ii) Insert Minor & Detailed Head Codes of Account as applicable

c) Recording of adjustment of depreciation against revaluation reserve: Revaluation reserve shall be adjusted /reduced by an amount equivalent to the depreciation charge on the revalued portion of the fixed assets. The accounting entry for recording the adjustment is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
312- 60- (a)	Revaluation Reserve	Dr.	3,000		Journal book,
272- (b)	To Depreciation on Fixed Assets	Cr.		3,000	Ledger and Fixed Assets Register

(i) Insert Detailed Head Codes of Account as applicable

(ii) Insert Minor & Detailed Head Codes of Account as applicable

d) Recording of disposal of assets revalued: In case the assets revalued have been disposed off or written off, the revaluation reserve if any relating to those assets shall also be reversed.

21.34 The concerned Fixed Asset may be transferred at a loss or profit in comparison to its written down value, as provided in Table 21.3 which shall be calculated by applying the rate of depreciation (prescribed for the asset class) to the cost of fixed asset sold. The cost of Fixed Asset sold shall be obtained from Register of Immovable Property (GEN-30).

Table 21.3

Computation of Profit or Loss on Disposal of Fixed Asset

Sr. No.	Particulars	Profit scenario Amount (Rs.)
a.	Original Cost of Fixed Asset	5,000
b.	Add: Increased on account of revaluation	2,500
c.	Total value of the Fixed Asset (a+b)	7,500
d.	Less: Depreciation provided from the year of acquisition till the previous financial year	3,500
e.	Less: Depreciation provided for the current financial year till the month of disposal	200
f.	Total Depreciation provided on the Fixed Asset Disposed (d+e)	3,700
g.	Written down Value of the Fixed Asset at the time of transfer (a- f)	1,300
h.	Less: Disposal value realised	6,000
i.	Profit or (loss) on transfer of Fixed Asset (h-g)	4,700

* The accumulated depreciation at the beginning of the period and depreciation for the current period includes the depreciation provision on the portion of increase in the value of assets on revaluation. (i.e. Rs 2000)

i. Recording of transfer of assets and reversal of revaluation on disposal: In respect of the Fixed Asset to be sold, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
410- 90- (a)	Fixed Assets -Assets under Disposal #	Dr.	1,300		Journal Book, Ledger
312- 60- (a)	Revaluation Reserve	Dr.	2,500		
411- (b)	Accumulated Depreciation	Dr.	3,700		
410- (b)	To Fixed Assets	Cr.		7,500	

This would be the same figure as the Written-Down Value of the Fixed Asset computed in Table 21.3 above as an example.

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

ii. Recording of profit or loss on disposal of revalued assets: The scheme of entries shall be same as explained in paras 21.30 & 21.31 for profit or loss respectively.

INVESTMENT FROM ASSET REPLACEMENT BANK ACCOUNT

21.35 Investments made from Asset Replacement Bank Account shall be entered in the Investment Register (Form IN-1) (provided in Chapter 20 on Investments). The accounting procedures to be followed, the accounting entries to be recorded and accounting records to be updated in respect of investments of such funds are similar to those followed in respect of investments. They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been described in Chapter 20 on Investments.

TREATMENT OF CERTAIN TYPE OF ASSETS

Assets under dispute/litigation

21.36 All the fixed assets accounted in the books of ULBs which are under dispute or litigation shall be disclosed in the financial statements along with notes/remarks that these are under dispute and also the status of the legal case as at the reporting date of the financial statements.

Assets in Register not yet physically identified

21.37 The details of assets, which are in the register but not yet physically identified/traced, shall be disclosed in the financial statements in the form of a note. However, the assets were which are not traced within a specific period of time, shall be written off. The State Acts/rules governing the ULBs shall define the period and authorization for writes off. However it is recommended that the maximum period shall not exceed beyond five years. Accounts Department shall pass the following entry for recording of write off.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into

270- 40- (a)	Assets written off –Fixed Assets	Dr.	2,000		Journal Book, Ledger
411- (b)	Accumulated Depreciation To Fixed Assets	Dr.	3,000		
410- (b)		Cr.		5,000	

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

PERIOD END PROCEDURES

21.38 Recording of liability for fixed assets purchased for which payment has not been made. At period end, the concerned departments shall ensure that for bills in respect of all the fixed assets received before the last date of the accounting period are processed and sent to the Accounts Department for accounting and payment within 15 days from the end of the accounting period. Based on the bills received, the Accounts Department shall pass the same entry as what is described in para. 21.13 above..

21.39 Provision for Depreciation: Provision for depreciation on fixed assets shall be calculated for the full year and accounted on pro-rata basis at the period ends. For example if the total depreciation for full year is Rs. 1,000, the depreciation provision for the current year for the 3 months ended 30th June shall be Rs.250. However, the depreciation calculation sheet shall be updated for all additions and deletions during the period under reporting and accordingly the additional provisions for subsequent periods are accounted.

21.40 For Fixed Assets purchased in terms of any financial assistance or grant received or the cost of which is met from funds set aside in a Special Fund, period-end entries as described in Chapter 17 on “Grants” and Chapter 19 on “Special Funds” respectively, shall be recorded.

INTERNAL CONTROLS

21.41 The following internal controls shall be observed by the ULBs:

- a. At the time of award of new contract, the concerned department shall ensure the availability of adequate budget allocation after considering all commitments made against that budget allocation before purchasing any new fixed asset.
- b. The Head of the Accounts Department shall carry out quarterly reconciliation of the balance as per the Deposit Register maintained at the concerned department with the Deposit Ledger accounts.
- c. The Head of the Accounts Department shall have 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.
- d. The Head of the Accounts Department shall ensure that the amount set aside in the Asset Replacement Bank Account consequent to depreciation provision made, is utilised only for the purpose of purchase or acquisition of fixed asset for which depreciation has been provided.
- e. Before releasing payment to the supplier, the Head of the Accounts Department shall ensure that the fixed assets acquired are recorded in the Register of Immovable Properties. Further, it shall be ensured that the Payment Order provides reference to the Register of Immovable Properties where the entry for receipt of fixed assets is recorded.
- f. At the time of computing depreciation provision for the period, the Head of the Accounts Department shall ensure that the accumulated depreciation (including current period's depreciation provision) provided on any fixed asset does not exceed its cost of acquisition..

g. Chief Financial Officer / Head of the Departments of ULBs may specify appropriate MIS reports for monitoring.

21.42 All Reconciliation Statements shall be certified by the Head of the Accounts Department

PRESENTATION IN FINANCIAL STATEMENTS

21.43 The various heads of account used for the accounting of Fixed Assets shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULBs. All such financial statements and schedules shall be affixed with signature/seal of authorised officer.

21.44 The schedules of Income and Expenditure Statement in respect of Fixed Assets are provided below.

Schedule I-9: Schedule of Other Income

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
180-30-(a)	Profit on Disposal of Fixed asses		
Total of Income of Fixed Assets to be shown as part of Other Income Schedule			

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-17: Miscellaneous Expenses

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
271-10-(a)	Loss on disposal of Assets		
271-30-(a)	Decline in the Value of Fixed Assets on Revaluation		
Total of Expense of Fixed Assets to be shown as part of Miscellaneous expenses Schedule			

(a) Insert Detailed Head Codes of Account as applicable.

21.45 The Balance Sheet abstract in respect of Fixed Assets is provided below.

Schedule B-3: Reserves

Code No.	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)
312-60-(a)	Revaluation Reserve					
	Total					

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-7: Deposits Received

Amount in Rs.			
Code of	Particulars	Current Year	Previous Year

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Account		Amount (Rs.)	Amount (Rs.)
1	2	3	4
340-10-(a)	From Contractors & Suppliers- EMD		
340-10-(a)	From Contractors & Suppliers- Security Deposits		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-9: Other Liabilities (Sundry Creditors)

		Amount in Rs.	
Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
350-10-(a)	Suppliers Account- Fixed Assets		
350-90-(a)	Sale Proceeds of Fixed Assets		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

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Code No.	Particulars	Gross Block (410)				Accumulated Depreciation (411)				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
410- 10	Land										
410- 20	Buildings										
410- 30	Infrastructure Assets										
410- 31	Roads and Bridges										
410- 32	Sewerage and drainage										
410- 33	Water ways										
410- 33	Public Lighting										
	Other assets										
410- 40	Plants & Machinery										
410- 50	Vehicles										
410- 60	Office & other equipment										
410- 70	Furniture, fixtures, fittings and electrical appliances										
410- 80	Other fixed assets										
	Total										

\$ - 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 in Chapter 31.

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:

i. 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 1st April 2004 shall be equal to the closing asset balance as on 31st March 2004.

ii. Land includes areas used as and for the purpose of public places such as parks, squares, gardens, lakes, museums, libraries, godowns etc.

iii. Buildings include office and works buildings, commercial buildings, residential buildings, school and college buildings, hospital building, public buildings temporary structures and sheds, etc.

iv. Roads and bridges include roads and streets, pavements, pathways, bridges, culverts and subways.

v. Sewerage and drainage include sewerage lines, storm water drainage lines and other similar drainage system.

vi. Waterworks include water storage tank, water wells, bore wells, Water pumping station, Water transmission & distribution system, etc.

vii. No depreciation is to be charged on "Land"(01).

Schedules B-17: Schedule of Cash & Bank Balances

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450-10-(a)	Cash Account		
450-21-(a)	Bank Account		
	Total		

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-18: Schedule Loans, advances and deposits

Code No.	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
460-40-(a)	Advance to Suppliers and Contractors				
	Sub –Total				
461-(b)	Less: Accumulated Provisions against Loans, Advances and Deposits				
	Net Total Loans, advances, and deposits				

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

CHAPTER

22

LEASE AND HIRE PURCHASE

CHAPTER 22

LEASE & HIRE PURCHASE

INTRODUCTION

22.1 This chapter contains the recommended accounting system for transactions relating to fixed assets purchased or sold under hire purchase and leases by Urban Local Bodies (ULBs). The accounting principles and procedures given in this chapter is based on specific references taken from Indian Accounting Standard (AS) 19 on 'Accounting for Leases' issued by the Institute of Chartered Accountants of India. In case of any other guidance/ clarifications the same shall be obtained by referring to AS 19.

22.2 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 of time.

22.3 A lease is classified as a finance lease if it transfers substantially all risks and rewards incident to ownership. All other leases are classified as operating leases. Classification is made at the inception of the lease. Whether a lease is finance lease or an operating lease depends on the substance of the transaction rather than the form. Contextually under finance lease agreement the ownership passes on to the lessee on completion of the lease and in the case of an operating lease the ownership always remains with the Lessor.

22.4 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 retains 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.

22.5 Accounting of leases and hire purchase transactions shall be divided into the following situations:

- Finance lease in the books of lessee.
- Operating lease in the books of lessor.
- Finance lease in the books of lessor
- Operating lease in the books of Lessee
- Hire Purchase in the books of buyer.
- Hire Purchase in the books of seller.

22.6 Considering the general position ULB as lessee in the case of Finance leases and lessor in the case of Operating lease are provided in this manual, while both situations are covered in respect of Hire Purchase.

ACCOUNTING RECORDS AND PROCEDURES

22.7 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Fixed Assets under lease and hire purchase. For the purposes of accounting of Fixed Assets under a lease or hire purchase all the forms applicable, are generally applicable in respect of the transactions of the ULBs including in respect of Fixed Assets.

ACCOUNTING PRINCIPLES:

22.8 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Fixed Assets acquired/given under Lease and Hire Purchase:

- a. Finance lease in the books of lessee

□□ At the commencement of the lease term, finance leases shall be recorded as an asset and a liability. Such recognition shall be at an amount equal to the cost. .

□□ Finance lease payments shall be apportioned between the finance charge and the reduction of the outstanding liability. The finance charge shall be allocated as to produce a constant periodic rate of interest on the remaining balance of the liability for each of the period.

□□ Depreciation on such assets shall be provided at the same rates as in case of owned assets.

b. Operating lease in the books of Lesser

- Assets given under operating lease shall be accounted as its assets in the same manner similar to any other fixed assets owned and used by the ULB.
- Lease income from operating leases shall be recognized as income on a straight-line basis over the lease term. Lease income shall be accrued on the respective due dates.
- Any amount incurred that results in improvement or increase of the useful life of the assets under operating lease shall be capitalized as like any other asset used by the ULB for its own operations;
- Depreciation on such assets shall be provided at the same rates as in case of owned assets.

b. Hire purchase in the books of buyer

- The purchase price shall be capitalized as the cost of fixed assets
- 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;
- 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
- The depreciation principle for assets purchased under HP should be consistent with that for owned assets.

d. Hire purchase in the books of seller

- The sale price (including the interest portion) shall be accounted as receivable from HP agreement;
- 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);.
- 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 charges

ACCOUNTING FOR FINANCE LEASE IN THE BOOKS OF LESSEE

Accounting for Acquisition/Purchase of Fixed Assets

22.9 Recording of purchase of Fixed Assets: Delivery / installation of fixed assets purchased under a 'Finance Lease' shall be as per the agreement. To record the purchase of the fixed assets under a finance lease (for example at a cost Rs.25, 00,000), the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
410-+(a)	Fixed Assets (please specify the type) *	Dr.	2,500,000		Journal Book, Ledger, Register of Movable/Immovable Assets
470-30-(b)	Interest control payable – Leases	Dr.	250,000		
350-80-(b)	To Lease Charges payable	Cr.		27,50,000	

(a) Insert Minor Head Codes as applicable

(b) Insert detailed head codes as applicable.

* All the fixed assets belonging to a class of assets shall be accounted under that asset class.

For instance, the acquisition of a building for any purpose shall be accounted under the asset head of Buildings.

Note: The postings in the Ledger Accounts of "Fixed Asset" Account, "Lease Charges Payable", "Interest Control Payable" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter.

Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

22.10 'Interest control payable – Leases account' is in the nature of a control account, which represents an equivalent amount of unpaid interest portion included in the 'Lease Charges Payable'. The balance in this account gets reduced at the period ends by accounting for the finance charges portion of the lease payments dues for the period.

Lease payments

22.11 The periodical lease payments shall be accounted as per the lease agreement, the accounting entry for periodical lease payment (for example if the annual lease payment inclusive of interest is Rs 2,75,000) is as follows:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
350-80-(a)	Lease Charges Payable	Dr.	2,75,000		Bank Book, Ledger
450-21-(a)	To Bank Account*	Cr.		2,75,000	

* Specify names of the Bank and Account number

(a) Include Detailed Head Codes of Account as applicable

Finance Charges

22.12 The portion of finance charges out of the lease payments due for the current period shall be identified at the period ends and accounted as finance charges for the period. The accounting entry for recording the finance charges is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
240-60-(a) 470-30-(a)	Interest on Leases To Interest control payable – Leases	Dr. Cr.	25,000	25,000	Journal Book, Ledger

(a) Include Detailed Head Codes of Account as applicable

Depreciation Charge

22.13 At the end of the accounting year, depreciation shall be provided on each class of fixed assets under finance lease at the prescribed rates. The amount of depreciation to be provided each year shall be computed by applying the depreciation rate to the cost of acquisition or written down values as the case may be. The calculation and accounting of depreciation shall be same as explained in para 21.16 of Chapter 21 on Fixed Assets.

ACCOUNTING FOR OPERATING LEASES IN THE BOOKS OF LESSOR

Lease rental income

22.14 Recording of accrual of lease rental: The lease rentals due for the period shall be accrued in accordance with the lease agreement. For example, if there is an agreement for rental of Furniture under an operating lease for a monthly rental of Rs.5, 000 it shall be accounted on a monthly basis. The accounting entry for this is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
431-40-(a) 130-80-(a)	Receivables from other sources – Lease rental To Other rent - Lease Rental	Dr. Cr.	5,000	5,000	Journal, Ledger

(a) Include Detailed Head Codes of Account as applicable

22.15 Recordings of receipt of lease rentals: The lease rentals shall be received in accordance with the lease agreement. The accounting entry for this is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-21-(a) 431-40-(a)	Bank Account * To Receivables from Other Sources – Lease rental	Dr. Cr.	5,000	5,000	Bank Book, Ledger

* Specify name of the Bank and Account number

(a) Insert Detailed Minor Head Codes of account as applicable

22.16 Accounting of Fixed assets and depreciation: Accounting treatments for the Fixed assets given under an operating lease and depreciation on those assets shall follow the same principles and procedures as laid down in Chapter 21 on Fixed Assets.

Period end procedures:

22.17 Accrual of lease rentals: The Accounts Department shall identify the total lease rentals due for the period under reporting and compare the same with the lease rental income recognized till date in the books and account for differences if any.

ACCOUNTING OF HIRE PURCHASE (HP) IN THE BOOKS OF BUYER

Down payment against purchase of Asset under Hire purchase agreement

22.18 The HP agreement may have clauses for down payments either before or after delivery or receipt of the asset depending on the terms of the HP agreement.

22.19 To record the down payment made, the following entry shall be passed:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
460-40-(a) 450-21-(a)	Advance for HP Assets To Bank Account*	Dr. Cr.	25,000	25,000	Bank Book, Register of Advances, Ledger Accounts

* Specify Name of the Bank and Account number

(a) Insert Detailed Head Codes as applicable.

Accounting for Acquisition/Purchase of Fixed Assets

22.20 Recording of purchase of Fixed Assets: To record the purchase of the Fixed Asset under a hire purchase agreement, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
410-(a)	Fixed Assets (please specify the type)	Dr.	2,50,000		Journal Book, Ledger, Register of Movable/ Immovable Assets and Register of Advances
470-30-(a)	Interest control payable - HP	Dr.	50,000		
330-60-(a)	To Other Term Loans- HP	Cr.		2,75,000	
460-40-(a)	To Advance for HP Assets	Cr.		25,000	

(a) Insert Minor Head Codes of Account as applicable

(b) Insert Detailed Head Codes of account as applicable.

HP Installments

22.21 Assuming that in the example given in the previous para carries an annual installment repayment of Rs.27, 500. The accounting entry for the payment of installment is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
330-60-(a) 450-21-(a)	Other Term Loans- HP To Bank Account*	Dr.Cr.	27,500	27,500	Bank Book, Ledger

* Specify names of the Bank and Account number

(a) Include detailed Head Codes of Account as applicable.

Finance Charges

22.22 The portion of interest out of the 'HP payable' due for the period under reporting shall be identified at the period ends and accounted as 'finance charges for that period. Assuming that in the annual repayment of Rs.27, 500 includes interest charge of Rs 5,000, the accounting entry for recording the interest charges are as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
240-60-(a) 470-30-(a)	Other Interest - HP To Interest control payable - HP	DRCr.	5,000	5,000	Journal Book, Ledger

(a) Include Detailed Head Codes of Account as applicable

Depreciation Charge

22.23 At the end of the accounting year, depreciation shall be provided on each class of Fixed Asset purchased under HP at the prescribed rates. The amount of depreciation to be provided each year shall be computed by applying the depreciation rate to the cost or written down values of the Fixed Assets as the case may be. The calculation and accounting entries for Depreciation on Fixed Assets purchased under HP shall be same as explained in para 21.16 of Chapter 21 on Fixed Assets.

Period end procedures:

22.24 Recording of interest portion of the installments due appropriately: The Accounts Department shall identify the interest portion of the installments payable for the period under reporting and accordingly account for the Interest Charges for the period.

ACCOUNTING OF HIRE PURCHASE (HP) IN THE BOOKS OF SELLER

Down payment received under Hire purchase agreement

22.25 The HP agreement may have clauses for down payments to be received from the buyer up-front either before or after delivery of the asset depending on the terms of the HP agreement.

22.26 For example, the accounting entry for 10% down payment received on the sale of assets costing Rs 250,000 is as follows:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-21-(a) 350-80-(a)	Bank Account* To Other Liabilities- HP Advance received	Dr.Cr.	25,000	25,000	Cash Book, Register of Advances,

					Ledger Accounts
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* Specify Name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Sale of Assets under HP

22.27 To record the sale of the assets under an HP agreement and adjust the 'down payment' received, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
350- 80- (a)	Other Liabilities - HP Advance received	Dr.	25,000		Journal Book, Ledger, Register of Movable/Immovable Assets
460-80- (a)	Other Current assets – HP Installments receivable	Dr.	2,75,000		
				275,000	
410-(b)	To Fixed Assets (please specify the type)	Cr.			
		Cr.		25,000	
350-80- (a)	To Other Liabilities- Interest control receivables – HP				

(a) Insert Detailed Head code of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

Installment receipts

22.28 The periodical hire purchase installments due shall be received as per the HP agreement. Assuming that in the example given in the previous para carries an annual installment repayment of Rs.27, 500. The accounting entry for receipt of the installment is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-21-(a)	Bank Account*	Dr.	27,500		Bank Book, Ledger
460-80-(a)	To Other Current assets - HP Installments Receivable	Cr.		27,500	

* Specify names of the Bank and Account number

(a) Include Detailed Head Codes of Account as applicable.

Interest Income

22.29 The portion of interest income out of the 'Receivables - HP' due for the period under reporting shall be identified at the period ends and accounted as 'Interest Income for that period. Assuming that in the annual repayment of Rs.27, 500 includes interest charge of Rs 5,000, the accounting entry for recording the interest is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
350-80-(a) 171-80-(a)	Interest control receivables – HP To Other Interest Income - HP	Dr.Cr.	5,000	5,000	Journal Book, Ledger

(a) Include Detailed Head Codes of Account as applicable

Period end procedures:

22.30 Recording of interest portion of the installments due appropriately: The Accounts Department shall identify the interest portion of the installment receivable for the period under reporting and accordingly account for the Interest Charges for the period.

INTERNAL CONTROLS

22.31 The following internal controls shall be observed by the ULB:

a. For Finance lease /Hire purchase in the books of lessee /buyer:

- The Head of the Accounts Department shall ensure that the 'purchase of fixed assets' under a finance lease or HP and the terms (lease/HP rentals, lease/HP periods and interest rate) of the lease/HP agreement is approved before recording the capitalization.
- The Head of the Accounts Department shall ensure that the interest charges included in the Lease Charges/HP Payable for the period under reporting are accounted appropriately.
- The Head of the Accounts Department shall ensure that penalties or additional interests on account of delay in installment dues are provided as per the Lease /HP agreement.

b. For Operating Leases in the books of Lessor

- The Head of the Accounts Department shall ensure that lending the 'fixed assets' under a operating lease and the terms (lease rentals, lease periods) of the lease agreement are approved before recording of any lease rental income.
- The Head of the Accounts Department shall ensure that penalties or additional interests on account of delay in installment dues are raised timely and accounted as per the Lease agreement.
- The Head of the Accounts Department shall have 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. Alternatively, a periodical confirmation of the assets held under operating lease from the lessee shall also be obtained. Any discrepancies with the Fixed Assets Register and the physical verification sheets or confirmation shall be reconciled.
- The Head of the Accounts Department shall ensure that the fixed assets given under operating leases are updated in the Register of Immovable Properties with the name of the lessee and location.

c. For Hire Purchase in the books of Seller

- The Head of the Accounts Department shall ensure that 'sale of fixed assets' under a hire purchase agreement and the terms (HP installments, periods and interests) of the agreement are approved before recording the sale of assets.
- The Head of the Accounts Department shall ensure that the interest income included in the HP Installments due for the period under reporting are accounted appropriately.
- The Head of the Accounts Department shall ensure that penalties or additional interests on account of delay in installment dues are levied and accounted as per the HP agreement.

Presentation in financial statements

22.32 The various heads of account used for the accounting of Fixed Assets shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULBs. All such Financial statements and schedules shall be affixed with signature/seal of authorized officer.

22.33 The schedule of Income and Expenditure Statement in respect of Fixed Assets under a finance lease is provided below.

Schedule I-3: Schedule of Rental income from Municipal Properties

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
130-80- (a)	Other rents – Lease Rental		
Total Income from HP, Lease to be shown as part of Rental Income Schedule			

(a) Include Detailed Head Codes of Account as applicable

Schedule I-8: Schedule of Interest Earned

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
171-80	Other Interest Income - HP		
Total Income from HP, Lease to be shown as part of Interest Earned Schedule			

(a) Include Detailed Head Codes of Account as applicable

Schedule I-13: Schedule of Interest & Finance Expenses

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
240-60-(a)	Other Interest – Leases		
240-60-(a)	Other Interest - HP		
Total Expense of HP, Lease to be shown as part of Interest Earned Schedule			

(a) Include Detailed Head Codes of Account as applicable

22.34 The Balance Sheet abstract in respect of Fixed Assets provided below.

Schedule B-5: Schedule of Secured Loans

Amount in Rs.

Code No.	Particulars	Original amount of	Rate of interest	Current Year	Previous Year Amount (Rs.)
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		loan		Amount (Rs.)	
330-60-(a)	Other Loans – HP				
	Total				

(a) Include Detailed Head Codes of Account as applicable

Notes

1. The nature of the Security shall be specified;
2. Particulars of any guarantees given shall be disclosed
3. Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan separately;

Schedule B-9: Schedule of Other Liabilities (Sundry Creditors)

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Current Liabilities		
350-80--(a)	Others- Lease Charges payable		
350-80-(a)	Others- HP Advance		
350-80-(a)	Interest control Receivables – HP		
	Total		

(a) Include Detailed Head Codes of Account as applicable

Schedule B-15: Sundry Debtors (Receivables)

Code No.	Particulars	Gross Amount (Rs.)	Provision for Outstanding revenues(Rs.)	Net amount (Rs.)	Previous year Net amount (Rs.)
1	2	3	4 432	5 = 3 – 4	6
431-40-(a)	Receivables from Other sources- HP Less than 2 years * More than 2 years*				
	Sub-total				
431-40-(a)	Receivables from Other sources – Lease Charges Less than 2 years * More than 2 years*				
	Sub-total				
	Total				

(a) Include Detailed Head Codes of Account as applicable

Schedules B-18: Schedule of Loans, advances & Deposits

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
	Current Liabilities		
460-40-(a)	Advance to Suppliers - HP Assets		
	Total		

(a) Include Detailed Head Codes of Account as applicable.

Schedules B-17: Schedule of Cash & Bank

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450-10-(a) 450-21-(a)	Current Assets Cash Account Bank Account		
	Total		

(a) Include Detailed Head Codes of Account as applicable.

Schedule B- 10: Fixed Assets

Code No.	Particulars	Gross Block (410)				Accumulated Depreciation (411)				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

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410-10	Land Buildings										
(a)	Roads and										
410-20	Bridges										
(a)	Bridges &										
410-30	Fly –overs										
(a)	Sewerage and										
410-31	drainage										
(a)	Water works										
410-32	Plants & Machinery										
(a)	Vehicles										
410-33	Office & other equipment										
(a)	Furniture, fixtures, fittings and electrical appliances										
410-40	Public Lighting										
(a)	Other fixed assets										
410-70											
(a)											
410-80											
(a)											
410-90											
(a)											
	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

Notes:

1. 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 1st April 2002 shall be equal to the closing asset balance as on 31st March 2002.

2. Land includes areas used as and for the purpose of public places such as parks, squares, gardens, lakes, museums, libraries, godowns etc. Buildings include office and works buildings, commercial buildings, residential buildings, school and college buildings, hospital building, public buildings temporary structures and sheds, etc.
3. Roads and bridges include roads and streets, pavements, pathways, bridges, culverts and subways.
4. Sewerage and drainage include sewerage lines, storm water drainage lines and other similar drainage system.
5. Waterworks include water storage tank, water wells, bore wells, Water pumping station, Water transmission & distribution system, etc.
6. No depreciation is to be charged on "Land"(01)
7. All the assets under leases and hire purchase need to be quantified by referencing in a note.

CHAPTER 23

LOANS AND ADVANCES

CHAPTER 23

LOANS & ADVANCES

INTRODUCTION

23.1 This chapter contains the recommended accounting system for transactions relating to loans given to others including any boards/undertakings set up by the ULB. Loans and advances provided to employees and contractors /suppliers are covered in chapter 14 and 12 respectively.

23.2 ULBs may lend loans out of general funds as per the rules and provisions of the act governing the ULBs. ULBs may also advance out of specific funds / grants received for a long-term projects if the terms and conditions of the fund/grant provide for the same. In such cases, interests earned on the loans and advances lent out of the specific project fund/grant shall be credited to these funds/grants account.

ACCOUNTING PRINCIPLES

23.3 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to loans provided by ULBs

- a. 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.
- b. Interest earned on loans given out of specific fund/grant shall be directly credited to the specific fund/grant account.
- c. Penal interests if any either on loans given out of Municipal fund or out of specific fund/grant shall be accounted on actual receipt.
- d. 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.
- e. 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.
- f. 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.

ACCOUNTING FOR LOANS TO OTHERS

23.4 The amount of loans granted to external organizations and undertakings shall be entered in the Register of 'loans to others' in Form LA-1 maintained by the Accounts Department of the ULB.

a. Recording of disbursement of loans. On disbursement of loan, the Accounts

Department shall pass the following entries:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
460-30-(a) 450-21-(a)	Loans to Others To Bank Account*	Dr.Cr.	100,000	100,000	Bank Book, Ledger, Register of loans to Others, Register of Specific funds/grants

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Note: The postings in the Ledger Accounts of "Loans to Others" Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever the cash or the bank account is involved, there will be no entry in the Journal Book..

b. Recording of recovery of loan installments:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-21-(a) 460-30-(a)	Bank Account* To Loans to Others	Dr.Cr.	20,000	20,000	Cash Book, Ledger, Register of loans to Others, Register of Specific funds/ grants

* Specify name of the Bank and Account number

(i) Insert Detailed Head Codes of Account as applicable

c. Recording of interest due on loans to external organizations/ undertakings

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
431-40-(a) 171-30-(a)	Receivables from other sources – Interest Accrued To Interest on Loans to Others	Dr. Cr.	2,000	2,000	Journal Book, Ledger, Register of loans to Others, Register of Specific funds/grants

(a) Insert Detailed Head Codes of Account as applicable

d. Recording of receipt of interest on loans:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
450-21-(a) 431-40-(a)	Bank Account* To Receivables from other sources – Interest Accrued	Dr.Cr.	2,000	2,000	Bank Book, Ledger, Register of loans to Others, Register of Specific funds/grants

* Specify name of the Bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

LOANS TO TRANSPORT UNDERTAKINGS / SCHOOL BOARDS

23.5 ULBs may provide loans to other undertaking/boards depending on the governing acts and Rules applicable to the ULB. The accounting entries and procedures relating to loans given to other Undertakings setup by the ULBs are same as explained in Para 23.4 above..

PROVISIONING AGAINST BAD AND DOUBTFUL ‘LOANS TO OTHERS’

23.6 The Accounts department shall review recoverability status of all Loans to Others on periodical basis and based on the review and in accordance with the provisioning principle laid down by the state, appropriate amount of provisioning or write off needs to determined and accounted after obtaining the requisite approvals. The accounting entries for provisioning or write off of Loans and Advances are detailed below:

a. Recording of provision against doubtful loans to Others as at the period end:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
270-20-(a) 461-10-(a)	Provision for Other Assets To Provision for Outstanding Loans to Others	Dr. Cr.	6,000	6,000	Journal Book, Ledger,

(a) Insert Detailed Head Codes of Account as applicable

b. Recording of write off doubtful and bad loans for which provisioning was made in the previous years:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) illustrative figures	Books to be entered into
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270-20-(a)	Provision for Other Assets	Dr.	4,000		Journal Book,
460-30-(a)	To Loans to Others	Cr.		4,000	Ledger,

(a) Insert Detailed Head Codes of Account as applicable

c. Recording of write off of doubtful or bad loans for which no provisioning was made in the previous years:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
270-40-(a)	Assets Written off – Loans & Advances	Dr.	4,000		Journal Book,
460-30-(a)	To Loans to Others	Cr.		4,000	Ledger, Register of loans to Others

(a) Insert Detailed Head Codes of Account as applicable.

d. Recording of write back of provision against doubtful loans to the extent of the amount recovered:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
461-10-(a)	Accumulated Provision for Loans to Others	Dr.	1,000		Journal Book,
180-60-(a)	To Other income – Excess Provisions Written back	Cr.		1,000	Ledger

(a) Insert Detailed Head Codes of Account as applicable

INTERNAL CONTROLS

23.7 The ULBs in respect of Loans lent to others shall observe the following internal controls:

a. The loans to others shall be entered in the ‘Loans to Others register’ in Form LA –1 and on a monthly basis, the amount as per the register shall be reconciled with the amounts as per the ledger accounts.

b. Also the interest accrued at the period ends shall be entered in the registers referred above and the interest on loans as per the registers shall be reconciled with the amount as per Interest ledger.

c. At the end of the year, an abstract of 'Loans to Others' has to be made showing the loans outstanding at the beginning of the year, loans lent during the year, total interests accrued during the year and total amount of recoveries/ adjustments during the year.

d. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

23.8 All the reconciliation statements shall be certified by the Head of the Accounts Department.

PRESENTATION IN FINANCIAL STATEMENTS

23.9 The various heads of accounts used for the accounting of Loans to Others shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULB. All such statements and schedules should be affixed with signature and seal of designated authorities.

23.10 The schedule of Income and Expenditure Statement in respect of Loans is provided below:

Schedule I-8: Schedule of Interest Earned

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
171-30-(a)	Interest on loans to others		
	Total Income of Loans & advances to be shown as part of Interest Earned Schedule		

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-9: Schedule of Other Income

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
180-10-(a)	Deposits Forfeited		
180-60-(a)	Excess Provisions written back		
	Total Income of Loans & advances to be shown as part of Other Income Schedule		

(a) Insert Detailed Head Codes of Account as applicable

Schedule I-16: Schedule of Provisions & Write off

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
270-20-(a)	Provision for other Assets Excess Assets		
270-40-(a)	written off		

	Total Expense of Loans & advances to be shown as part of Provisions & Write off Schedule		
--	---	--	--

(a) Insert Detailed Head Codes of Account as applicable

23.11 The Balance Sheet abstract in respect of Loans and advances is provided below:

Schedule B-15: Schedule of Sundry Debtors (Receivables)

Code No.	Particulars	Gross Amount (Rs.)	Provision for Outstanding revenues (Rs.)	Net amount (Rs.)	Previous Year Net Amount (Rs.)
1	2	3	4 432	5 = 3 – 4	6
431-40-(a)	Receivables from Other Sources				
	Total of Sundry Debtors(Receivables)				

* Break up for provision for outstanding revenues are given in Column 4

(a) Insert Detailed Head Codes of Account as applicable.

Schedule B-18: Schedule of Loans, advances and deposits

Code No.	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
460-30-(a) 461-(b)	Loans to Others Less: Provision for Outstanding				
	Net total of Loans, advances, and deposits				

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

Schedule B-18 (a): Accumulated Provisions against Loans, Advances, and Deposits

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
461-10-(a)	Loans to Others		
	Total Accumulated Provision		

(a) Insert Detailed Head Codes of Account as applicable.

_____ Name of the ULB

REGISTER OF LOANS TO OTHERS

- | | |
|--|---------------------------|
| 1. Name of the borrower _____
_____ | 5. Rate of Interest _____ |
| 2. Purpose of Loan _____
installment _____ | 6. No. of _____ |
| 3. No. & date of resolution / orders sanctioning the loan _____ [whether monthly, quarterly, half- yearly or yearly] | |
| 4. Amount of Loan sanctioned _____
installment _____ | 7. Amount of each _____ |
| 8. Name of the Specific fund/ grant used for lending _____ | |

Amount Repaid				Balance			Remarks
Date of Repayment	Principal Amount	Interest	Total	Principal Amount	Interest	Total	
9	10	11	12	13	14	15	16

Disbursement of Loan			Amount due for repayment				Initials of the officer
Date of Disbursement	Amount Disbursed	Total Amount Disbursed	Due Date Of Repayment	Amount of Principal	Amount of Interest	Total Amount due to repayment	
1	2	3	4	5	6	7	8

Note:

1. Separate folio shall be allotted to each loan.
1. Pages of ledger / register would be numbered.
2. In case of more than one loan, summary of all loans shall be drawn suitably in the register.
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.

CHAPTER

24

SPECIAL TRANSACTIONS

CHAPTER 24

SPECIAL TRANSACTIONS

INTRODUCTION

24.1 Often ULBs have transactions which are not of usual nature. These are referred to as Special Transactions. These could include:

- i. Fixed assets created on behalf of ULBs by an executing agency, from the funds directly disbursed to them by the Government, or;
- ii. Grants given by ULBs to the School Boards or other undertakings established under an ULB.
- iii. Contributions made by ULBs in creation of assets not owned by it;
- iv. Joint Venture Investments

24.2 This chapter contains recommended accounting system for each of the above transactions.

ACCOUNTING PRINCIPLES

24.3 The Accounting Principles governing the recording, accounting and treatment of transactions coming under Special Transactions are similar to those prescribed in similar situations in the other chapters of this Accounts Manual. For instance:

- Accounting Principles relating to construction of fixed assets and their repairs and maintenance shall be the same as what is described in ***Chapter 12 on Public Works***;
- Accounting Principles in respect of procurement and consumption of Stores shall be the same as what is described in ***Chapter 13 on Stores***;
- Accounting Principles in respect of grants received shall be the same as what is described in ***Chapter 17 on Grants***;
- Accounting Principles in respect of Borrowings (Loans Received) shall be the same as what is described in ***Chapter 18 Borrowings (Loans Received)***;
- Accounting Principles in respect of Investments and accrual of interest shall be the same as what is described in ***Chapter 20 on Investments***;
- Accounting Principles in respect of fixed assets and depreciation provisioning shall be the same as what is described in ***Chapter 21 on Fixed Assets***;
- Accounting Principles in respect of loans and advances shall be the same as what is described in ***Chapter 23 on Loans and advances***;

ACCOUNTING RECORDS AND PROCEDURES

24.4 This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Special Transactions. For the purpose of accounting the Form SPL-1 is specific to Grants provided to the School Boards or other undertakings established by the ULBs. This is annexed to this chapter

24.5 The Accounts Department shall maintain a Register in Form SPL-1 for Grants provided to Schools/other undertakings. The details of the grants sanctioned shall be recorded in the Grants to Schools/other undertakings register. This Register shall be updated for each payment of the grant.

Creation of Fixed Assets by an Executing Agency

4.6 Under certain schemes sanctioned by the State Government, the ULBs may have assets created by an executing agency, on their behalf. These projects may be funded by one or more of the following sources:

a. Loans;

b. Grants from State Government; or

c. Own contribution, i.e., contribution by the ULBs. In accordance with a scheme sanctioned, the ULBs may raise a loan for the purpose of execution of an approved project. The loan may either be disbursed to the ULBs, which will then utilise it for execution of the scheme (accounting procedure and accounting entries in respect of which has been described in Chapter 18 on Borrowings (Loans Received), or may be disbursed directly to an executing agency. Likewise, Grants may be either disbursed to the ULBs (accounting procedure and accounting entries in respect of which has been described in Chapter 17 on Grants) or may be disbursed directly to an executing agency..

24.7 This section describes the accounting procedures and entries in situations in which loans and grants are disbursed directly to an executing agency on behalf of an ULB. There could be situations in which a large project is executed by an executing agency for the common benefit of more than one ULB. In this Chapter the accounting entries in respect of a particular ULB's share in such situation is also explained.

24.8 This is explained with the help of an illustration. Suppose a Water Works Scheme for Rs. 1.5 crores is sanctioned of which Rs. 1 crore would be receivable as loan and Rs. 40 lakhs as grant from State Government and the balance would be contributed by the ULB. The said scheme would be executed by an independent organisation i.e. the executing agency, on behalf of the ULB. The amount of loan and grant would be directly disbursed to the executing agency and the ULB would also remit its own contribution to the executive agency. The scheme of entries outlined below shall be passed for all projects executed by an executing agency in respect of which funds are directly disbursed to the executing agency.

24.9 Recording of direct disbursement of Loan. On receipt of intimation of disbursement of loan to an executing agency, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-50-(a)	Advance against Project*	Dr.	1,00,00,000		Journal Book, Ledger
331-(b)	To Loans **	Cr.		1,00,00,000	

* Specify name of the Project under execution and the Executing Agency executing it.

** Specify the institution from which the funds have been borrowed or any other distinguishing feature of the loan raised for easy identification. In the case of Secured loans the code to be used is 330 instead of 331.

(a) Insert Minor Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

Note: The postings in the Ledger Accounts of "Advance against Project Account and "Loan " Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described

subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

24.10 Recording of direct disbursement of Grant. For grants disbursed directly to the executing agency, on receipt of intimation from the government or executing agency, the Accounts Department shall pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-50- (a) 320-20-(a)	Advance against Project* To Grants for Specific Purposes	Dr. Cr.	40,00,000	40,00,000	Journal Book, Ledger

** Specify name of the Project under execution and the Executing Agency executing it.*

(a) Insert Detailed Head Codes of Account as applicable

24.11 Recording of remittance of ULBs own contribution. In accordance with the terms of a sanctioned scheme, funds may be remitted by the ULBs as their contribution to executing agency. On transfer of funds, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-50-(a) 450-21-(a)	Advance against Project* To Bank Account**	Dr. Cr.	10,00,000	10,00,000	Bank Book, Ledger,

** Specify name of the Project under execution and the Executing Agency executing it.*

*** Specify name of the bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

24.12 Recording of accrual and payment of interest. Interest on funds borrowed shall be accrued and paid as per the terms of the agreement. In such cases, the interest amount is paid to the executing agency, which in turn would pay to the lender. For accounting of interest accrued and its subsequent payment, the Accounts Department shall pass the following entries:

a. On accrual of interest:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
460-50-(a) 350-12-(a)	Advance against Project* To Interest Liability on Projects	Dr. Cr.	10,00,000	10,00,000	Journal Book, Ledger,

** Specify name of the Project under execution and the Executing Agency executing it.*

(i) Specify the Detailed Head Code of Account as applicable.

b. On payment of interest:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
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350-12-(a)	Interest Liability on Projects	Dr.	10,00,000		Bank Book, Ledger,
450-21-(a)	To Main Bank Account*	Cr.		10,00,000	

* Specify name of the bank and Account number

(i) Insert Detailed Head Codes of Account as applicable

24.13 Recording of repayment of loan. In such cases, loan installments may be paid to the executing agency for further payment to the lender. On payment of loan installment, the Accounts Department shall pass the following entries:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
331-(a) 450-21-(b)	Loans* To Bank Account**	Dr. Cr.	10,00,000	10,00,000	Bank Book, Ledger,

* Specify the institution from which the funds have been borrowed or any other distinguishing feature of the loan raised for easy identification.

**Specify name of the bank and Account number

(a) Insert Minor and Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

24.14 Recording of capitalization of asset under construction. On completion of construction and on receipt of Work Completion Certificate from the executing agency, for capitalization of the work executed, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410-(a) 460-50-(b)	Fixed Assets To Advance against Project*	Dr. Cr.	1,60,00,000	1,60,00,000	Journal Book, Ledger,

* Specify name of the Project under execution and the Executing Agency executing it.

(a) Insert Minor and Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

24.15 Recording of completion of construction and capitalization: On completion of construction and on capitalization of the fixed asset, the amount received as Grant shall be transferred to the Grant Fund. For this the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
320-20-(a) 312-10-(a)	Grants for Specific Purposes To Capital Contribution	Dr. Cr.	40,00,000	40,00,000	Journal Book, Ledger, Grant to Schools/other undertakings register

(a) Insert Detailed Head Codes of Account as applicable

Revolving Fund

24.16 ULBs maybe required to open a separate designated bank account for depositing funds (usually both loans, grants), received from State Government, both loans and grants, aimed towards development of ULBs through creation of fixed assets. Further, the ULBs may be required to contribute certain percentage of the project cost towards the scheme sanctioned, which shall be deposited in the designated bank account.

24.17 The amount deposited in the designated bank account shall be utilized only for the purposes specified in the scheme sanctioned. Interest on loan and repayment of loan installment shall be made from the Designated Revolving Fund Bank Account. The deficit in the designated bank account, if any, shall be met from the ULBs Main Bank Account.

24.18 This is explained with the help of an illustration. Suppose a Scheme has been formulated under a special programme approved by the Government for construction of a public facility. The cost of the project is Rs. 1 crore of which Rs. 25 lakhs would be received as loan and Rs. 15 lakhs as grant from State Government. The ULBs shall contribute the balance. The amount received as loan and grant together with ULBs own contribution shall be deposited in a separate designated bank account. The scheme of entries outlined below shall be passed for any other project executed under any other Revolving Fund.

24.19 Recording of receipt of Loan. The accounting procedures in relation to loan received from the State Government, payment of interest accrued on loan and repayment of loan has been described in Chapter 18 on Borrowings (Loans Raised). On receipt of loan, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-41-(a) 331-(b)	Bank Account * To Loans**	Dr. Cr.	25,00,000	25,00,000	Bank Book, Ledger, Special Fund Register, Register of Loans

**Specify name of the bank and Account number*

***Specify the institution from which the funds have been borrowed or any other distinguishing feature of the loan raised for easy identification. Also specify the name of the project.*

(a) Insert Detailed Head Codes of Account under as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable.

24.20 Recording of receipt of Grant. On receipt of grant from the Government, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-41-(a) 311-(b)	Designated Revolving Fund Bank Account* To Revolving Fund**	Dr. Cr.	15,00,000	15,00,000	Bank Book, Ledger, Special Fund Register

**Specify name of the bank and Account number*

*** Specify the name of the Fund*

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert the Minor and detailed Head as applicable

24.21 Recording of remittance of ULB's own contribution. Contribution of the ULBs shall be transferred from the Main Bank Account to the Designated Revolving Fund Bank Account. On transfer of funds, the Accounts Department shall pass the following entries:

a. For transfer of funds from Municipal Fund to Revolving Fund:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
310-(a) 311-(a)	Municipal Fund To Revolving Fund	Dr. Cr.	60,00,000	60,00,000	Cash Book, Ledger, Special Fund Register

(a) Insert Minor & Detailed Head Codes of Account as applicable

b. For recording transfer of money:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-41-(a) 450-21-(a)	Designated Revolving Fund Bank Account* To Bank Account *	Dr. Cr.	60,00,000	60,00,000	Bank Book, Ledger, Special Fund Register

**Specify name of the bank and Account number*

(a) Insert Detailed Head Codes of Account as applicable

24.22 ULBs may execute/operate the scheme by employing its own resources or outsourcing through tender. The accounting procedures and accounting entries in relation to following have been described in Chapter 19 on Special Funds read with Chapter 12 on Public Works:

- a. Receipt of Earnest Money Deposit (EMD) from the bidders and its refund to unsuccessful bidders.
- b. Conversion of EMD of successful bidder into Security Deposit and receipt of Security Deposit in advance;
- c. Provision of Advance to the contractor;
- d. Bills raised by the contractor for work executed and recording of capital work-in-progress;
- e. Payment of bills raised by the contractor after deducting Security Deposit; and
- f. Refund of Security Deposit received/deducted from the running account bills.

24.23 Any money received, including Security Deposits received from the tenants, from the properties constructed under the scheme shall be deposited in the Designated Revolving Fund Bank Account. If any revenue earned is credited to the Main Bank Account, the Accounts Department shall, at the end of every month, identify the transactions pertaining to the Revolving Fund and transfer the equivalent amount from the Main Bank Account to the Designated Revolving Fund Bank Account. Correspondingly, an equivalent amount shall be transferred from Municipal Fund to Revolving Fund.

The accounting procedure and accounting entry with reference to these has been described in Chapter 19 on Special Funds.

24.24 Recording of payment of interest and repayment of loan. Interest up to the date of completion of construction of the qualifying fixed asset shall be capitalised and added to the cost of fixed asset. Both the payment of interest and repayment of loan shall be made from the Designated Revolving Fund Bank Account. In case of deficit in the designated bank account, payment shall be made from the Main Bank Account. The Accounts Department shall pass the following entries:

a. Payment of Interest

i. For recording interest accrued:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
412-(a)	Capital Work in Progress	Dr.	1,50,000		Cash Book, Ledger, Special Fund Register
350-12-(b)	To Interest payable on Revolving Fund Loan	Cr.		1,50,000	

(a) Insert the Minor & detailed Head as applicable

(b) Insert Detailed Head Codes of Account as applicable.

ii. For recording payment of interest:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-12-(a)	Interest payable on Revolving fund Loan	Dr.	1,50,000		Bank Book, Ledger, Special Fund Register
450-41--(a)	To Designated Revolving Fund Bank Account	Cr.		1,50,000	

*Specify name of the bank and Account number

(i) Insert Detailed Head Codes of Account as applicable

b. Repayment of Loan

i. Recording repayment of loan made from Designated Revolving Fund Bank Account:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
331-(a)	Loans	Dr.	500,000		Bank Book, Ledger, Special Fund Register, Register of Loans
450-41-(b)	To Designated Revolving Fund Bank Account*	Cr.		500,000	

*Specify name of the bank and Account number

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

ii. Recording of repayment of loan made from Main Bank Account in case of deficit in Designated Revolving Fund Bank Account:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
311-(a)	Loans	Dr.	100,000		Cash Book, Ledger, Register
450-21-(b)	To Bank Account*	Cr.		100,000	

					of Loans
--	--	--	--	--	----------

**Specify name of the bank and Account number*

(a) Insert Minor & Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

24.25 Recording of capitalization of capital work-in-progress. On completion of construction and on capitalization of capital work-in-progress account, the Accounts Department shall pass the following entry:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410-(a) 412-(a)	Fixed Assets (Name of the Fixed Asset) To Capital Work in Progress	Dr. Cr.	1,01,50,000	1,01,50,000	Journal Book, Ledger,

(a) Insert Minor & Detailed Head Codes of Account as applicable

Notes: Fixed Assets of a particular class shall be accounted under; one broad fixed asset account head. For instance, ULBs may have more than one hospital building, then all the hospital buildings shall be recorded under one broad head of Buildings – Hospitals (Code of Account 4-10-(a)). Any new hospital building constructed, while it shall be recorded in a separate folio in the Register of Buildings, it shall be incorporated under the account head "Buildings – Hospitals".

24.26 Recording of transfer to Special Fund (Utilized) and Grant Fund. On completion of construction and on capitalization of capital work-in-progress account, the Accounts Department shall transfer an amount equivalent to the amount of ULB's contribution and loans repaid from the Designated Revolving Fund Bank Account from Revolving Fund to Special Fund (Utilized) and grant to Grant Fund for which the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
311-(a) 312-10-(b)	Revolving Fund To Capital Contribution	Dr. Cr.	75,00,000	15,00,000	Journal Book, Ledger, Register
312-30-(b)	To Special Fund (Utilized)	Cr.		60,00,000	of Loans

(a) Insert Minor and Detailed Head Codes of Account as applicable

(b) Insert Detailed Head Codes of Account as applicable

Note: ULBs own contribution of Rs. 60 lakhs shall be transferred to Municipal Fund and Grant received Rs. 15 lakhs to Grant Fund.

Investment of revolving funds

24.27 Investments made from Revolving Fund shall be entered in Special Funds Register maintained in SF-1 (provided in Chapter 19 on Special Funds) and in a Special Fund Investment Register to be maintained in Form IN-1 (provided in Chapter 20 on Investments).

The accounting procedures to be followed and the accounting entries to be passed in respect of investments of such funds are similar to those followed in respect of other investments.

They relate to investments, maturity of investment, recording of interest, profit/loss on sale/maturity of investments, etc. These have been discussed in Chapter 19 on Investments.

24.28 Where the ULBs are required to furnish any Statement of Utilisation to the concerned authorities, the requisite details shall be collated from the books of accounts maintained by the Accounts Department.

GRANTS GIVEN TO SCHOOL BOARDS OR OTHER UNDERTAKINGS:

24.29 ULBs may provide grants to The Municipal School Board or any other undertaking. ULB may provide the following recurring and non-recurring grants

- a. Revenue grant in the form of reimbursement of monthly expenses of the School Board or other undertakings;
- b. Revenue grant for any other revenue expenditure of the Board or other undertakings, etc.
- c. Capital grant for purchase/construction/modifications of any assets of the schools or undertakings;

24.30 The accounting entries in the books of the ULBs relating to the grants given are as follows:

- i. Recording of revenue grants either as reimbursement of the monthly expenses or towards any other revenue expenses:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
260-10-(a)	Grant to School Board or other undertaking *	Dr.	45,000		Bank book, Ledger, Register of Grants to Schools/other undertakings
450-21-(a)	To Bank account**	Cr.		45,000	

* Specify the name of the School Board or other undertaking

** Specify name of the Bank and Account Number

(a) Insert Minor Head Codes of Account as applicable

24.31 The accounting entries for recording of capital grants given for the purchase/construction/modification of the School Boards or other undertakings shall be the same as explained above.

CONTRIBUTIONS MADE ULBs IN CREATION OF ASSETS NOT OWNED BY THE ULBs

24.32 ULBs may contribute as its share in some projects, which are created by external agencies e.g. contribution in any infrastructure projects like multi-modal transport. In such cases ULB does not have any ownership rights on the assets.

24.33 Recording of remittance of ULB's own contribution. In accordance with the terms of understanding, funds may be remitted by the ULBs as their contribution to the executing agency.

24.34 With regard to the payment made the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into

260-20-(a)	Contributions to Projects	Dr.	25,000		Bank Book,
450-21-(a)	To Bank Account*	Cr.		25,000	Ledger

** Specify the name of Account Number of the Bank*

(a) Insert Detailed Head Codes of Account as applicable

JOINT VENTURE

24.35 ULBs may also be involved in Joint venture projects. The investment in a joint venture shall be treated as an investment of the ULB. If investments are in kind like contribution land for development, the accounting treatment to be adopted will depend on agreement between parties. Public private partnerships are one form of joint ventures.

24.36 The Accounting procedures and principles for joint venture investments shall be same as explained in Chapter 20 on Investments.

24.37 Public Private Partnership (PPP) is an effective means of establishing cooperation between public and private actors and to bundle financial resources, know-how and expertise to address these urban environmental needs. PPPs offer alternatives to full privatization, combining the advantages of both the public and the private sector. Public Private Partnership is evolved for development of various projects.

24.38 Some of the areas in which PPPs are evolved are listed below:

- Solid Waste Management
- Water supply
- Street Lighting
- Maintenance of Roads & Bridges
- ☐ Sewerage
- Parks
- ☐ Commercial complexes
- ☐ Markets
- Bus Shelters.

PERIOD END PROCEDURES

24.39 The period end procedure for work executed but in respect of which bills have not been paid shall be the same as described in Chapter 12 on Public Works.

24.40 The period end procedure for materials received but in respect of which bills have not been paid and valuation of closing stock shall be the same as described in Chapter 13 on Stores.

24.41 At the end of the accounting period, for work executed relating to Grants, the Accounts Department shall pass the entries referred to in Chapter 17 on Grants.

24.42 At the end of the accounting period, the Accounts Department shall, for the interest accrued on loans raised, pass the accounting entries referred to in Chapter 18 on Borrowings (Loans Raised).

24.43 At the end of the accounting period, for the value of work executed pertaining to special fund/revolving fund, the accounts department shall pass the accounting entries referred to in chapter 19 on special funds..

INTERNAL CONTROLS

24.44 The following internal controls shall be observed by the ULBs:

- a. At the end of the financial year, the Head of the Accounts Department shall send balance confirmation statement to the executing agency stating therein the amount paid by the ULBs towards repayment of loan and payment of interest. Further, the Statement shall state the balance amount of loan repayable as per the ULB's records. On the basis of reply received, the Accounts Department shall reconcile the difference, if any, as reported by the executing agency.
- b. The Head of the Accounts Department shall ensure that the balance in the Designated Revolving Fund Bank Account is utilized for the purpose specified in the scheme. He shall also ensure that any revenue derived from the properties constructed under the scheme is deposited in the Designated Revolving Fund Bank Account.
- c. At the end of every month, the Head of the Accounts Department or other officer designated in this behalf shall reconcile the ledger balance of the Revolving Fund Account with the records maintained in Special Fund Register and the Revolving Fund Bank Account balance.
- d. The Head of the Accounts Department shall, at all times, ensure that the balances in the Designated Revolving Fund Bank Account is adequate to discharge the Security Deposit liability when due for payment.
- e. In case of deficit in the Designated Revolving Fund Bank Account, ULBs shall ensure that the same is made good from the Main Bank Account at the earliest.
- f. The Head of the Accounts Department shall ensure deposit of any revenue received from the properties constructed under the terms of Revolving Fund in the Designated Revolving Fund Bank Account. In case any such sum is erroneously deposited in any other bank account, the same shall, immediately on knowledge of such error, be transferred to the designated bank account from that bank account.
- g. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring.

24.45 All the reconciliation statements shall be certified by the Head of the Accounts Department.

PRESENTATION IN FINANCIAL STATEMENTS

24.46 The various heads of accounts used for the accounting of Special Transactions shall be reflected in the Financial Statements or the Schedules attached to the Financial Statements of the ULBs. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

24.47 The schedule of Income and Expenditure Statement in respect of Special Transactions is provided below.

Schedule I-13: Schedule of Interest & Finance Charges

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4

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Special Transactions

240-10-(a)	Interest on Loans from Central Government		
240-20-(a)	Interest on Loans from State Government		
240-30-(a)	Interest on Loans from Government Bodies & associations		
240-40-(a)	Interest on Loans from International Agencies		
240-50-(a)	Interest on Loans from Banks & Other Financial Institutions		
240-60-(a)			
240-70-(a)	Other Interest		
240-80-(a)	Bank Charges		
	Other Finance Expenses		
	Total Interest & Finance expenses		

(a) Insert Detailed Head Codes of Account as applicable

* Details of any other interest and financial charges incurred, which has not been disclosed specifically, shall be collated and disclosed under Other Charges, provided the amount does not exceed the disclosure limits prescribed in the Accounts Manual.

Schedule I – 15 Schedule of Revenue Grants, Contributions and Subsidies –Expenses

Code of Account	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
260-10-(a)	Grants (give details)		
260-20-(a)			
260-30-(a)	Contributions (give details)		
	Subsidies (give details)		
	Total.		

(a) Insert Detailed Head Codes of Account as applicable

24.48 The Balance Sheet abstract in respect of Special Transactions is provided below.

Schedule B- 2: Revolving Fund

Particulars Code No.	Revolving Fund 1	Revolving Fund 2	Revolving Fund 3
(a) Opening Balance			
(b) Additions to the Revolving Funds			
(i) Transfer from Municipal Funds			
(ii) Interest/ Dividend earned on Revolving Fund Investments			
(iii) Profit on disposal of Revolving Fund Investments			
(iv) Appreciation in Value of Revolving Fund Investments			
(v) Other addition (Specify nature)			
Total (b)			
Total (a+ b)			
(c) Payments out of funds			
(i) Capital expenditure on			
Fixed Assets*			
Others			
Total			
(ii) Revenue Expenditure on			
Salary, Wages and allowances etc.			
Rent			
Other administrative charges			
Total			
(iii) Other:			
Loss on disposal of Revolving Fund Investments			
Diminution in Value of Revolving Fund Investments			
Transferred to Municipal Fund			
Total			
Total (c)			
Net balance at the yearend – (a)+(b)-(c).			

Schedule B- 4: Grants & Contributions 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 Organization	Others
Code No.							
(a) Opening Balance							
(b) Additions to the Grants							
(i) Grant received during the year							
(ii) Interest/ Dividend earned on Grant Investments							
(iii) Profit on disposal of Grant Investments							
(iv) Appreciation in Value of Grant Investments							
(v) Other addition (Specify nature)							
Total (b)							
Total (a+ b)							
(c) Payments out of funds							
(i) Capital expenditure on							
Fixed Assets*							
Others							
Total							
(ii) Revenue Expenditure on							
Salary, Wages and allowances etc.							
Rent							
Other administrative charges							
Total							
(iii) Other:							
Loss on disposal of Grant Investments							
Diminution in Value of Grant Investments							
Grants Refunded							
Total							
Total (c)							
Net balance at the yearend – (a)+(b)-(c)							

Note: Grants received in respect of Fixed assets created on behalf of the ULBs by an executing agency, from the funds directly disbursed to them by the Government shall be presented separately in above schedule.

Schedule B-3: Reserves

Code No	Particulars	Opening Balance at the beginning of the year (Rs.)	Additions (Rs.)	Total (Rs.)	Deductions (Rs.)	Balance Outstanding at the end of the current year (Rs.)
1	2	3	4	5	6	7
312-10-(a) 312-30-(a)	Capital Contribution Special Fund (Utilised)					
	Total					

(a) Insert Detailed Head Codes of Account as applicable

Schedule B-5: Secured & Unsecured Loans [Code No 330/331]

Amount in Rs.

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
330/31-10	Loans from Central Government		
330/31-20	Loans from State government		
330/31-30	Loans from Govt. bodies & Associations		
330/31-40	Loans from international agencies		
330/31-50	Loans from banks & other financial institutions		
330/31-60	Other Term Loans		
330/31-70	Bonds & debentures		
330/31-80	Other Loans		
	Total Secured/Un Secured Loans		

Note:

1. The nature of the Security shall be specified in each of these categories
2. Particulars of any guarantees given shall be disclosed
3. Terms of redemption (if any) of bonds/debentures issued shall be stated, together with the earliest date of redemption
4. Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan under each of these categories separately;
5. For loans disbursed directly to an Executing Agency, please specify the name of the Project for which such loan is raised.

Schedules B-17: Schedule of Cash & Bank Balances

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
450-10-(a)	Cash Account		
450-21-(a)	Bank Account		
450-41-(a)	Designated Bank Account XX		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

Schedules B-18: Schedule of Other Loans, Advances & Deposits

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
----------	-------------	---------------------------	----------------------------

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1	2	3	4
460-30-(a)	Loans to Others Bank Account		
460-50-(a)	Advance for Projects		
	Total		

(a) Insert Detailed Head Codes of Account as applicable.

PL- 1

Name of the ULB

REGISTER OF GRANTS TO SCHOOLS/ OTHER UNDERTAKINGS

Sr. No.	Date	Name and nature of the Grant given	Name of the School Board/ Other Undertaking receiving the grant	Period of the Grant	Sanctioned Amount (Rs.)	Sanctioned by	Date of release of the grant	Key Conditions attached to the Grant	Remarks
1	2	3	4	5	6	7	8	9	10

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.

CHAPTER

25

ADDITION/MERGER OF LOCAL BODIES

CHAPTER 25

ADDITION/ MERGER OF LOCAL BODIES

INTRODUCTION

25.1 This chapter explains accounting principles and procedures to be followed by the ULBs for the merger of ULBs /Undertakings.

25.2 Additions or merger in ULBs can happen under the following circumstances.

- i. Merger between two or more local bodies for up-gradation or for some administrative reasons
- ii. Merger of any undertaking / Boards (para-statal agencies) which performs some of the functions assigned to the Local Bodies.

25.3 The ULB/Undertaking into which other ULBs/Undertakings are to be merged shall be called as 'Ultimate ULB/Undertaking'.

ACCOUNTING PRINCIPLES

25.4 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to Addition / Merger of Local Bodies/undertakings:

a) The financial statements of the merging local bodies/undertakings 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.

b) The financial statements prepared on consolidation shall disclose.

- Names of the local bodies merged
- Authority under which the merger has taken place
- Effective date of merger
- Principles adopted for consolidation

ACCOUNTING RECORDS AND PROCEDURES

25.5 *This section describes the records, registers, documents, forms, accounting entries, etc., in respect of accounting for transactions related to Merger. There is no specific form applicable to this chapter.*

INCORPORATION OF BALANCES OF THE MERGED UNITS IN THE BOOKS OF ULTIMATE ULB/UNDERTAKING

25.6 The financial statements of the individual ULBs / undertakings under the merger shall be prepared at the cut off dates and finalised.

25.7 Once the financial statements are finalised, the closing balances as at the cutoff date shall be carried over to the ultimate ULB accounts to which the operations are merged.

25.8 The following accounting entries shall be passed in the books of the ultimate ULB/Undertaking for incorporating the assets and liabilities of individual ULBs/Undertakings to be merged in the books of the Ultimate ULB/Undertaking selected for consolidation:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410-(a)	Fixed assets	Dr.	120,000		Journal Book, Ledger The following Registers will be updated: i. Fixed Assets ii. Capital Work in progress iii. Special Funds iv. Loans v. Deposits received vi. Provision for expenses
412-(a)	Capital work in progress	Dr.	53,000		
431- (a)	Sundry Debtors	Dr.	210,000		
450-21-(b)	Municipal Fund Bank	Dr.	25,000		
311-10-(b)	To Special fund Cyclone	Cr.		60,000	
330- (a)	To Secured Loans	Cr.		80,000	
340 -(a)	To Deposits received	Cr.		40,000	
350- (a)	To Other liabilities	Cr.		97,000	
360-10- (b)	To Provision for expenses	Cr.		16,000	
411 – (a)	To Accumulated Depreciation	Cr.		45,000	
432 – (a)	To Accumulated Provision for Receivables	Cr.		20,000	
310 – (a)	To Municipal fund	Cr		50,000	

(a) Insert Minor & Detailed Head Codes of accounts as applicable

(b) Insert Detailed Head Codes of accounts as applicable

Note: Since the incorporation of account balances is made under the line by line method, the account balances are incorporated without netting off. For e.g., Sundry Debtors and Provision for doubtful receivables..

25.9 The financial statements of the Ultimate ULB/Undertaking after the merger shall be treated as the opening balance sheet for the subsequent year.

Negative Municipal Fund Account balances

25.10 In case of Municipal fund account balances of one or more ULBs under the merger is negative, these negative balances will get adjusted on incorporation of the account balances of the individual ULBs into the Municipal fund account balance of the Ultimate ULB.

25.11 Further, the ‘General/Municipal’ fund account schedule shall be disclosed under liabilities and as a separate line item in the financial statements of the ULBs irrespective of the nature of balance it carries.

ADJUSTMENT OF INTER ULB/UNDERTAKING TRANSACTIONS

25.12 Inter-ULB/Undertaking transactions shall be those transactions where in the services /goods of one ULB are availed by other ULBs/Undertakings. Examples of inter ULB/Undertaking transactions are as follows:

- a. Supply of water by ‘Town Municipality’ to ‘School boards and primary education societies’
- b. Loans and advances between the local bodies/undertakings;
- c. Interest on loans and advances between the local bodies/undertakings;

25.13 Adjustment entries in respect of inter ULB/Undertaking transactions: Inter ULB /Undertaking balances, if any, will have to be first matched. If there are any differences, it has to be reconciled. Once the balances are matched, the accounting entries that are to be passed in the books of Ultimate ULB/Undertaking for the adjustments are explained with the

Following example.

- Adjustment of Loans' received amounting to Rs 100,000 from the Ultimate ULB/Undertaking by other ULBs/Undertakings under merger;
- Adjustment of an amount totaling to Rs.23,000 receivable by the Ultimate ULB/Undertaking from other ULBs/Undertakings;
- Adjustment of interest on loans by Ultimate ULB/Undertaking to other ULBs/Undertakings amounting to Rs.10, 000.

25.14 For elimination of the inter ULB/Undertaking transactions:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
330 – (a)	Loans	Dr.	100,000		Journal Book, Ledger Register of Loans, Register of Provisions
350 – (a)	Other Liabilities	Dr.	23,000		
360 – 20 - (b)	Provision for Interest To Loans and Advances	Dr.	10,000		
460 – (a)		Cr.		100,000	
431 – (a)	To Sundry Debtors	Cr.		23,000	
460 – 80 – (b)	To Interest receivable – Loans and advances	Cr.		10,000	

(a) Insert Minor & Detailed Head Codes of accounts as applicable

(b) Insert Detailed Head Codes of accounts as applicable

DIFFERING ACCOUNTING PRINCIPLES

25.15 In case, the accounting principles adopted by ULBs/Undertakings differ, a uniform set of accounting principles are to be adopted following the merger. The effect of the changes to the accounting principle shall be reported as 'Prior period and extraordinary items and changes in accounting principles' in the first year of merged accounts.

INTERNAL CONTROLS

25.16 The following internal controls shall be observed by the ULB in respect of Merger of two or more ULB and its related transactions:

- a. The account balances of the financial statements of the individual ULBs/Undertakings under merger should be verified by the Head of Accounts Department before incorporation of their balances in the books of the Ultimate ULB/Undertaking.
- b. The Head of the accounts department of the Ultimate ULB/Undertaking should compare the inter-unit/ULBs/Undertaking balances and differences if any identified has to be reconciled and rectified before incorporating the balances in the books of Ultimate ULB/Undertaking.
- c. All the inter-ULB/undertakings transactions shall be identified and ensured that these are appropriately adjusted in the books of ultimate ULB/undertaking.
- d. The Chief Executive Officer/Head of the ULB shall specify such appropriate calendar of returns /reports for monitoring..

CHAPTER 26

INTER - UNIT TRANSACTIONS

CHAPTER 26

INTER UNIT TRANSACTIONS

INTRODUCTION

26.1 This chapter contains the recommended accounting systems for transactions between various accounting units within the ULB.

26.2 Some ULBs may have decentralized accounting set up. This may result in more than one Accounting Unit (AU) within the ULB and each of these accounting units maintains separate books of account and prepares their Trial balance. The accounting unit, as defined by the ULB (e.g. Zone, Circle, etc.), shall maintain all the primary records and shall prepare Trial Balance in respect of the transactions relating to the AU.

26.3 These accounting units may also enter into accounting transactions with each other. A transaction occurring between any two accounting units shall be called 'Inter Unit Transaction' (IUT). IUTs are defined as transactions/ transfers between any two accounting units (AUs) of the ULB. Given below is an illustrative list of IUTs that may occur between accounting units in an ULB:

- Transfer of funds between the AUs
- Transfer of payments/ receipts from one AU to another for payments/ collections made on behalf of another AU
- Transfer of assets/ liabilities from one AU to another AU.

26.4 The AUs involved in any transactions are classified as Originating unit and Responding by virtue of origin of transactions.

- 'Originating AU' - unit, in which the transaction occurs and which raises the document for IUTs, called 'Advice of Transfer'.
- 'Responding AU' - means the accounting unit, on which the Originating Unit raises the 'Advice of Transfer'.

26.5 Advice of Transfer is called Advice Transfer Debit (ATD) when the originating unit debits the other Accounting unit. Advice of transfer is called Advice Transfer Credit (ATC) when the originating unit credits the other Accounting Unit.

26.6 Final Accounts may be prepared at every AU and then consolidated at H.O. or prepared directly at HO based on Trial Balance sent from every AU. This chapter covers recording of the primary transactions between the Accounting Units. Procedure relating to Final Accounts preparation and consolidation is described in Chapter 31 on Financial Statements.

ACCOUNTING PRINCIPLES

26.7 The following Accounting Principles shall govern the recording, accounting and treatment of transactions relating to **Inter Unit Transactions (IUTs)**:

- a. All IUTs shall be recorded on cost basis and no markup shall be included in IUTs.
- b. At the year-end, the inter-unit accounts are knocked off / adjusted in the consolidated accounts of the ULB.

ACCOUNTING RECORDS & PROCEDURES

26.8 *This section describes the records, registers, documents, forms, accounting entries, etc in respect of accounting for transactions related to IUTs between AUs of the ULB. For the purpose of*

accounting, there are certain forms, registers, etc., e.g. Advice of Transfer (IUT-01), specific to IUTs which have annexed to this chapter and are prefixed "IUT".

INTER UNIT TRANSACTIONS

26.9 All the AUs shall first record the transactions related to Inter Units (IUTs) in its books of accounts. This shall then be intimated to the concerned unit through an Advice. Transfer Advice Debit/ Credit in Form IUT-01 shall be used for raising all debits or credits to another AU. The 'Responding AU' shall accept the advice and make entry in its books of accounts based on the advice and intimate the same to the 'Originating AU'.

26.10 Register of Inter unit Advice shall be maintained to record the raising, acceptance and modifications of all advices at the originating and responding AU. This Register shall be maintained in the format specified in Form IUT-02.

ACCOUNTING FOR TRANSFER OF FUNDS BETWEEN AUs

26.11 Funds may be transferred from one AU to another AU. The AU, which transfers the fund originates the transaction and hence is called as 'Originating AU'. The AU, which receives the funds, is called 'Responding AU'. The accounting entries to be passed by the AUs are given below:

a. Recording of transfer of funds in the books of 'Originating AU':

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
470-20-(a) 450-21-(a)	Inter Unit Account – AU* To Bank Account**	Dr. Cr.	5,000	5,000	Cash book , Ledger, Register of Transfer Advice

*Specify name of the accounting unit

** Specify name of the Bank and account number

(a) Insert Detailed Head Code of Account as applicable.

Note: The postings in the Ledger Accounts of "Inter Unit account " shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever, the cash or the bank account is involved, there will be no entry in the Journal Book.

b. Recording of receipt of funds in the books of 'Responding AU':

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 470-20-(a)	Bank Account* To Inter Unit Account–AU **	Dr. Cr.	5,000	5,000	Cash book , Ledger, Register of Transfer Advice

* Specify name of the Bank and account number

** Specify name of the AU

(a) Insert Detailed Head Codes of Account as applicable

ACCOUNTING FOR TRANSFER OF RECEIPTS AND PAYMENTS OF AUs

26.12 As per the provisions and rules governing the ULB, one AU can accept collections relating to another AU and make payments on behalf of another AU. In order to account for these transactions, the 'Originating AU' shall raise an Advice of Transfer (IUT-01) on the 'Responding AU'.

a. **Recording of Receipt of collections of another AU:** This type of collection generally happens only in case of Accrued Income e.g. Property Taxes, License Fees etc. At the time of recording the collection, the collection is first entered in the consolidated Debtors account and later transferred to the respective account based on the statement of head-wise collection as stated in Chapter 6 on Property and Other taxes. The accounting entries to be passed by the AUs are given below:

i) **In the books of the ‘Originating AU’:** Based on the details of break-up of collection, the amount collected by the originating AU in respect of another AU is recorded as follows:.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-80-(a) 470-20-(a)	Receivable Control Accounts -----* To Inter Unit Account –AU**	Dr. Cr.	10,000	10,000	Journal Register, Ledger, Register of Transfer Advice

* Specify the head of receivable e.g. Property Tax, License Fees etc

** Specify name of the AU

(a) Insert Detailed Head Codes of Account as applicable

ii) In the books of ‘Responding AU’

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
470-20-(a) 431-(b)	Inter Unit Account – AU * To Receivables for ----- **	Dr. Cr.	10,000	10,000	Journal, Ledger, Register of Transfer Advice

* Specify name of the AU.

** Specify name of the receivable e.g. Property Tax Year ----

(i) Insert Detailed Head Codes of Account as applicable

(ii) Insert Minor & Detailed Head Codes of Account as applicable

b. Recording of payments made for another AU: This type of payments normally happens at HO on behalf of another AU. Such payments are made only after receipt of duly authorized pass orders.

i. In the books of the ‘Originating AU’: At the time of making the payment, the accounting entry to be passed is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
470-20-(a) 450-21-(a)	Inter Unit Account – AU * To Bank Account **	Dr. Cr.	10,000	10,000	Cash Book, Ledger, Register of Transfer Advice

* Specify the name of the AU

** Specify name of the Bank and account number

(a) Insert Detailed Head Codes of Account as applicable.

ii). In the books of the ‘Responding AU’: On receipt of the Transfer Advice the relevant liability account will be debited if the expenditure is already accrued in the books of AU. Else it will be debited to the relevant expense account. The accounting entry to be passed is as follows:

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Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
350-10-(a) 2-(b) 470-20-(a)	Other Liabilities - Creditors - * Or ----- Expense ** To Inter Unit Account – AU ***	Dr. Cr.	10,000	10,000	Journal, Ledger, Register of Transfer Advice

* Type of payable if the liability is accrued

** Name of expense head if the expense is not accrued

*** Specify name of the AU

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Major, Minor & Detailed Head Codes of Account as applicable

ACCOUNTING FOR TRANSFER OF ASSETS/LIABILITIES BETWEEN AUs

26.13 Similar to collections and payments in Para 26.12 above, the ULBs may also be allowed to transfer assets and liabilities from one AU to another AU for various purposes. In order to account for these transactions, the ‘Originating AU’ shall raise an Advice of Transfer (IUT-01) on the ‘Responding AU’.

- a. Recording of Transfer of Assets: The ‘Originating AU’ shall raise the Advice for Transfer – Debit (ATD) when there is a transfer of fixed assets/ stocks/other assets. The accounting entry for the ATD raised is as follows:

- i. In the books of the ‘Originating AU’ is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
470-20-(a)	Inter Unit Account -AU *	Dr.	100,000		Journal, Ledger, Register of Transfer Advice, Register of fixed assets and Register of Stocks
470-20-(a)	Inter Unit Account - AU *	Dr.	20,000		
410-(b)	To Fixed assets -- **	Cr.		100,000	
430-(b)	To Stock in Hand - -----	Cr.		20,000	

* Specify name of the AU as a detailed head code

** Specify name of the assets

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor Head Codes of account as applicable

- ii. In the books of the ‘Responding AU’ is as follows :

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
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410 – (b)	Fixed Assets -----*	Dr.	1,00,000		Journal, Ledger, Register of Transfer Advice, Register of fixed assets and Register of Closing Stocks
430 – (b)	Stock in Hand	Dr.	20,000		
470-20-(a)	To Inter Unit Account - AU **	Cr.		100,000	
470-20-(a)	To Inter Unit Account - AU **	Cr.		20,000	

* Specify name of the assets

** Specify name of the AU as detailed head code

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

b. **Recording of Transfer of Liability:** The 'Originating AU' shall raise the Advice for Transfer – Credit (ATC) when there is a transfer of liabilities. The accounting entry for the ATD raised is as follows:

i. In the books of the 'Originating AU' is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
3 – (b)	_____ Liability Account**	Dr.	1,00,000		Journal, Ledger, Register of Transfer Advice
470-20-(a)	To Inter Unit Account - AU*	Cr.		1,00,000	

* Specify name of the assets

** Specify name of the AU as detailed head code

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Minor & Detailed Head Codes of Account as applicable

ii. In the books of the 'Responding AU' is as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
470-20-(a)	Inter Unit Account - AU *	Dr.	100,000		Journal, Ledger, Register of Transfer Advice
3 – (b)	To _____ Liability Account**	Cr.		100,000	

* Specify name of the AU as detailed head code

** Specify name of the liability

(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Major, Minor & Detailed Head codes of account as applicable

ACCOUNTING FOR NON – ACCEPTANCE OF ATD/ ATC RAISED

26.14 If the 'Responding AU' finds the ATD/ATC is not acceptable, it shall return the ATD/ATC to the 'Originating AU' giving reasons and supporting documents for non- acceptance of the ATD/ATC. The examples of reasons for non-acceptance may be that the ATD/ ATC has been raised on the wrong

AU or for an incorrect value. The 'Originating AU' may, after analysing the reasons given for non-acceptance, either cancel the ATD/ATC or modify the same.

26.15 Recording of Cancellation of ATD/ ATC: If the reasons claimed in the ATD/ ATC are justifiable, then the AU's accounts department shall cancel the ATD/ATC. On cancellation, Accounts department of the 'original AU' shall reverse the entry passed by it on raising the ATDs/ ATCs in its books.

26.16 The 'Originating AU' shall update the Register of IUT Advice for the reversal entry made above with the reasons for cancellation.

PART ACCEPTANCE OF THE ATD/ATCS

26.17 There are chances that the 'Responding AU' might accept part amounts of ATDs/ ATCs instead of non-acceptance of the whole document. In such circumstances, the 'Responding AU' may account for debits and credits to the extent it has accepted and intimates the 'Originating AU' accordingly.

26.18 The 'Originating AU', in such circumstances, shall follow the following accounting procedure if the reasons for rejection claimed by the 'Responding AU' found justified in order to rectify the accounting records of its books:

a. Step 1: Cancel the original ATD/ ATC: For cancellation of the ATD or ATC, which is being modified, the accounts department of the 'Originating AU' shall follow the procedure described in Para 26.15.

b. Step 2: Raising of revised ATD/ ATC: For raising a revised ATD/ ATC, the 'Originating AUs' accounts department shall follow the procedure described in Paras 26.11/26.12/26.13.

26.19 The 'Originating AU's' accounts department shall update the Register of IUT Advice for the same along with the reasons for modification.

INTERNAL CONTROLS

26.20 The following internal controls shall be observed by the ULB in respect of IUT Within the ULB:

- a. All the AUs shall generate monthly statement of accounts of other Aus accounts for circulation. Competent authority before forwarding to other Aus shall verify these statements. Each AU shall then reconcile their records based on the statement of accounts received from other AU for the differences if any.
- b. Originals of all the cancelled ATDs/ATCs shall be filed in the 'office file' with approval and reasons with justification for cancellation..
- c. On a half yearly basis, the reconciliation statements of individual AUs shall be submitted at the Head Office of the ULB and the Head of the Accounts Department shall ensure that the combined balance under all IUT account heads are tallied with the balance appearing in the ATDC.
- d. In case of any disputed IUTs identified during the reconciliation process, the ULB's Accounts department shall take appropriate action in resolving the disputed IUTs.

- e. At the period end, based on the review of reconciliation of AU account balances referred above, the Head of the ULB's Accounts Department shall ensure that the balance of all IUT Account heads is nullified in the consolidated accounting statement of the ULB.

PRESENTATION IN FINANCIAL STATEMENTS

26.21 The various heads of accounts used for the accounting of IUT shall not be reflected in the Consolidated Financial Statements of the ULB as they should have a nil balance after adjustments. However if Financial Statement is prepared at the AU level, then IUT balances will appear in the financial statements. All such Financial Statements and schedules should be affixed with signature and seal of designated authorities.

Name of the ULB
Name of the Accounting Unit (AU)
Advice of Inter Unit Transfer - Debit/ Credit (ATD/ ATC)
(Tick the appropriate)

Date:.....

PART -I

ATD/ ATC No.....

To

.....

.....

Please note that your account has been debited/ credited in our books with Rs. ____ (rupees in words) on account of following transactions. Copies of supporting documents are enclosed. Kindly acknowledge the balance with you also which is appearing in our books of account. Kindly send the duplicate copy of this ATD/ ATC as your acceptance at the earliest:

Sl. No.	Particulars	Account head	Account code	Debit (Rs.)	Credit (Rs.)	Closing balance after this ATD/ ATC (Rs.)		Remarks
						(Dr.)	(Cr.)	

List of documents attached:

- 1
- 2
- 3

Prepared by

Checked by

Approved by

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IUT- 02

_____ Name of the ULB
Register of Inter Unit Transfer Advice (RIUTDC)
 (To be used by originating as well as responding AU)
 Register Folio No.:

AU name.....

Year

ATD/ ATC No. and Date	Voucher No. and Date	Particulars	Debit Amount (Rs.)	Credit Amount (Rs.)	Closing Balance Amount (Rs.)		Accepta nce date	Remarks *
					(Dr.)	(Cr.)		
		Op. Bal.						

* Reasons for cancellation / modification needs to be filled in.

CHAPTER

27

TRANSACTIONS RELATING TO MUNICIPAL SCHOOL BOARDS

CHAPTER 27

TRANSACTIONS RELATING TO INDEPENDENT UNITS (MUNICIPAL SCHOOL BOARD)

INTRODUCTION

27.1 Education is one of the services of the ULB and is carried out by ULBs directly or through separate boards set up as per the applicable acts. However in some cases, ULBs may not have a direct role and separate boards may be set up. This chapter contains the recommended accounting system for transactions relating to the municipal school board. School Boards shall maintain independent books of accounts for recording the transactions relating to the school board.

GENERAL APPROACH TO ACCOUNTING FOR SCHOOL BOARDS

27.2 The transactions relating to School Board and education are similar to those relating to other functions/departments of an ULB.

27.3 This is particularly so in case of:

- a. fees received;
- b. expenditure on stores & consumables;
- c. expenditure on rent and electricity;
- d. expenditure on repairs & maintenance;
- e. expenditure on salaries and other employee dues;
- f. expenditure on purchase, acquisition and construction of fixed assets; etc..

27.4 In addition, the treatment of grants, loans, investments, etc., in the books of the School Board would also be similar to those of the ULBs itself.

27.5 Since the accounting entries for all the above have been discussed in the concerned chapters of this manual, and are applicable in the case of the School Board they are not repeated here. Reference is invited to concerned chapters as specified hereafter. The transactions, which are peculiar to the School Board have been described in this chapter.

ACCOUNTING PRINCIPLES

27.6 The following accounting principles shall govern the recording, accounting and treatment of peculiar transactions relating to municipal school board:

- a. Fees and fines received from primary schools shall be recognized on actual receipt.
- b. Contribution receivable from Other ULBs /Municipalities shall be recognized in the period in which they become due.

ACCOUNTING RECORDS AND PROCEDURES

27.7 *This section describes the Records, Registers, Documents, Forms, Accounting Entries, etc., in respect of accounting for transactions related to Municipal School Boards.*

ACCOUNTING FOR FEES AND FINES RECEIVED FROM PRIMARY SCHOOLS

27.8 The fees and fines received from primary schools shall be recognized on actual receipt basis.

27.9 Recording of fees and fines received from primary schools. In respect of fees and fines received from primary schools, the Accounts Department shall pass the following entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
450-21-(a) 140-40-(a)	Bank Account* To Fees & Charges- Other fees – Tuition Fees	Dr. Cr.	10,000	10,000	Bank Book, Ledger,

* Specify the name of the bank and Account number

(a) Insert Detailed Head Codes of Account as applicable

Note: The postings in the Ledger Account of “Fees and fines from Primary Schools” Account shall be carried out as indicated in Chapter 5 – General Accounting Procedures. The postings in the Ledger Accounts shall be similarly carried out in respect of all other accounting entries described subsequently in this chapter. Whenever the cash or the bank account is involved, there will be no entry in the Journal Book.

CONTRIBUTIONS FROM OTHER LOCAL BODIES/ MUNICIPALITIES

27.10 Contributions may be received from other local bodies/municipalities and the contribution receivable from them shall be recognized in the period in which they become due.

27.11 The contributions are receivable during the financial year in various installments as per the governing provisions and rules.

27.12 Recording of periodical installment receivable from other local bodies/municipalities. For example if the contributions are received quarterly, the accounting entry for installments receivable from the other local bodies/municipalities, are as follows:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
431-40-(a) 160-30-(a)	Receivable from Other Sources - Contribution from Other ULBs /Municipalities To Contribution towards schemes - from Other ULBs /Municipalities	Dr. Cr.	50,000	50,000	Journal Book, Ledger,

(a) Insert Detailed Head Codes of Account as applicable

27.13 Recording of quarterly installments received from Other ULBs /Municipalities. On receipt of quarterly installments from the Other ULBs /Municipalities, the Accounts Department shall pass the following accounting entry:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
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450-21-(a)	Bank Account*	Dr.	50,000		Cash Book, Ledger,
431-40-(a)	To Receivable from Other Sources – Contribution from Other ULBs /Municipalities	Cr.		50,000	

* Specify the name of the bank and Account number

(a) Insert Detailed Head Codes of Account as applicable.

ACCOUNTING OF OTHER INCOMES

27.14 School Boards may earn income from tuition fees, special training course charges, renting of School playgrounds, sale of scrap, etc. All these income shall be accounted on the actual receipt basis. The accounting principles, procedure for accounting of these incomes and the accounting entries shall be the same as described in Chapter 11 – Rental, Fees and Other Incomes.

ACCOUNTING FOR STORES

27.15 The Municipal School Board may purchase uniforms, books, slates, etc., for students of primary schools. It may also purchase forms and stationery for administrative use.

27.16 The accounting principles, procedure for accounting of stores and the accounting entries shall be the same as what has been described in Chapter 13 on Stores, to which reference is invited.

ACCOUNTING FOR EMPLOYEE RELATED TRANSACTIONS

27.17 The Municipal School Board may pay salaries and allowances, gratuity, leave encashment, etc., to primary school teachers and administrative staff of the Board. It may also handle their pension and provident fund related issues.

27.18 The accounting principles, procedure for accounting of employee related transactions and the accounting entries shall be the same as what has been described in Chapter 14 on Employee Related Transactions, to which reference is invited.

ACCOUNTING FOR OTHER REVENUE EXPENDITURE

27.19 The Municipal School Board may incur the following other revenue expenditure:

- a. Meeting allowance, traveling allowance and other allowances to Board members;
- b. Grants to municipal schools towards general school expenditure;
- c. Grant-in-aid to approved private schools;
- d. Payment in respect of books, slates and uniforms to students;
- e. Expenditure on sports and cultural programs in schools;
- f. Payment in respect of postage & stationery, photocopying charges, telephone charges, electricity charges, water charges, vehicle fuel, vehicle repairs & maintenance, etc..

27.20 The accounting principles, procedure for accounting of other revenue expenditures and the accounting entries shall be the same as what has been described in Chapter 16 on Other Revenue Expenditures, to which reference is invited.

ACCOUNTING FOR GRANTS

27.21 The Municipal School Board may receive the following recurring and non-recurring grants from the State Government or other ULBs:

- a. Revenue grant for municipal schools;
- b. Revenue grant for private aided schools;
- c. Capital grant for purchase/construction/modifications of primary schools;
- d. Revenue grants for administrative expenses of the Board, etc.

27.22 The accounting principles, procedure for accounting of grants and the accounting entries in the books of a School Board shall be the same as what has been described in Chapter 17 on Grants to which reference is invited.

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Transactions Relating To Independent Units (Municipal School Board)

27.23 The accounting principles, procedures for accounting of the grants in the books of the ULB sanctioning the grant to the school board is described in Chapter 24 on Special transactions to which reference is invited.

ACCOUNTING FOR LOANS RAISED

27.24 The Municipal School Board may receive building loans from the Government.

27.25 The accounting principles, procedure for accounting of loans and the accounting entries shall be the same as what has been described in Chapter 18 on Borrowings, to which reference is invited.

ACCOUNTING FOR FIXED ASSETS

27.26 The Municipal School Board may incur the following capital expenditure:

- a. Purchase of plots for school premises;
- b. Construction/modification to school property;
- c. Purchase of furniture & fixtures for schools like benches, chairs, blackboards, cupboards, etc.

27.27 The accounting principles, procedure for accounting of construction of fixed assets and their repairs & maintenance and the accounting entries shall be the same as what has been described in Chapter 12 on Public Works, to which reference is invited..

27.28 The accounting principles, procedure for accounting of purchase of fixed assets and the accounting entries shall be the same as what has been described in Chapter 21 on Fixed Assets, to which reference is invited.

ACCOUNTING FOR INVESTMENTS

27.29 The Municipal School Board may invest its surplus funds in specified securities.

27.30 The accounting principles, procedure for accounting of investments and the accounting entries shall be the same as what has been described in Chapter 20 on Investments, to which reference is invited.

PERIOD END PROCEDURES

27.31 All the period end procedures followed by an ULB also followed as period-end procedure by the School Boards.

FINANCIAL STATEMENTS OF A MUNICIPAL SCHOOL BOARD

27.32 At the end of every accounting period, the Municipal School Board shall prepare Financial Statements including:

- a. Income and Expenditure Statement (illustrated in Table 27.1); and
- b. Balance Sheet (illustrated in Table 27.2).
- c. Receipts and Payments Statement (illustrated in Table 27.3)
- d. Cash flow Statement (illustrated in Table 27.4)

27.33 The manner in which the Financial Statements of a Municipal School Board are drawn shall be the same as what has been described in Chapter 31 on Financial Statements, to which reference is invited.

Table 27.1
Income and Expenditure Statement for the period from _____ to _____

Code No	. Item/ Head of ccount	Schedule No	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
---------	------------------------	-------------	---------------------------	----------------------------

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Transactions Relating To Independent Units (Municipal School Board)

1	2	3	4	5
	INCOME			
1-10	Tax Revenue	I-1		
1-20	Assigned Revenues & Compensation	I-2		
1-30	Rental Income from Municipal Properties	I-3		
1-40	Fees & User Charges	I-4		
1-50	Sale & Hire Charges	I-5		
1-60	Revenue Grants, Contributions & Subsidies	I-6		
1-70	Income from Investments	I-7		
1-71	Interest Earned	I-8		
1-80	Other Income	I-9		
A	Total – INCOME	5.1		
	EXPENDITURE			
2-10	Establishment Expenses	I-10		
2-20	Administrative Expenses	I-11		
2-30	Operations & Maintenance	I-12		
2-40	Interest & Finance Charges	I-13		
2-50	Programme Expenses	I-14		
2-60	Revenue Grants, Contributions & subsidies	I-15		
2-70	Provisions & Write off	I-16		
2-71	Miscellaneous Expenses	I-17		
2-72	Depreciation			
B	Total – EXPENDITURE			
<i>A-B</i>	<i>Gross surplus/ (deficit) of income over expenditure before Prior Period Items</i>			
2-80	Add: Prior period Items (Net)	1-18		
	<i>Gross surplus/ (deficit) of income over expenditure after Prior Period Items</i>			
2-90	Less: Transfer to Reserve Funds Net balance being surplus/ deficit carried over to Municipal Fund			

Table 27.2

Balance Sheet of		ULB as on _____		
Code of Account	Description of items	Schedule No	Current Year Amount(Rs.)	Previous Year Amount (Rs.)
1	2	3	4	5
	LIABILITIES			
	Reserve & Surplus			
3-10	Municipal (General) Fund	B-1		
3-11	Earmarked Funds	B-2		
3-12	Reserves	B-3		
	Total Reserves & Surplus			
3-20	Grants, Contributions for specific purposes	B-4		
	Loans			
3-30	Secured Loans	B-5		
3-31	Unsecured Loans	B-6		
	Total Loans			
	Current Liabilities and Provisions			
3-40	Deposits Received	B-7		
3-41	Deposit works	B-8		
3-50	Other Liabilities	B-9		
3-60	Provisions	B-10		
	Total Current Liabilities and Provisions			
	TOTAL LIABILITIES			
4-10	ASSETS			
	Fixed Assets			
	Gross Block	B-11		

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4-11	Less: Accumulated Depreciation			
	Net Block			
4-12	Capital Work-in-Progress			
	Total Fixed Assets			
	Investments			
4-20	Investment – General Fund	B-12		
4-21	Investments – Other Funds	B-13		
	Total Investments			
	Current Assets, Loans and Advances			
4-30	Stock in Hand (Inventories)	B-14		
	Sundry Debtors (Receivables)			
4-31	Gross amount outstanding	B-15		
4-32	Less: Accumulated provision against bad and doubtful Sundry Debtors			
	<i>Net amount outstanding</i>			
4-40	Prepaid Expenses	B-16		
4-50	Cash and Bank Balances	B-17		
4-60	Loans, advances and deposits	B-18		
4- 61	Less: Accumulated Provision against Loans			
	<i>Net Amount outstanding</i>			
	Total Current Assets, Loans & Advances			
4-70	Other Assets			
4-80	Miscellaneous Expenditure (to the extent not written off)	B-19 B-20		
	TOTAL ASSETS.			

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Transactions Relating To Independent Units (Municipal School Board)

Table 27.3
Receipts and Payments Account for the period from _____ to _____

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.)
	<i>Opening Balances</i> Cash balances including Imprest Balances with Banks/ Treasury (including balances in designated bank accounts)						
	Operating Receipts				<i>Operating Payments</i>		
1- 10	Tax Revenue			2- 10	Establishment Expenses		
1- 20	Assigned Revenues & Compensations			2- 20	Administrative Expenses		
1- 30	Rental income from Municipal Properties			2- 30	Operations and Maintenance		
1- 40	Fees & User Charges			2- 40	Interest & Finance Charges		
1- 50	Sale & Hire Charges			2- 50	Program Expenses		
1- 60	Revenue Grants, Contributions & Subsidies			2- 60	Revenue Grants, Contributions & Subsidies		
1- 70	Income from Investments			2- 71	Miscellaneous Expenses		
1- 71	Interest Earned			4- 30	Purchase of Stores		
1- 80	Other Income				Other Collections on behalf of State and Central Government		
	<i>Non- Operating Receipts</i>				<i>Non- Operating Payments</i>		
3- 30/31	Loans Received			3- 50	Other Payables		
3- 40	Deposits Received			3- 50	Refunds Payable		
3- 20	Grants and contribution for specific purposes			**	Repayment of Loans		
*	Sale proceeds from Assets			**	Refund of Deposits		
*	Realisation of Investment – General Fund			4- 10	Acquisition / Purchase of Fixed Assets		
*	Realisation of Investment– Other Funds			4- 12	Capital Work – in – Progress		

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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.)
3- 41	Deposit works			3- 41	Deposit works		
3- 50	Revenue Collected in Advance			4- 20	Investments – General Fund		
*	Loans & Advances to Employees (recovery)			4- 21	Investments – Other Funds		
*	Other Loans & Advances (recovery)			4- 60	Loans & Advances to Employees		
*	Deposits with External Agencies (recovery)			4- 40	Prepaid Expenses		
				4- 60	Other Loans & Advances		
	Other Receipts [specify]			4- 60	Deposits with External Agencies		
	Transfer to Municipal Fund from Special Funds				Other Payments [specify]		
					Transfer to Special Funds from Municipal Fund		
					<i>Closing Balances</i> Cash balances including Imprest Balances with Banks/ Treasury (including balances in designated bank accounts)		
	GRAND TOTAL				GRAND TOTAL		

* Details in respect of these items will be available in the corresponding asset ledger accounts.

** Details in respect of these items will be available in the corresponding liability ledger accounts..

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Table 27.4
Statement of Cash Flow

	Previous Year (Rs.)		Current Year (Rs.)	
a. Cash flows from operating activities				
Gross surplus/ (deficit) over expenditure				
Adjustments for				
Add:				
Depreciation				
Interest & finance expenses				
Less:				
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 (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				
Add:				
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				
Add:				
Loans from banks/others received				
Less:				
Loans repaid during the period				
Loans & advances to employees				
Loans to others				
Finance expenses				

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	Previous Year (Rs.)		Current Year (Rs.)	
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:				
i. Cash Balances				
ii. Bank Balances				
iii. Scheduled co-operative banks				
iv. Balances with Post offices				
v. Balances with other banks				
Total				

Note: items in () brackets denote as that they are to be deducted.

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SECTION-3

CHAPTER

28

PERIOD END PROCEDURES

CHAPTER 28

PERIOD-END PROCEDURES

INTRODUCTION

28.1 This chapter describes the procedures to be followed by an ULB to facilitate preparation of periodical accounts. Each ULB would prepare periodical accounts quarterly and this shall be in addition to the annual accounts.

28.2 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.

28.3 The specific period-end procedures in relation to various categories of transactions have been described in the relevant chapters. The procedures to be followed on a daily, monthly, quarterly and annual basis are covered under the following heads:

i. Daily Procedures

- a. Closing of Cash Book
- b. Physical verification of cash balance
- c. Deposit of collections (both cash and cheque) in the bank
- d. Checking ledger accounts with the books of original entries, i.e., Cash Book and Journal Book
- e. Verification of number of receipts issued as reported by the collection office with the Collection Register
- f. Updation of Subsidiary Ledgers.

ii. Monthly Procedures

- a. Bank Reconciliation
- b. Recording of expenditures incurred against permanent advance
- c. Payment of provident fund dues and pension contribution in respect of employees on deputation
- d. Reconciliation of Function wise Income/Expense Subsidiary Ledgers with respective TB totals.
- e. Compilation of details of closing stock for recording the consumption of stores at the end of the months.
- f. Closing of ledger accounts

iii. Quarterly Procedures

- a. Reconciliation of deposits, advances, receivables and incomes
- b. Provision for period-end expenses
- c. Transfer of revenue grant received in advance for specific purpose to grant income
- d. Recognition of grant income for revenue expenditure incurred in respect of grant receivable as reimbursement
- e. Accrual of interest on borrowings
- f. Recording of provision for bills remaining unpaid in respect of Special Fund expenditure
- g. Accrual of interest on investments
- h. Accrual of interest on loans to employees
- i. Reconciliation of Capital Work in Progress
- j. Reconciliation of Inter Unit Balances
- k. Passing of adjustment entries
- l. Closing of ledger accounts

iv. Annual Procedures

- a. Physical verification of stores
- b. Physical verification of fixed assets
- c. Transfer of funds from special funds to Special Funds (Utilized).
- d. Confirmation of all categories of advances
- e. Provision for unrealized revenue
- f. Accounting of prepaid expenses
- g. Contribution of difference in interest to the provident fund
- h. Expenditure for the benefit of Backward classes or similar other welfare schemes
- i. Confirmation from Government/Quasi-government and Government owned agencies
- j. Closing of ledger accounts

28.4 Each of the above procedures has been described in detail as follows:

Daily Procedures

28.5 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.

28.6 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.

28.7 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) in the manner and in accordance with the procedure provided for in Chapter 5 - General Accounting Procedures. 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.

28.8 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.

28.9 Verification of number of receipts issued as reported by the collection office with the Collection Register: On receipt of Chalan 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 Chalan for Remittance of Money. The number of receipts cancelled shall be reported in the Chalan for Remittance of Money.

28.10 Updation of Subsidiary Ledger: The Accounts Department shall update the following Subsidiary Registers at the end of each day:

- a. Functions wise Income Subsidiary Ledger in respect of all major heads of Income during the day;
- b. Functions wise Expense Subsidiary Ledger in respect of all major heads of Expenses during the day;

Monthly Procedures

28.11 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 in Chapter 6 – Reconciliation Procedures.

28.12 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.

28.13 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.

28.14 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:

- a. Functions wise Income Subsidiary Ledger in respect of all major heads of Income during the day;
- b. Functions wise Expense Subsidiary Ledger in respect of all major heads of Expenses during the day.

28.15 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 in Form ST – 3 for the stocks held in the Stores and issues made for various purposes from the entries made in the Stores Ledger. The procedure for preparation of such statement and valuation of the closing stock has been outlined in Chapter 13 - Stores.

28.16 Closing of ledger accounts: The ledger accounts shall be totalled and balanced at the end of each month. The closing balances for each of ledger accounts shall be determined and posted in the Trial Balance prepared for that period. The procedures for preparation of Trial Balance have been outlined in Chapter 7-Final Accounts.

Quarterly Procedures

28.17 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. The procedure for reconciliation has been described in Chapter 6 – Reconciliation Procedures.

28.18 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 in Form GEN – 28. The procedures for making period-end provision entries has been outlined in the relevant chapters and are briefly described below:

- a. 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 in accordance with the procedures outlined in Chapter 12 - Public Works.

b. 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 in accordance with the procedures outlined in Chapter 13 - Stores. Provision shall also be made for materials received for which bills are not received at the values indicated in the Purchase Order.

c. 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 in accordance with the procedures outlined in Chapter 16 - Other Revenue Expenditures.

d. Provision for interest accrued but not due on the money borrowed through loans or debentures shall be made in accordance with the procedures outlined in Chapter 18 Borrowings (Loans Received).

e. 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 in accordance with the procedures outlined in Chapter 21 - Fixed Assets.

f. Provision for Depreciation on Fixed assets shall be calculated in accordance with the procedures outlined in the Chapter 21 – Fixed Assets.

28.19 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 utilized 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 in accordance with the procedures outlined in Chapter 17 - Grants.

28.20 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 in accordance with the procedures outlined in Chapter 17 - Grants.

28.21 Accrual of interest on borrowings: Interest charges on loans received, which is not due shall be accrued, in accordance with the procedures outlined in Chapter 18 – Borrowings (Loans received).

28.22 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 in accordance with the procedures outlined in Chapter 19 – Special Funds.

28.23 Accrual of interest on investments. Interest accrued but not due on investments made shall be accrued in accordance with the procedures outlined in Chapter 20 - Investments.

28.24 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 in accordance with the procedures outlined in Chapter 14 - Employee Related Transactions.

28.25 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.

28.26 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 AU' and the 'responding 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.

28.27 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 as outlined in Chapter 5 - General Accounting Procedures shall be made by the Accounts Department.

28.28 Closing of ledger accounts: The ledger accounts shall be totaled 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 procedures for preparation of Trial Balance, and, from it, the Financial Statements, have been outlined in Chapter 7- Final Accounts. The closing balance in the assets and liabilities ledger accounts of the period shall be carried forward as opening balance of the next period.

Annual Procedures

28.29 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.

28.30 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. The procedure for valuation of closing stock has been outlined in Chapter 13 Stores.

28.31 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.

28.32 Transfer of funds from special funds: The balance in the Special Fund shall be transferred to the Special Fund (Utilized) on construction or purchase or acquisition of fixed asset at the time of capitalization of the relevant expenditures into fixed asset. The procedure for transfer has been provided in Chapter 19 - Special Funds. A control shall be kept on the projects executed under any Special Fund for effecting transfer of balance.

28.33 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.

28.34 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 chapters on incomes. 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.

28.35 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 in accordance with the procedures outlined in Chapter 16 – Other Revenue Expenditures.

28.36 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.

28.37 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.

28.38 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 prescribed in Chapter 6 – Reconciliation Procedures. Based on replies received, the Accounts Department shall undertake appropriate remedial action, including passing of necessary rectification entries, for reconciling the balances.

28.39 Closing of ledger accounts. In addition to closing of ledger accounts at the end of each quarter, the ledger accounts shall be balanced and totaled at the end of each accounting year, i.e., on 31st 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 in accordance with the procedures outlined in Chapter 7- Final Accounts.

28.40 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. Let us assume that total income earned (from property and other taxes, water supply, cess and any other income) by the ULB for the Financial Year 2005-06 is Rs. 55, 85, 50,000 and total expenditure incurred (on salaries and wages paid to the employees, on repairs and maintenance of roads, buildings and other structures, on stores consumed and other such expenditure) for the same Financial Year is Rs. 49,50,00,000.

i. For transfer of income ledger balances to income side of Income and Expenditure Statement:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
110-(a)	Tax Income – PTD	Dr.	30,00,00,000		Journal Book , Ledger
110-(a)	Printing	Dr.	8,00,00,000		
110-(a)	Water Taxes	Dr.	6,00,00,000		
120-(a)	Rebate from State Government	Dr.	30,00,000		
140-(a)	Property Transfer Charges	Dr.	45,00,000		
	.	Dr.	.		

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	.	Dr.	.		
	.	Dr.	.		
	.	Dr.	.		
	.	Dr.	.		
	To Income & Expenditure Account	Cr.		55,85,50,000	

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".

(a) Insert Minor & Detailed Head Codes of Account.

ii. For transfer of expenditure ledger balances to expenditure side of Income and Expenditure Statement:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
210-(a)	Income & Expenditure Account	Dr.	49,50,00,000		Journal Book , Ledger
	To Establishment				
220-(a)	Expenditure	Cr.		7,00,00,000	
	To Rent, Rates & Taxes				
220-(a)	To Printing	Cr.		50,00,000	
230-(a)	To Repairs & Maintenance	Cr.		25,00,000	
230-(a)	– Building	Cr.		2,50,00,000	
	To Repairs & Maintenance				
230-(a)	– Roads & Bridges	Cr.		1,00,00,000	
	To Central Stores				
230-(a)	Consumed	Cr.		75,00,000	
	To Engineering Stores	Cr.		50,00,000	
	Consumed	Cr.		.	
	To	Cr.		.	
	To	Cr.		.	
	To	Cr.		.	
	To	Cr.		.	
	To	Cr.		.	
	To	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".

(a) Insert Minor & Detailed Head Codes of Account

28.41 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.

CHAPTER

29

AUDIT REPORT

CHAPTER 29

AUDIT REPORT

INTRODUCTION

29.1 This chapter discusses the format and content of the Audit Report to be submitted in relation to Urban Local Bodies (ULBs).

29.2 This chapter briefly describes the following:

- ☐ Audit report on financial statements
- ☐ Periodicity of Reports
- ☐ Supplementary / test audit conducted by CAG
- ☐ Other audits of ULBs.

29.3 The report of the Auditor as specified in this manual can be construed as certificate unless the State Government has any specific requirement..

AUDIT REPORT ON FINANCIAL STATEMENTS

29.4 The Municipal accounts as contained in the financial statements including the accounts of special funds, if any, and the balance sheet shall be examined and audited by Director Local Fund Audit or his equivalent authority or an Auditor appointed by the State Government.

29.5 The Auditor so appointed shall upon completion of audit of the accounts, issue a report on the financial statements of the ULB.

29.6 The MCA's Report on the Balance Sheet, Income and Expenditure Statement, Receipts and Payments Statement, and Cash Flow Statement shall be addressed to the Authority (as required by the relevant Act), of the ULB, with a copy being forwarded to the Municipal Commissioner.

29.7 The Report of the MCA shall state:

- a. whether he has obtained all the information and explanations which to the best of his knowledge and belief were necessary for the purposes of his audit;
- b. whether, in his opinion, proper books of account as required by Authority (as required by the relevant Act), the Accounts Manual, the Rules and any other stipulations have been kept by the ULB so far as it appears from his examination of those books;
- c. whether the ULB's Balance Sheet, Income and Expenditure Statement, Receipts and Payments statement and Cash Flow statement dealt with by the report are in agreement with the books of accounts;
- d. whether appropriate internal controls have been adhered to;
- e. whether all the payments have been made in accordance with the law;
- f. whether any deficiency or loss appears to have been caused by the gross negligence or misconduct of any person (if yes, the amount of loss should be quantified);
- g. whether any sum received for and on behalf of the ULB which ought to have been brought into account of the ULB by any person has been so brought; and
- h. whether any material impropriety or irregularity, other than those mentioned above, has been observed by him during the course of audit of accounts.

29.8 Where any of the matters referred to in para. 29.7 are answered adversely or with a qualification, the auditor's report shall state the reason for the same and with further explanation and inclusion of statistical impact if possible.

ANNEXURE TO THE REPORT OF THE MUNICIPAL AUDITOR

29.9 Besides the above Audit Report, the MCA shall comment in respect of the following matters in the Annexure to the Audit Report:

1. Whether all the expenditure incurred by the ULB are authorized by appropriate provision in the sanctioned budget, whether made originally or subsequently?
2. Whether all sums due to and received by the ULB have been brought to account within the prescribed time limits?
3. Whether all transactions (incomes, expenditures, assets and liabilities) are correctly classified?
4. Whether in respect of all bills for charges on account of all works and other expenditure, proper certificates have been furnished in support of them and that no deviation has been made from the sanctioned plans and the estimates without the sanction of the competent authority?
5. Whether the amounts received as specific grants have been utilized for the purposes as stated in the grant sanction order?
6. Whether the Special Funds, have been created as per the provision of relevant statutes and whether the Special Funds have been utilized for the purposes for which created?
7. Whether the ULB is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account?
8. Whether physical verification has been conducted by the ULB at reasonable intervals in respect of stores?
9. Whether the procedures of physical verification of stores followed by the ULB are reasonable and adequate? If not, the inadequacies in such procedures should be reported;
10. Whether any material discrepancies have been noticed on physical verification of stores as compared to book records, and if so, whether the same have been properly dealt with in the books of account?
11. Whether the valuation of stores is in accordance with the accounting principles laid down in the Accounts Manual? Whether the basis of valuation of stores is same as in the preceding year? If there is any deviation in the basis of valuation, the effect of such deviation, if material, should be reported;.
12. Whether the parties to whom the loans, or advances in the nature of loans, have been given by the ULB are repaying the principal amounts as stipulated and are also regular in payment of the interest and if not, whether reasonable steps have been taken by the ULB for recovery of the principal and interest?
13. Whether there exists an adequate internal control procedure for the purchase of stores, including components, plant and machinery, equipment and other assets?
14. Whether proper procedures are in place to identify any unserviceable or damaged stores and whether provision for the loss in this respect, if any, has been made in the accounts?
15. Whether the ULB is regular in depositing Provident Fund dues and Profession Tax deducted with the appropriate authorities and if not, the extent of arrears;
16. Whether the ULB is regular in depositing tax deducted at source (income tax and works contract tax) and other statutory dues, and if not, the nature and cause of such delay and the amount not deposited;
17. Whether any personal expenses have been charged to revenue account; if so, the details thereof.

29.10 The Report of the MCA shall also specifically report on any other matter which the Government, ULB and/or the Authority (as required by the relevant Act), may have specifically required to be covered as a part of the Audit.

PERIODICAL AUDIT REPORT/CERTIFICATE

29.11 At the end of each period, the MCA may furnish a certificate on the quarterly coverage to the Municipal Commissioner. The suggested format of the certificate can be as follows: “Certified that the accounts from ----- to ----- have been audited by me and found correct with the exception of the following items:” (*The exceptions shall be explained in detail*).

29.12 While furnishing periodical certificate/report, the MCA shall at least verify the following:

1. Whether the postings for the entries in the books of original entry have been correctly made in the respective ledger accounts;
2. Whether all the books of accounts and supplementary registers that are prescribed in the Accounts Manual / other applicable regulations have been properly maintained by the ULB;
3. Whether the Quarterly Financial Statements have been compiled on the basis of the actual entries in the books of accounts;
4. Whether the period-end and reconciliation procedures prescribed have been carried out.
5. Whether the Bank Reconciliation statements have been prepared and are appropriate.
6. Whether all grants from Government have been accounted at gross value with proper entries to various accounts

SUPPLEMENTARY/TEST AUDIT

29.13 States may empower Comptroller & Auditor General to undertake Test Audit under its act or under technical guidance and supervision arrangement. The Audit report prepared by the C & AG shall be also placed before the empowered steering committee.

AUDIT BY EXTERNAL AGENCIES

29.14 Besides, the above audit, the accounts of specific loan funds, grants, etc., would continue to be audited by auditors of agencies which have given grants, loans, etc., in the same manner as is currently happening.

ADDITIONAL AUDIT

29.15 In addition to the audit by the MCA, the Government/ULB may additionally get the accounts of the ULBs audited under the following circumstances:

- ☐ Internal Audit
- ☐ Concurrent Audit
- ☐ Special Audit (investigative or audit in depth)
- ☐ Special Audits ordered by the State Government;

29.16 The state government can also define the guidelines under which these Audits are to be undertaken. It is recommended that Internal Audit can be undertaken whenever the revenue collections are greater than Rs.25 crores and concurrent audit can be undertaken when the revenue collections are greater than Rs.100 crores.

29.17 These Special audits may be required to ensure that the accounts and financial statements of the ULBs have been prepared in accordance with provisions of the Accounts Manual and other relevant provisions of laws in force or for the objectives under which the audits have been ordered by the State Governments.

CHAPTER

30

BUDGETING & MIS REPORT

CHAPTER 30

BUDGETING & MIS REPORTS

INTRODUCTION

30.1 This Chapter contains the overview of the Budgeting approach, process, budgetary controls (budgeting system) and MIS & other performance review /status reports of an ULB.

30.2 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.

30.3 Budget preparation process, calendar, approval and control process indicated in this chapter is on Cash basis and provides guidelines for States at an overall level. However states and ULBs should develop detailed manual / guidelines for Budget preparations.

APPROACH TO BUDGETING

30.4 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 centers. 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.

30.5 Any receipt and payment shall reflect the above said objectives. To facilitate this, three broad categories of Budgeting Centres 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

BUDGETING PROCESS

30.6 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 is detailed in the Chapter 4 on Chart of Accounts.

30.7 Budget shall be prepared for each of the revenue and capital account heads in form BUD – 1 annexed to this Chapter. This form 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, Minor Heads are mandatory. It is advisable to have the budgets prepared at the detailed head also to ensure budgetary control. However, the States can decide whether budgets would be prepared at the field level like zones, circles or wards. In the medium term, ULBs are advised to move

towards decentralized budgeting at the field level. In addition, if the State and ULB maintain separate funds for certain heads like Water or Education etc. then 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.

Bottom up budgeting

30.8 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

30.9 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.

Budgeting Calendar

30.10 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.

30.11 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 State laws or Acts governing the ULBs.

30.12 The budgeting activity for any financial year shall commence by September or any other month (as may be specified in the State laws or Acts governing the ULB) 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 relevant State laws/Acts governing the ULBs.

30.13 An illustrative timetable for budgeting and review is given below: Requisition from the Accounts section for Budget activity plan By September Receipt of Budgets plans for all Departments By mid of October Compilation of Budget for review by Municipal Commissioner By end of October Budget finalisation by Municipal Commissioner for placing before the Standing Committee At the beginning of November

Approval of Budget

The Budget is the key document of any governmental set up. The State laws or governing Acts shall define 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. Generally in the cases of ULBs, the approving authority may be the Municipal Councils.

Budget Revision

30.14 Once a budget has been prepared subsequent revisions to the amount budgeted may arise. The State laws or Act governing the ULBs may define 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.

30.15 Budget Utilisation should be reviewed at quarterly and such other periodic rests as may be determined by State/Act 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 State/Act in this regard.

BUDGETARY CONTROLS

30.16 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 State/Act in this regard.

Budget variance report (BVR)

30.17 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.

30.18 The BVR forms the basis of control as it can provide information on:

- a. 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.
- b. 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.

30.19 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 Chapter as Form BUD - 8.

MANAGEMENT INFORMATION SYSTEM (MIS)

30.20 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.

BASES & COVERAGE

30.21 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.

30.22 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.

30.23 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)

30.24 MIS reports covered earlier in Chapter 31 on Financial Statements of this manual are listed below for easy reference.

- Income & Expenditure (Table 31.3)
- Balance Sheet (Table 31.4)
- Statement of Cash flows (Table 31.5)
- Receipts & Payments Account (Table 31.6)
- Subsidy Report (Table 31.7)
- Financial Ratios (Table 31.8 & 31.9)

30.25 ULBs may also prepare the following reports on a periodical basis and 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)

30.26 ULBs may also specify additional MIS reports, which are appropriate and necessary for their functioning and monitoring. The recommendations made in this chapter are general and minimal requirements and the ULBs on its own shall add any other reports or forms, as they consider necessary and suitable. (For formats refer to Budget Manual)

CHAPTER

31

GUIDE LINES FOR OPENING BALANCE SHEET

CHAPTER 31

GUIDELINES FOR PREPARATION OF OPENING BALANCE SHEET

INTRODUCTION

31.1 This chapter contains the guidelines and the formats for collating the information for the assets and liabilities mentioned hereunder. It would facilitate the preparation of the Opening Balance Sheet of the Urban Local Body (ULB).

DEFINITIONS

31.2 The definition of key terms referred to in this Report is provided below:

- a. Fixed Assets comprise assets, which are meant for use by the ULB over an extended period of time. It includes Immovable Property such as Land, Buildings, Bridges etc. and Movable Property such as Vehicles, Plant and Machinery, Furniture & Fixture etc.
- b. Immovable Properties consist of properties, which cannot be relocated.
- c. Movable Properties consist of properties, which can be relocated.
- d. Current Assets are comprised of items of a short-term nature (normally less than one year). Such items are usually used up in less than one year or converted into cash (or its equivalent) within a year. For instance, Property Tax Receivables, Water Charges Receivables, Inventory of medicines, consumables etc.
- e. Investments comprise of financial assets resulting from investments of cash surpluses.
- f. Current Liabilities comprise of the claims of external parties on ULB on account of any dues or other payables.
- g. Reserve Fund in the ULB represents amounts set aside and earmarked for meeting specific obligations and commitments. For instance, Pension Fund represents the amount set aside for meeting future pension liability.

31.3 The assets and liabilities for which guidelines and formats have been furnished are as under:

a. Fixed Assets

☐ ☐ Immovable Property

- Land (Form 1)
- Building (Form 2)
- Roads, streets, lanes and footpaths (Form 3)
- Bridges, culverts, flyovers, subways and causeways (Form 4)
- Drains including underground drains (Form 5)
- Water Works Distribution (Form 6)
- Public Lighting System (Form 7)
- Lakes and Ponds (Form 8)
- Capital Work-in-Progress (Form 9)

☐ ☐ Movable Property

- Plant and Machinery (including machinery of Water Works and Drainage) (Form 10)
- Vehicles (Form 11)
- Furniture and Fixtures (Form 12)
- Office Equipments (Form 13)
- Other Equipments (Form 14).
- Live Stock (Form 15)

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- b. Investments (Form 16)
- c. Current Assets
 - Cash Balance (Form 17)
 - Bank Balance (Form 18)
 - Details of Advances paid to suppliers / contractors (Form 19)
 - Details of Loans & Advances to employees (Form 20)
 - Receivables (including Taxes, Water charges, Rent etc.) (Form 21)
 - Grants Receivable (Form 22)
 - Department - wise Inventory (Form 23)
 - Consolidated Inventory (Form 23A)
 - Details of Deposits made (Form 24)
- d. Loans Payable (Form 25)
- e. Unutilised Grants (Form 26)
- f. Reserve Funds (Form 27)
- g. Current Liabilities
 - Details of Deposits received (Form 28)
 - Bills and other payables details (Form 29)

GENERAL GUIDELINES

31.4 This section contains the general guidelines to be followed while preparing the formats for the assets and liabilities. Specific guidelines for any asset or liability, if required, have been mentioned on the formats.

31.5 As far as possible, all details should be collected department-wise and then consolidated to give an overall picture for the ULB. For instance, Form 12 - Furniture & Fixture, Form 13 - Office Equipment, Form 14 - Other Equipment, Form 15 - Livestock and other relevant forms shall be given to each of the dispensaries, hospitals, maternity homes, animal pound and other locations within the Health Department for collecting information of the assets there, which shall be then consolidated at the departmental level.

31.6 The ULB should form separate teams who would be responsible for collating information in the formats provided, within a specific time frame..

31.7 A Steering Committee comprising of City Engineer, Head of the Accounts Department and Head of the Audit Department shall be responsible for coordinating the task of collecting information for each of the category of fixed assets. An illustrative list of the assets for which separate teams should be formed is as under:

- Land
- Buildings - the team should include a Civil Engineer or preferably a Structural Engineer
- Roads, Streets and Lanes - the team should include a Civil Engineer
- Bridges, Culverts, Flyovers, Subways and Causeways - the team should include a Civil Engineer or preferably a Structural Engineer
- Furniture & Fixture, etc.

31.8 Separate teams may also be formed for collecting information for other category of the assets under the overall supervision of the Steering Committee. The information gathered should be signed by the members of the concerned team and authenticated by the members of the Steering Committee.

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Guidelines for Preparation of Opening Balance Sheet

31.9 It is suggested that the Provisional Balance Sheet be prepared as on December 31 of the financial year, so as to facilitate a quick and efficient preparation of Opening Balance Sheet as on April 1st of the next financial year.

31.10 The General Guidelines to be followed for Fixed Assets have been arranged as General Guidelines for Immovable Fixed Assets and General Guidelines for Movable Assets.

GENERAL GUIDELINES FOR IMMOVABLE ASSETS

31.11 The General Guidelines to be followed for Immovable Fixed Assets are as follows:

- a. Conduct physical verification of the immovable assets.
- b. The information collated during physical verification should be cross verified with the existing records maintained for the said fixed assets, if any.
- c. Only such assets, whose ownership vests with the ULB, shall be considered for arriving at the list of assets of the ULB.
- d. Details of the assets, whether freehold or leasehold should be specified separately for each of the assets.
- e. Cost of acquisition / construction.
 - The cost of acquisition / construction should also include, in addition to the cost incurred in acquiring / constructing the said asset, the cost incidental to the acquisition / construction such as registration charges, stamp duty, consultancy charges (including legal charges) etc.
 - In case the cost of acquisition / construction is not ascertainable, an estimate of cost that would have been incurred for the acquisition / construction should be provided.
 - For assets funded out of grants, the cost of acquisition of the assets would be net of the grant proceeds utilized for the purchase of the asset
 - In case an asset has been acquired / created free of cost, the asset should be recorded at a nominal value.

Cost of improvement. Any cost incurred for improvement of assets, which results in increasing the life or the utility of the asset, should be considered as an improvement cost. Expenses of a normal and routine nature incurred for the repairs and maintenance of assets should not be considered as an improvement cost.

- f. Date of Acquisition. The date of acquisition is the date on which the property was legally vested with the ULB. In case of acquisition of fully constructed civil property, specify the estimated date when the construction of the structure. Also specify the date of acquisition of the said structure by the ULB.
- g. Mode of Acquisition. Specify whether the fixed assets have been purchased, constructed, transferred or gifted to the ULB or has been attached under any Act.
- h. From whom acquired. Specify the person / institution from whom the assets have been acquired.
- i. Reference of available title documents. It has to be ensured that all the relevant documents like title deeds, contracts, invoices etc. are available with the ULB. A reference of the same has to be provided in the formats provided. In case the original documents are not available, a duplicate set should be made.
- j. The following should be specified in the Remarks Column:
 - Source of finance for the acquisition / construction of the assets.
 - Any restriction/covenants on the transfer of assets.

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- Pending litigations in respect of the fixed assets
 - Any unauthorised use or encroachment on the fixed assets
- k. The Accounts Department shall provide appropriate depreciation for assets held by the ULB to arrive at the book values of the assets. Depreciation shall be provided at the rates and calculated up to the date of opening balance sheet from the date of acquisition / installation as the case may be as per the principles laid down under the chapter 21 on Fixed assets.
- 31.12 The General Guidelines to be followed for Movable Fixed Assets are as follows:
- a. Conduct physical verification of the movable assets. Allot an asset reference number to all categories of plant and machinery, vehicle, furniture, fixture and equipment (including office equipment).
 - b. The information collated during physical verification should be cross-verified with the existing records maintained for the said fixed assets, if any.
 - c. Cost of acquisition / construction is the same as discussed in para. 31.11 (e).
 - d. Cost of improvement. Any cost incurred for improvement of vehicles such as building of body for buses, hearse vans, ambulances, fire brigades, etc. should be considered as an improvement cost.
 - e. Date of Acquisition. The date of acquisition is the date on which the property was legally vested with the ULB.
 - f. Mode of Acquisition is the same as discussed in para. 31.11 (g).
 - g. From whom acquired is the same as discussed in para 31.11 (h).
 - h. Reference of available title documents. It has to be ensured that all the relevant documents like title deeds, contracts, invoices etc. are available with the ULB. A reference of the same has to be provided as per the formats. In case the original documents are not available, a duplicate set should be made.
 - i. The following should be specified in the Remarks Column:
 - Source of finance for the acquisition / construction of the assets.
 - Any restriction/covenants on the transfer of assets.
 - Pending litigations in respect of the fixed assets
 - Any unauthorised use of the fixed assets

GUIDELINES FOR DETERMINATION OF VALUE OF CURRENT ASSETS

31.13 In respect of Investments, Receivables, Other Current Assets, Loans and Advances, Borrowings/Loans payable, Unutilised Grants, Reserve Funds and Current Liabilities, the ULBs should compile the information required in the formats from the registers maintained by them currently. As far as possible, all details should be collected department-wise and then consolidated to give an overall position for the ULB..

31.14 The ULB shall also provide for income receivable, expenses payable, provisions for current assets, loans and advance as per the accounting principles prescribed in each of the chapters described earlier. These provisions shall also appear in the opening balance sheet as follows.

- All income receivable shall be carried forward as current assets
- All expenses payable shall be carried forward as current liabilities
- Provisions for aged receivables shall be as per the accounting principles and the respective assets shall be netted off for the same.

MUNICIPAL FUND

31.15 Once, the values of all the assets and liabilities are arrived, the ULB shall record the net value or the balancing figure under the head "Municipal Funds".

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TRANSITIONAL ISSUES

31.16 ULBs may encounter few of the transitional issues as illustrated below while transforming data from manual system of accounting to a computerized data environment:

- ☐ Availability of Historical Data
- ☐ Knowledge and Understanding capacity of Staff.

States and ULBs shall develop a detailed implementation plan to ensure smooth shift to the new system. Sustainability shall also be addressed in the implementation plan.

**ACCOUNTING ENTRY FOR INCORPORATION OF BALANCES IN THE
OPENING BALANCE SHEET**

31.17 The entry to be passed for incorporating the opening balances is given below:

Code of Account	Accounting Entry(*)	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410-(b)	Fixed Assets (Specify the name of the assets for e.g. Buildings)	Dr.	500,000		Journal Book, Ledgers
412- (b)		Dr.	300,000		
420/ 42- (b)	Capital Work in progress	Dr.	100,000		
	Investments (Specify the name of the relevant fund)	Dr.	50,000		
460-40-(a)		Dr.	30,000		
430-(b)		Dr.	25,000		
431- (b)	also)	Dr.	100,000		
440- (b)	Advance to Suppliers	Dr.	10,000		
450-(b)	Loans and advances	Dr.	60,000		
310-10-(a)	Stock in hand	Cr.		454,000	
	Sundry Debtors				
311-(b)	Prepaid expenses	Cr.		80,000	
312- (b)	Cash and Bank	Cr.		120,000	
330/331 – (b)	Accounts	Cr.		150,000	
340-(b)	To Municipal fund (General fund)	Cr.		25,000	
	To Earmarked funds	Cr.		300,000	
411- (b)	To Reserves				
	To Loans payable				
	To Deposits (specify the nature of deposits)	Cr.		15,000	
432- (b)	To Accumulated depreciation – Fixed assets (Specify the name of the asset for e.g. Buildings)	Cr.		2,000	
461- (b)		Cr.		8,000	
360-10-(a)		Cr.		21,000	
350-(b)	To Provision for Sundry Debtors				
	To Provision for Loans				

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	& advances To Provision for expenses To Other liabilities				
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(a) Insert Detailed Head Codes of Account as applicable

(b) Insert Major and Detailed Head Codes of Account as applicable

Note: The individual accounts within the major account heads listed above shall be debited/credited in above. Journal voucher prepared for incorporation of account balances in the Opening balance sheet.

REVISION OF OPENING BALANCE SHEET

31.18 There may exist possibilities that certain assets and liabilities are identified after preparation of draft Opening Balance Sheet as well as after preparation of the first Balance Sheet subsequent to Opening Balance Sheet. In such case, the value of assets or liabilities identified should be directly incorporated in the Opening Balance Sheet (where first Balance Sheet subsequent to the Opening Balance Sheet is not prepared) or through the account “Adjustments to Opening Balance Sheet” in the Balance Sheet for the period concerned. The amount of asset/liability should not be routed through the Income and Expenditure Account. An illustrative list of accounting entries required to be passed for incorporation of newly identified assets and liabilities are as under:

a. Incorporation of Land (e.g. Ground, Open Market, etc.)

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410-10-(a) 310-10-(a)	Land To Adjustments to Opening balance sheet	Dr. Cr.	1,00,000	1,00,000	Journal Book , Ledger

(a) Insert Detailed Head Codes of Account as applicable

b. Incorporation of Buildings (e.g. Art Gallery Building, Auditorium Building, etc.)

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
410-10-(a) 310-10-(a)	Buildings To Adjustments to Opening balance sheet	Dr. Cr.	10,00,000	10,00,000	Journal Book , Ledger

(a) Insert Detailed Head Codes of Account as applicable

c. Incorporation of Contractor Bills Payable in respect of maintenance of road

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative	Credit Amount (Rs.) Illustrative	Books to be entered into
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			figures	figures	
310-10-(a) 350-10-(a)	Adjustments to Opening balance sheet To Contractors Control Account	Dr. Cr.	1,00,000	1,00,000	Journal Book , Ledger

(a) Insert Detailed Head code of Account as applicable.

31.19 This account “Adjustments to opening balance sheet will shown as an addition to the Municipal Fund at the time of preparation of the Balance Sheet.

31.20 While incorporating the value of newly identified assets and liabilities in the Balance Sheet, it should be ensured that details of these assets/liabilities have also been incorporated in the relevant registers such as Fixed Assets Register, etc.

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Form 1

Name of the ULB _____

LAND DETAILS as on

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.)	Remarks
								Date	Cost (Rs.)							
1	2	3	4	5	6	7	8	9	10	11 (7+10)	12	13	14	15	16	17

Notes:

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

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Form 2

Name of the ULB _____

BUILDING DETAILS as on

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 alongwith date of acquisition by the ULB	In case of property constructed by the ULB, specify the date of construction	Cost of acquisition / construction (Rs.)
				Length	Breadth	Height						
1	2	3	4	5	6	7	8	9	10	11	12	13

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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
	Date	Cost (Rs.)									
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..

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Form 3

Name of the ULB _____

ROAD, STREET, LANE AND FOOTPATHS DETAILS as on

Sr. no.	Name of the road, street and lane	Specify whether the road, street or lane is earthen, tar or concrete	Survey no. of land on which the roads, streets or lanes have been constructed	Dimension of the road, street or lane		Area (Sq. m.)	Date of acquisition / construction	Cost of acquisition / construction (Rs.)
				Length	Width			
1	2	3	4	5	6	7 (5* 6)	8	9

Sr. No.	Were the roads, streets or lanes subject to any improvement? (Yes/ No)	If yes, specify the details of improvement		Total Cost (Rs.)	Specify the 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
		Date	Cost (Rs.)							
	10	11	12	13 (9+ 12)	14	15 (13- 14)	16	17	18	19

Note:

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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..

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Form 4

Name of the ULB _____

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

Sr. no.	Description of the bridge, culvert, flyover, causeway or subway	Location	Survey no. of the land where structure is located	Dimension of the structure		Area of the land on which structure is constructed (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 property is constructed by the ULB, specify the date of construction	Cost of construction / acquisition (Rs.)
				Length	Breadth				
1	2	3	4	5	6	7	8	9	10

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Sr. No.	Was the structure subject to any improvement such as extension or otherwise after acquisition? (Yes / No)	If yes, specify the details of improvement		Total Cost (Rs.)	Specify the amount of depreciation provided on the structure, if any (Rs.)	Written down value of the structure after considering depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
		Date	Cost (Rs.)							
	11	12	13	14 (10+ 13)	15	16 (14- 15)	17	18	19	20

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

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Form 5

Name of the ULB _____

DRAINS INCLUDING UNDERGROUND DRAINS DETAILS as on

Sr. no.	Description of the drain, specifying whether it is open or underground drain	Name of the road/ street where the drains are located	Survey no. of the land where drains are located	Dimension of the structure			Area of the land where the drains are constructed (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 property is constructed by the ULB, specify the date of construction
				Length	Breadth	Height			
1	2	3	4	5	6	7	8	9	10

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Sr. No.	Cost of construction / acquisition (Rs.)	Was the structure subject to any improvement such as extension or otherwise after acquisition? (Yes/ No)	If yes, specify the details of improvement		Total Cost (Rs.)	Specify the amount of depreciation provided on the structure, if any (Rs.)	Written down value of the structure after considering depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
			Date	Cost (Rs.)							
	11	12	13	14	15 (11+ 14)	16	17 (15- 16)	18	19	20	21

Notes:

1. The details of the drains should be collated ward- wise.
2. In column 2, in addition to specifying whether the drains are open or underground, also specify whether they are storm water drains or sewerage drains or for other purpose.

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Form 6

Name of the ULB _____

WATER WORKS DISTRIBUTION DETAILS as on

Sr. no.	Description of the water distribution system assets	Name of the road/ street where the distribution assets are located	Survey no. of the land where distribution assets are located	Dimension of the structure		Area of the land where the distribution system assets are 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 property is constructed by the ULB, specify the date of construction	Cost of construction / acquisition (Rs.)
				Length	Diameter				
1	2	3	4	5	6	7	8	9	10

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Sr. No.	Was the structure subject to any improvement after acquisition? (Yes/ No)	If yes, specify the details of improvement		Total Cost (Rs.)	Specify the amount of depreciation provided on the structure, if any (Rs.)	Written down value of the structure after considering depreciation provision (Rs.)	From whom acquired	Mode of acquisition	Give reference of the available title documents	Remarks
		Date	Cost (Rs.)							
	11	12	13	14 (10+13)	15	16 (14- 15)	17	18	19	20

Notes:

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.

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Form 7

Name of the ULB _____

PUBLIC LIGHTING SYSTEM DETAILS as on

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 on	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

Note: Specify the details ward- wise.

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Form 8

Name of the ULB _____

LAKES AND PONDS DETAILS as on

Sr. No.	Descript ion 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 the 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

Note:

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..

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Form 9

Name of the ULB _____

CAPITAL WORK IN PROGRESS DETAILS as on

Sr. no.	Name of the project	Work Order number and Year in which sanctioned	Location of the Project	Estimated cost of the project (Rs.)	Cost already incurred on the project (Rs.)	Specify the source of finance from which project is being funded	Estimated date of completion of the project	Remarks
1	2	3	4	5	6	7	8	9

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Form 10

Name of the ULB _____

PLANT AND MACHINERY DETAILS as on

Sr. no	Description n of the plant and machinery specifying the 'make'	Capacity	Location	Number of shifts in use	Date of acquisition	Cost of acquisition / construction (Rs.)	Specify the amount of depreciation provided, if any (Rs.)	Written down value after considering depreciation provision (Rs.)	Date of commencement of operation	From whom acquired	Mode of acquisition	Give reference of the available title documents	Current market value (Rs.)	Remarks
1	2	3	4	5	6	7	8	9 (7- 8)	10	11	12	13	14	15

Note:

1. The details of the plant and machinery should be given department- wise and location- wise.
2. In addition to the plant and machinery of a general nature, also specify the plant and machinery of the Water Works and Drainage Department.
3. Also specify the sub- station and transformers deployed for public lighting system within the ULB
4. 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.
5. In Remarks column, indicate whether the ULB has the ownership right to the property or have only operating rights.

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Form 11

Name of the ULB _____

VEHICLES DETAILS as on

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 depreciati on provided, if any (Rs.)	Written down value of the vehicle after considering depreciatio n 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, etc.
2. In column 2, also specify the vehicle number..

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Form 12

Name of the ULB _____

FURNITURE AND FIXTURES DETAILS as on

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 the 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..

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Form 13

Name of the ULB _____

OFFICE EQUIPMENT DETAILS as on

Sr. no.	Description of the asset specifying whether it is photocopier machine, typewriter, air conditioner, water cooler, computer etc.	Location / Department	Asset reference number	Date of acquisition	Cost of acquisition / construction (Rs.)	Specify the 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 office equipment, for instance, a separate list should be prepared for computer, photocopier machine, fax machine, telephone instruments, typewriter, air conditioner, water cooler, etc.
2. Asset reference number denotes any numbering / marking given to each piece of asset..

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Form 14

Name of the ULB _____

OTHER EQUIPMENT DETAILS as on

Sr. no.	Description of the equipment details, specifying the make- n- model of the same	Location / Department	Asset reference number	Date of acquisition	Cost of acquisition / construction (Rs.)	Specify the 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. Specify here the details of the equipment other than plant and machinery such as hospital/ maternity home/ dispensary related equipments, playground equipment, club house/ gymnasium equipment etc.
2. Details of the equipment should be collated department- wise and location- wise.
3. Asset reference number denotes any numbering / marking given to each piece of asset.

Form 15

Name of the ULB _____

LIVESTOCK DETAILS as on

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..

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Form 16

Name of the ULB _____

INVESTMENT DETAILS AS ON _____

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

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..

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Form 17

Name of the ULB _____

CASH BALANCE AS ON _____

Sr. no.	Specify the name of the department where cash is lying	Cash balance as per General Cash Book (Rs.)	Cash in hand physically verified as on cut- off date	Difference (3- 4)	Remarks
1	2	3	4	5	6

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Form 18

Name of the ULB _____

BANK BALANCES AS ON _____

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.)	Remarks
1	2	3	4	5	6

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Form 19

Name of the ULB _____

DETAILS OF ADVANCES PAID TO SUPPLIERS / CONTRACTORS AS ON

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

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Form 20

Name of the ULB _____

DETAILS OF LOANS & ADVANCES TO EMPLOYEES AS ON _____

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 outstanding (Rs.)	Remarks
1	2	3	4	5	6	7

Note: This list should be prepared department-wise.

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Form 21

Name of the ULB _____

RECEIVABLES DETAILS (Including Taxes, Water Charges, Rent etc.) AS ON

Sr. no.	Specify name of the Department and/or Ward from where the demand is raised	Specify the description of the Receivables	Year-wise amount of Receivables		Remarks
			Year	Amount (Rs.)	
1	2	3	4	5	6

Note: This format should be prepared department-wise.

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Form 22

Name of the ULB _____

GRANTS RECEIVABLE DETAILS AS ON _____

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

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Form 23

Name of the ULB _____

INVENTORY DETAILS AS ON _____

NAME OF DEPARTMENT - _____

Sr. no.	Name of Article	Quantity in Stock	Rate at which valued	Value of the inventory	Remarks
1	2	3	4	5	6

Examples of inventory

Health - Pesticides & Chemicals (Phenol, Powder) etc., Medicine, Test-tube, Injections etc.
Electric Goods- Bulbs, Tubelight, Lampshade, Holder, Starter, Choke, Condenser etc. Water - Meter, Pipes, Spare-parts etc. Fire Brigade - Fireman pipe, Nozzle, Spare-parts etc.
Vehicle - Tyres, Tubes, Hose-pipe, Spare-parts, Bulb, Bearings etc. Office Stationery - Forms, Register etc.

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Form 23 A

Name of the ULB _____

INVENTORY DETAILS AS ON _____

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.

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Form 24

Name of the ULB _____

DETAILS OF DEPOSITS MADE BY THE CORPORATION/ COUNCIL

AS ON _____

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

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Form 25

Name of the ULB _____

LOANS PAYABLE DETAILS AS ON _____

Sr. No.	Specify the name of the Institution from whom the loan is received	Specify The purpose for which the loan is received	Specify the outstanding amount of loan (Rs.)	Specify the amount of interest payable from the date of last payment till cut-off date	Specify if any penal interest levied by the lending institution on undercharged amount of loan repayable	Remarks
1	2	3	4	5	6	7

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Form 26

Name of the ULB _____

UNUTILISED GRANTS DETAILS AS ON _____

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 utilization 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.

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Form 27

Name of the ULB _____

RESERVE FUND DETAILS AS ON _____

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

Form 28

DETAILS OF DEPOSITS RECEIVED AS ON _____[illegible]

(2) Details of the same nature of deposits received should be recorded together. (e.g.- In case of PWD – all the Earnest Money Deposit received should be recorded together; all the Security Deposit received/deducted from the supplier/contractor bill should be recorded together.

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Form 29

Name of the ULB _____

BILLS & OTHER PAYABLES DETAILS AS ON _____

Sr. No.	Name of the supplier / contractor	Specify nature of payables*	Amount payable (Rs.)	Specify name of the department procuring the material or incurring the expenditure	Remarks
1	2	3	4	5	6

* 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.

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Annexure I

List of Forms and Registers

Sl. No.	Name	Number
General		
1.	Cash Book	GEN-1
2.	Journal Book	GEN-2
3.	Ledger	GEN-3
4.	Cash/Bank Receipt Voucher	GEN-4
5.	Cash/Bank Payment Voucher	GEN-5
6.	Contra Voucher	GEN-6
7.	Journal Voucher	GEN-7
8.	Receipt	GEN-8
9.	Receipt Register	GEN-9
10.	Statement on Status of Cheques Received	GEN-10
11.	Collection Register	GEN-11
12.	Summary of Daily Collection	GEN-12
13.	Register of Bills for Payment	GEN-13
14.	Payment Order	GEN-14
15.	Cheque Issue Register	GEN-15
16.	Register of Advance	GEN-16
17.	Register of Permanent Advance	GEN-17
18.	Deposit Register	GEN-18
19.	Summary Statement of Deposits Adjusted	GEN-19
20.	Demand Register	GEN-20
21.	Bill of _____ Income	GEN-21
22.	Summary Statement of Bills Raised	GEN-22
23.	Register of Notice Fee, Warrant Fee, Other Fees	GEN-23
24.	Summary Statement of Notice Fee, Warrant Fee, Other Fees	GEN-24
25.	Register of Refunds, Remissions and Write-offs	GEN-25
26.	Summary Statement of Refunds and Remissions	GEN-26
27.	Summary Statement of Write offs	GEN-27
28.	Statement of Outstanding Liability for Expenses	GEN-28
29.	Documents Control Register/Stock Account of Receipt/Cheque Book	GEN-29
30.	Register of Immovable Property	GEN-30
31.	Register of Movable Property	GEN-31
32.	Register of Land	GEN-32
33.	Function-wise Income Subsidiary Ledger	GEN-33
34.	Function-wise Expenditure Subsidiary Ledger	GEN-34
35.	Asset Replacement Register	GEN-35
36.	Register of Public Lighting System	GEN-36
Property Tax		
37.	Summary Statement of Bills Raised	P&OT-1
38.	Summary Statement of Demand Adjustments Raised	P&OT-2
39.	Summary Statement of Year-wise, Head-wise collection of Property & Other Taxes	P&OT-3
40.	Summary Statement of Refunds and Remissions	P&OT-4
Octroi		
41.	Summary Statement of Collection / Refunds of Octroi	OC-1
42.	Summary Statement of Final Assessment of Provisional Assessment	OC-2

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Sl. No.	Name	Number
43.	Summary Statement of Assessment of Account Current Holders	OC-3
44.	Summary Statement of Transit Fees Collections and Refunds	OC-4
Cess		
45.	Summary Statement of Demand Raised on Assessment	CE-1
46.	Summary Statement of Year-wise, Head-wise Collection of Cess	CE-2
47.	Summary Statement of Refunds/Remissions	CE-3
48.	Summary Statement of Write-offs	CE-4
Water Supply		
49.	Summary Statement of Demand Raised on Assessment	WS-1
50.	Summary Statement of Year-wise, Head-wise Collection of Water Taxes	WS-2
51.	Summary Statement of Refunds/Remissions	WS-3
52.	Summary Statement of Write-offs	WS-4
Rentals, Fees & Other Income		
53.	Summary Statement of Demand Raised on Assessment	OTH-1
54.	Summary Statement of Year-wise, Head-wise Collection of Other Incomes	OTH-2
55.	Summary Statement of Refunds	OTH-3
56.	Summary Statement of Write-offs	OTH-4
57.		
Public Works		
58.	Summary Statement of Status of Capital Work-in-Progress	PW-1
59.	Work Sheet	PW-2
60.	Deposit Works Register	PW-3
Stores		
61.	Material Receipt Note	ST-1
62.	Stores Ledger	ST-2
63.	Statement of Closing Stock	ST-3
Employee Related Transactions		
64.	Consolidated pay bill and acquittance roll of the permanent/temporary establishment	ES-1
65.	Register of Employee Loans / Advances	ES-2
66.	Register of Interest on Loans to Employees	ES-3
67.	Unpaid Salary Register	ES-4
68.	Register of Pension Payment Order	ES-5
69.	Pension Register	ES-6
Grants		
70.	Grant Register	G-1
Borrowings		
71.	Register of Loans	BR-1
72.	Register of Debentures	BR-2
73.	Register of Sinking Fund	BR-3
Special Funds		
74.	Special Funds Register	SF-1
Investments		
75.	Investments Ledger / Register	IN-1
76.	Calculation Sheet for provision for Diminution in value of investments	IN-2
Loans		
77.	Register of Loans to Others	LA-1
Special Transactions		
78.	Register of Grants to Schools & Other Undertakings	SPL-1

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Sl. No.	Name	Number
Inter Unit Transactions		
79.	Advice of Inter Unit Transfer – Debit / Credit (ATD / ATC)	IUT-1
80.	Register of Inter Unit Transfer Advice (RIUTDC)	IUT-2
Opening Balance Sheet		
81.	Land Details	Form 1
82.	Building Details	Form 2
83.	Road, Street, Land and Footpaths Details	Form 3
84.	Bridges, Culverts, Subways, Flyovers Details	Form 4
85.	Drains including Underground Drain Details	Form 5
86.	Water Works Distribution Details	Form 6
87.	Public Lighting System Details	Form 7
88.	Lakes and Ponds Details	Form 8
89.	Capital Work in Progress Details	Form 9
90.	Plant & Machinery Details	Form 10
91.	Vehicles Details	Form 11
92.	Furniture and Fixtures Details	Form 12
93.	Office Equipment Details	Form 13
94.	Other Equipment Details	Form 14
95.	Livestock Details	Form 15
96.	Investment Details	Form 16
97.	Cash Balance	Form 17
98.	Bank Balance	Form 18
99.	Details of Advances paid to Suppliers / Contractors	Form 19
100.	Details of Loans & Advances to Employees	Form 20
101.	Receivables Details (Including Taxes, Water Charges, Rent etc.)	Form 21
102.	Grants Receivable Details	Form 22
103.	Inventory Details	Form 23
104.	Consolidated Statement of Inventory	Form 23A
105.	Details of Deposits Made by the Corporation Council	Form 24
106.	Loans payable Details	Form 25
107.	Unutilised Grants Details	Form 26
108.	Reserve Fund Details	Form 27
109.	Details of Deposits Received	Form 28
110.	Bills & Other Payable details	Form 29

APPENDIX

1

BUDGETING SYSTEM

BUDGETING SYSTEM

INTRODUCTION

1. This Chapter contains the overview of the Budgeting approach, process, budgetary controls (budgeting system) and MIS & other performance review /status reports of an ULB.
2. 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.
3. Budget preparation process, calendar, approval and control process indicated in this chapter is on Cash basis and provides guidelines for Budget preparations.

APPROACH TO BUDGETING

4. 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. Decentralised planning with citizens' participation facilitates achieving this objective..
5. Any receipt and payment shall reflect the above said objectives. To facilitate this, three broad categories of Budgeting Centres 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

BUDGETING PROCESS

6. 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 is detailed in the Chapter on Chart of Accounts.
7. Budget shall be prepared for each of the revenue and capital account heads in BUD- 1 forms annexed to this Chapter. These forms are 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. It is advisable to have the budgets prepared at the detailed head also to ensure budgetary control. The budget heads are integrated with the account heads. The accounting system can hence provide details of actual against each budget head.

Bottom up budgeting

8. 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 given BUD – 2 forms.

9. The consolidated budgets shall be presented in a summary form (in form BUD – 3-4). Detailed Budget will also form part of the Budget Document of the ULBs.

Budgeting Calendar

10. 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.

11. 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 State laws or Acts governing the ULBs.

12. The budgeting activity for any financial year shall commence by September of the financial year preceding it. The various stages of budget preparation and approval should be within the time limits.

13. An illustrative timetable for budgeting and review is given below:

Requisition from the Accounts section for Budget activity plan	By September
Receipt of Budgets plans for all Departments	By mid of October
Compilation of Budget for review	By end of October
Budget finalization for placing before the Standing Committee	At the beginning of November

Approval of Budget

The Budget is the key document of any governmental set up. A budget may not be a valid document unless it is properly approved / authorized by an approving authority. Generally in the cases of ULBs, the approving authority may be the Municipal Councils.

Budget Revision

14. Once a budget has been prepared subsequent revisions to the amount budgeted may arise. Some of the forms in which budget allocations are changed are Re-appropriation, Additional Budget, reduction in Budget and Budget Cut.

15. Budget Utilization should be reviewed on quarterly basis 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 Act in this regard.

BUDGETARY CONTROLS

16. 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 Act in this regard.

Budget variance report (BVR)

17. 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.

18. The BVR forms the basis of control as it can provide information on:

a. Positive variance shall be analyzed 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 analyzed and replicated.

b. Negative variance, shall be analyzed 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.

19. The BVR should be prepared on a quarterly basis or such periods as 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 Chapter as Form BUD - 5.

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Budgeting System

Budgeting Year: _____

Name of the ULB _____

Physical Targets

(Form for ward-level decentralised functions)

Form:

Bud-Phy (1)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
(I) REVENUE RECEIPTS								
		A	Tax Revenues					
		1	Property & Other Taxes					
		a	Residential					
		b	Commercial					
		c	Land					
		d	Service Charges					
			<i>Sub-total (110-01)</i>					
		2	Water Taxes					
		3	Sewerage Tax					
		4	Conservancy Tax					
		5	Lighting Tax					
		6	Education Tax					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		7	Vehicle Tax					
		8	Tax on animals					
		9	Electricity Tax					
		10	Professional Tax					
		11	Advertisement Tax					
		a	Land Hoarding					
		b	Bus					
		c	Shelters					
		d	Traffic signals					
			<i>Sub-total (110-11)</i>					
		12	Pilgrimage Tax					
		13	Other Taxes					
			<i>Total (110)</i>					
		B	Assigned Revenues & Compensations					
		1	Taxes and duties collected by others					
		a	Entertainment Tax					
		b	Duty on transfer of properties					
			<i>Sub-total (120-10)</i>					
		2	Compensation in lieu of taxes / duties					
		3	Compensations in lieu of concessions					
			Property tax compensations due to concessions certain set of tax payers					
			<i>Total (120)</i>					
		C	Rental Income from Municipal Properties					
		1	Rent from civic amenities					
		a	Markets					
		b	Shopping complexes					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		c	Auditorium					
		d	Art galleries					
		e	Marriage / Community halls					
		f	Play grounds					
		g	Nurseries					
			<i>Sub-total (130-10)</i>					
		2	Rent from office buildings					
			Quarters					
		3	Rent from guest houses					
		4	Rent from lease of lands					
		5	Other rents					
			Lease rentals					
			<i>Total (130)</i>					
		D	Fees & User Charges					
		1	Empanelment & Registration Charges					
		a	Carts					
		b	Contractors					
		c	Patients					
		d	Professionals					
		e	P W contractors					
			<i>Sub-total (140-10)</i>					
		2	Licensing Fees					
		a	D & O					
		b	Hawking					
		c	Shops					
		d	Bazaars					
		e	Staff quarters					
		f	Plumbing license					
		g	Cattle pounding					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		h	Slaughtering					
		i	Butchers & traders of meat					
		j	Poultry					
			<i>Sub-total (140-11)</i>					
		3	Fees for Grant of Permit					
		a	Transit					
		b	Escort					
		c	Layout					
		d	Sub-division, Plan					
			<i>Sub-total (140-12)</i>					
		4	Fees for Certificate or Extract					
		a	Copying					
		b	Birth & death certificates					
		c	Occupancy certificates					
			<i>Sub-total (140-13)</i>					
		5	Development charges					
		a	Development					
		b	Betterment					
		c	Demolition					
		d	Open space contribution					
		e	Parking contribution					
			<i>Sub-total (140-14)</i>					
		6	Regularization Fees					
		a	Encroachment					
		b	Regularization					
		c	Revalidation					
		d	Conversion fees					
			<i>Sub-total (140-15)</i>					
		7	Penalties and Fines					
		8	Other Fees					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		a	Advertisement fees					
		b	Tuition fees					
		c	Library fees					
		d	Survey fees					
		e	Connection, Disconnection charges					
		f	Notice fees					
		g	Warrant fees					
		h	Mutation fees					
		i	Property transfer charges					
			Sub-total (140-40)					
		9	User Charges					
		a	Medicines					
		b	Examination charges					
		c	Ambulance					
		d	Funeral Van					
		e	Garbage collection charges					
		f	Littering & debris collection					
		g	Septic tank clearance					
		h	Sewerage clearance charges					
		i	Crematorium charges					
		j	Burial ground charges					
		k	Pay & use toilets					
		l	Water supply					
		m	Sale of electricity					
		n	Water tanker					
		o	Meter charges					
		p	Fire extinguishing					
		q	Lighting charges					
		r	Ticket charges					
		s	Luggage charges					

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Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		t	Parking fees					
			<i>Sub-total (140-50)</i>					
		10	Entry Fees					
		a	Parks					
		b	Play grounds					
		c	Swimming pools					
		d	Zoo					
		e	Musium					
		f	Library					
		g	Parking lots					
			<i>Sub-total (140-60)</i>					
		11	Service/Administrative charges					
		a	Service Charges					
		b	Percentage on deposit works					
		c	Plan preparation charges					
		d	Road damage recovery charges					
		e	Stacking					
		f	Rebate from State Govt.					
			<i>Sub-total (140-70)</i>					
		12	Other Charges					
			Total (140)					
		E	Sale & Hire Charges					
		1	Sale of Products					
		a	Tree guards					
		b	Garbage					
		c	Manure					
		d	Rubbish					
		e	Compost					
		f	Nursery plants					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		g	Fruits					
		h	Flowers					
		i	Grass					
		j	Trees					
			<i>Sub-total (150-10)</i>					
		2	Sale of Forms & Publications					
		a	Tenders					
		b	Data					
		c	Plans					
		d	Maps					
			<i>Sub-total (150-11)</i>					
		3	Sale of Stores & Scrap					
		a	Obsolete stores					
		b	Obsolete assets					
			<i>Sub-total (150-12)</i>					
		4	Sale of Others					
			Old news papers					
		5	Hire Charges for Vehicles					
			Buses					
		6	Hire Charges on Equipments					
		a	Rollers					
		b	Tools					
		c	Medical equipments					
			<i>Sub-total (150-41)</i>					
			<i>Total (150)</i>					
		F	Revenue Grants, Contribution and Subsidies					
		1	Revenue Grant					
		a	Road development grant					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		b	Family welfare grant					
		c	Census grant etc.					
			<i>Sub-total (160-10)</i>					
		2	Re-imbursement of Expenses					
		3	Contribution towards schemes					
			Total (160)					
		G	Income from Investments					
		1	Interest					
		a	Fixed deposits					
		b	Govt. securities					
		c	Post office deposits					
			<i>Sub-total (170-10)</i>					
		2	Dividend					
		3	Income from Projects taken up on commercial basis					
		4	Profit in sale of investments					
		5	Others					
			Total (170)					
		H	Interest Earned					
		1	Interest from bank accounts					
			S B Accounts					
		2	Interest on loans and advances to employees					
		a	HBA					
		b	Conveyance					
		c	Computer					
		d	Festival					
		e	Vehicle					
			<i>Sub-total (171-20)</i>					
		3	Interest on loans to others					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		4	Other Interest					
			Interest on HP					
			Total (171)					
			Other Income					
			Deposits Forfeited					
			Lapsed Deposits					
			Contractors, Suppliers					
		5	Insurance Claim Recovery					
		6	Profit on Disposal of Fixed Assets					
		7	Recovery from Employees					
			Unclaimed refund payable / liabilities written back					
			Stale cheques					
			Excess provisions written back					
			Property Tax					
			Advertisement Tax					
			Rent					
			Water supply					
			Sub-total (180-60)					
		8	Misc. Income					
			Total (180)					
			TOTAL REVENUE RECEIPTS					
(II) REVENUE EXPENSES								
			Establishment Expenses					
			Salary, Wages & Bonus					
			Salary & Allowances					
			Wages					
			Exgratia					
			Bonus					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (210-10)					
			Benefits & Allowances					
			Overtime allowance					
			LTC					
			Medical reimbursement					
			Tuition fees					
			Education allowance					
			Uniform to staff					
			Compensation to staff					
			Honorarium to corporators					
			Officers and staff					
			Staff welfare expenses					
			Training					
			Staff welfare expenses					
			HRD activities					
			Total (210-20)					
			Pension					
			Pension					
			Family pension					
			Pension contribution					
			Pension fund					
			Deficit contribution to other funds					
			Total (210-30)					
			Other Terminal & Retirement Benefits					
			Leave encashment					
			Death cum retirement gratuity					
			Contribution to PF or other funds					
			Leave salary contribution					
			Total (210-40)					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (210)					
			Administrative Expenses					
			Rent, Rates & Taxes					
			Office Maintenance					
			Electricity					
			Water					
			Security expenses					
			Total (220-11)					
			Communication Expenses					
			Telephone					
			Mobile					
			Fax					
			Total (220-12)					
			Books and Periodicals					
			Magazines					
			News papers					
			Journals					
			Total (220-20)					
			Printing & Stationery					
			Service postage					
			Printing					
			Stationery					
			Computer consumables					
			Total (220-21)					
			Travelling & Conveyance					
			Fuel					
			Travelling					
			Petrol & diesel					
			Total (220-30)					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Insurance					
			Audit Fees					
			Legal Expenses					
			Legal Expenses					
			Legal fees					
			Cost of recoveries of tax revenue					
			Suit compromises					
			Total (220-51)					
			Professional & Other Fees					
			Architect					
			Engineer					
			Technical fees					
			Consultancy charges					
			Total (220-52)					
			Advertisement & Publicity					
			Hospitality expenses					
			Advertisement					
			Organization of festivals					
			Total (220-60)					
			Membership & Subscription					
			Others					
			Total (220)					
			Operations & Maintenance					
			Power & Fuel					
			Bulk Purchases					
			Electricity					
			Water					
			Total (230-20)					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Consumption of Stores					
			Stores					
			Total (230-30)					
			Hire Charges					
			Machinery rent					
			Total (230-40)					
			Repairs & maintenance - Infrastructure Assets					
			Roads & bridges					
			Flyovers					
			Water supply & sewerage					
			Street lighting					
			Storm water drains					
			Traffic signals					
			Total (230-50)					
			Repairs & maintenance - Civic Amenities					
			Parks					
			Gardens					
			Lakes					
			Play grounds					
			Arts and culture					
			Parking lots					
			Markets					
			Houses					
			Commercial complex					
			Hospitals					
			Swimming pools					
			Stadium					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Nursery					
			Play materials					
			Public toilets					
			Total (230-51)					
			Repairs & maintenance - Building					
			Office buildings					
			Total (230-52)					
			Repairs & maintenance - Vehicles					
			Repairs & maintenance - Others					
			Furniture & fixtures					
			Electrical appliances					
			Office equipments					
			Other FA					
			Survey & drawing equipments					
			Total (230-59)					
			Other Operating & Maintenance					
			Testing & inspection					
			Water purification					
			Gabage clearance					
			Patients food					
			Patients laundry					
			Tax for public transport vehicles					
			Total (230-80)					
			Total (230)					
			Interest & Finance Charges					
			Interest on Loans from Central Government					
			Interest on Loans from State Government					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Interest on Loans from Government Bodies and Associations					
			Interest on Loans from U.P. Agencies					
			Interest on Loans from Banks and Other Financial Institutions					
			Other Interest					
			Leases					
			HP					
			<i>Total (240-60)</i>					
			Bank Charges					
			Other Finance Expenses					
			Discount on early/prompt payment					
			<i>Total (240-80)</i>					
			<i>Total (240)</i>					
			Programme Expenses					
			Election Expenses					
			Own Programme					
			Share in Programme of Others					
			<i>Total (250)</i>					
			Revenue Grants, Contribution and Subsidies					
			Grants					
			Contribution					
			Subsidies					
			<i>Total (260)</i>					
			Provisions and Write off					
			Provisions for Doubtful Receivables					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Property tax					
			Cess					
			Fees and user charges					
			Rent					
			Total (270-10)					
			Provisions of Other Assets					
			Stores					
			Fixed assets					
			Investments					
			Total (270-20)					
			Revenues Written off					
			Property tax					
			Assigned revenues					
			Grants					
			Total (270-30)					
			Assets Written off					
			Stores					
			Fixed assets					
			Total (270-40)					
			Misc. Expenses Written off					
			Issue expenses					
			Total (270-50)					
			Total (270)					
			Misc. Expenses					
			Loss on Disposal of Assets					
			Loss on Disposal of Investments					
			Decline in Value of Investments					
			Total (271)					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Depreciation					
			Buildings					
			Roads & Bridges					
			Sewerage & Drainage					
			Water-ways					
			Public Lighting					
			Plant & Machinery					
			Vehicles					
			Office & Other Equipments					
			Furniture, Fixtures, Fitting and Electrical Appliances					
			Other Fixed Assets					
			Total (272)					
			Prior Period Item					
			Income					
			Taxes					
			Taxes					
			Toll					
			Total (280-10)					
			Other Revenues					
			Recovery of Revenues Written off					
			All types of taxes					
			Fees and user charges					
			Total (280-30)					
			Other Income					
			Expenses					
			Refund of Taxes					

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			All types of taxes					
			Total (280-50)					
			Refund of Other Revenues					
			Water supply					
			Rent					
			Total (280-60)					
			Other Expenses					
			Total (280)					
			TOTAL REVENUE EXPENSES					
(III) CAPITAL RECEIPTS								
			Municipal (General) Fund					
			Municipal Fund					
			Closing balance					
			Adjustments to opening balance sheet					
			Total (310-10)					
			Excess of Income and Expenditure					
			Total (310)					
			Earmarked Funds					
			Special Funds (Specify each fund name)					
			All development funds and special purpose funds e.g., Road Fund, Water Supply Fund, City Development Fund etc.					
			Sinking Funds (Specify each fund name)					
			Replacement funds (example Employees related funds like PF, Pension etc.)					
			Trust or Agency Funds (Specify each fund name)					
			Total (311)					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Reserves					
			Capital Contribution					
			Capital Reserve					
			Borrowing Redemption Reserve (if no Sinking Fund is created)					
			Special Funds (utilized)					
			Statutory Reserve					
			General Reserve					
			Revaluation Reserve					
			<i>Total (312)</i>					
			Grants, Contribution for Specific Purposes					
			Central Govt.					
			State Govt.					
			Other Govt. Agencies					
			Financial Institutions					
			Welfare Bodies					
			Inter-State Organisations					
			Others					
			<i>Total (320)</i>					
			Secured Loans					
			Loans from Central Govt.					
			Loans from State Govt.					
			Loans from Govt. Bodies and Associations					
			Loans from Inter-State Agencies					
			Loans from Banks and Other Financial					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Institutions					
			Other Term Loan					
			Bonds and Debentures					
			Other Loans					
			Total (330)					
			Un-secured Loans					
			Loans from Central Govt.					
			Loans from State Govt.					
			Loans from Govt. Bodies and Associations					
			Loans from Inter-State Agencies					
			Loans from Banks and Other Financial Institutions					
			Other Term Loan					
			Bonds and Debentures					
			Other Loans					
			Total (331)					
			Deposits Received					
			From Contractors/Suppliers					
			Transit					
			Water, Electricity					
			Rental etc.					
			Total (340-10)					
			Deposits - Revenues					
			From Staff					
			From Others					
			Total (340)					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Deposit Works					
			Civil Works					
			Electrical Works					
			Others					
			Total (341)					
			Other Liabilities					
			Creditors					
			Gross Salary					
			Net Salaries					
			Salaries unpaid					
			PF payable					
			Pension					
			Gratuity					
			Welfare funds					
			Leave salary payable					
			Total (350-10)					
			Employee Liabilities					
			Loans					
			HP					
			Total (350-11)					
			Interest Accrued & Due					
			PF deduction					
			LIC					
			Loans					
			Societies service tax					
			Profession tax					
			TDS					
			Contract tax					
			Trade tax					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Sales tax					
			Service tax					
			Works contract					
			Total (350-12)					
			Recoveries Payable					
			Court attachment					
			Other revenues					
			Grants					
			Deposit works					
			Attached properties					
			Cess					
			Water supply					
			Rent					
			Total (350-20)					
			Refunds Payable					
			Property tax					
			Water supply					
			License fees					
			Rent					
			Advertisement charge					
			Total (350-40)					
			Advance Collection of Revenues					
			Compensation payable					
			Stale cheques					
			HP payable					
			Lease charges payable					
			HP interest receivable control accounts etc.					
			Total (350-41)					
			Others					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Assets					
			Investments					
			Attached properties					
			<i>Total (350-80)</i>					
			Sale Proceeds					
			<i>Total (350)</i>					
			Provisions					
			Provisions for Expenses					
			Provisions for Interest					
			Interest accrued but not due					
			<i>Total (360-20)</i>					
			Provisions for Other Assets					
			Stores					
			Investments					
			<i>Total (360-30)</i>					
			<i>Total (360)</i>					
			TOTAL CAPITAL RECEIPTS					
(IV) CAPITAL EXPENDITURE								
			Fixed Assets					
			Land					
			Grounds					
			Open markets					
			Parks					
			Gardens					
			<i>Total (410-10)</i>					
			Buildings					
			Roads and Bridges					
			Concrete					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Black top					
			Others					
			Total (410-30)					
			Sewerage and Drainage					
			Open					
			Under ground					
			Total (410-31)					
			Water ways					
			Borewells					
			Open wells					
			Reservoirs					
			Total (410-32)					
			Public Lighting					
			Lamp posts					
			Transformers					
			Total (410-33)					
			Plant and Machinery					
			Vehicles					
			Ambulance					
			Buses					
			Cars					
			Jeeps					
			Cranes					
			Trucks					
			Tankers					
			Total (410-50)					
			Office & Other Equipments					
			Air conditioners					
			Computers					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Faxes					
			Photocopiers					
			Refrigerators					
			Total (410-60)					
			Furniture, Fixtures, Fitting and Electrical Appliances					
			Cabinets					
			Cupboards					
			Chairs					
			Fans					
			Electrical fittings					
			Total (410-70)					
			Other Fixed Assets					
			Assets under Disposal					
			Total (410)					
			Accumulated Depreciation					
			Buildings					
			Roads and Bridges					
			Sewerage and Drainage					
			Water ways					
			Public Lighting					
			Plant and Machinery					
			Vehicles					
			Office & Other Equipments					
			Furniture, Fixtures, Fitting and Electrical Appliances					
			Other Fixed Assets					
			Total (411)					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Capital Work in Progress					
			Specific Grants					
			Special Funds					
			<i>Total (412)</i>					
			Investment General Fund					
			Central Govt. Securities					
			State Govt. Securities					
			Debentures & Bonds					
			Preference Shares					
			Equity Shares					
			Units of Mutual Funds					
			Other Investments					
			Accumulated Provisions					
			<i>Total (420)</i>					
			Stock-in-hand					
			Stores					
			Closing stock					
			Closing stock					
			Purchases					
			<i>Total (430-10)</i>					
			Loose Tools					
			Others					
			<i>Total (430)</i>					
			Sundry Debtors (Receivables)					
			Receivables for Property Tax (Yearwise)					
			Receivables for Other Taxes					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Receivables for Fees and User Charges					
			License fees					
			Advertisement fees					
			Water supply					
			Total (431-30)					
			Receivables from Other Sources					
			Rent					
			Interest accrued and due					
			Interest accrued and not due					
			Undertakings					
			Interest due from employees					
			Total (431-40)					
			Receivables from Govt.					
			Grants					
			Assigned revenues					
			Total (431-50)					
			Receivables control accounts					
			Property tax					
			Water supply					
			Total (431-80)					
			State Govt. Cesses, Levies in Taxes Control Accounts					
			State Govt. Cesses/Levies in Property Taxes-Control Account					
			State Govt. Cesses/Levies in Water Taxes-Control Account					
			State Govt. Cesses/Levies in Other Taxes-Control Account					

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (431)					
			Accumulated Provisions against Debtors					
			Provision for Outstanding Property Taxes					
			Provision for Outstanding Water Taxes					
			Provision for Outstanding Other Taxes					
			Provision for Outstanding Fees and User Charges					
			Provision for Outstanding Other Receivables					
			<i>State Govt. Cesses, Levies in Taxes Provision Accounts</i>					
			State Govt. Cesses/Levies in Property Taxes-Provision Account					
			State Govt. Cesses/Levies in Water Taxes-Provision Account					
			State Govt. Cesses/Levies in Other Taxes-Provision Account					
			Total (432)					
			Prepaid Expenses					
			Establishment					
			Administration					
			Operation & Maintenance					
			Total (440)					
			Cash and Bank Balance					
			Cash					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			<i>Balance with Bank-Municipal Fund</i>					
			Nationalized banks					
			Other scheduled banks					
			Scheduled cooperative banks					
			Post office					
			<i>Balance with Bank-Special Funds</i>					
			Nationalized banks					
			Other scheduled banks					
			Scheduled cooperative banks					
			Post office					
			<i>Balance with Bank-Grant Funds</i>					
			Nationalized banks					
			Other scheduled banks					
			Scheduled cooperative banks					
			Post office					
			<i>Total (450)</i>					
			Loans, Advances and Deposits					
			Loans, Advances to Employees					
			HBA					
			Conveyance					
			Computer advance					
			Festival advance					
			Vehicle advance					
			<i>Total (460-10)</i>					
			Employees Provident Fund Loans					
			Loans to Others					
			Advance to Suppliers and Contractors					
			Public works					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Stores					
			Material issued to contractors / stores					
			Lease rentals					
			HP accounts					
			Total (460-40)					
			Advance to Others					
			Permanent advance					
			Advance against projects					
			Advance against schemes					
			Grants					
			Total (460-50)					
			Deposits with External Agencies					
			Electricity					
			Telephones					
			Water					
			Petrol pumps					
			Total (460-60)					
			Other Current Assets					
			HP installments received					
			Interest receivables on loans and advances					
			Scheme expenses					
			Total (460-80)					
			Total (460)					
			Accumulated Provisions against Loans, Advances and Deposits					
			Loans to Others					
			Advances					
			Deposits					
			Total (461)					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Other Assets					
			Deposit Works-Expenditure					
			Civil					
			Electrical					
			Others					
			Total (470-10)					
			Inter Unit Account					
			Interest Control Payable					
			Lease					
			HP					
			Total (470-30)					
			Total (470)					
			Miscellaneous Expenditure to be Written off					
			Loan Issue Expenses					
			Discount on Issue of Loan					
			Others					
			Total (480)					
			TOTAL CAPITAL EXPENDITURE					
			NET INFLOW / OUTFLOW (Revenue Receipt + Capital Receipt -Revenue Expenses -Capital Expenditure)					

Uttar Pradesh Municipal Accounts Manual

Budgeting System

Budgeting Year: _____

Name of the ULB _____

Physical Targets

(Form for Head Office for centralised functions)

Form: Bud-Phy(2)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		(I)	REVENUE RECEIPTS					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		A	Tax Revenues					
		1	Property & Other Taxes					
		a	Residential					
		b	Commercial					
		c	Land					
		d	Service Charges					
			<i>Sub-total (110-01)</i>					
		2	Water Taxes					
		3	Sewerage Tax					
		4	Conservancy Tax					
		5	Lighting Tax					
		6	Education Tax					
		7	Vehicle Tax					
		8	Tax on animals					
		9	Electricity Tax					
		10	Professional Tax					
		11	Advertisement Tax					
		a	Land Hoarding					
		b	Bus					
		c	Shelters					
		d	Traffic signals					
			<i>Sub-total (110-11)</i>					
		12	Pilgrimage Tax					
		13	Other Taxes					
			Total (110)					
		B	Assigned Revenues & Compensations					
		1	Taxes and duties collected by others					
		a	Entertainment Tax					
		b	Duty on transfer of properties					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			<i>Sub-total (120-10)</i>					
		2	Compensation in lieu of taxes / duties					
		3	Compensations in lieu of concessions					
			Property tax compensations due to concessions certain set of tax payers					
			Total (120)					
		C	Rental Income from Municipal Properties					
		1	Rent from civic amenities					
		a	Markets					
		b	Shopping complexes					
		c	Auditorium					
		d	Art galleries					
		e	Marriage / Community halls					
		f	Play grounds					
		g	Nurseries					
			<i>Sub-total (130-10)</i>					
		2	Rent from office buildings					
			Quarters					
		3	Rent from guest houses					
		4	Rent from lease of lands					
		5	Other rents					
			Lease rentals					
			Total (130)					
		D	Fees & User Charges					
		1	Empanelment & Registration Charges					
		a	Carts					
		b	Contractors					
		c	Patients					

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Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		d	Professionals					
		e	P W contractors					
			Sub-total (140-10)					
		2	Lincensing Fees					
		a	D & O					
		b	Hawking					
		c	Shops					
		d	Bazaars					
		e	Staff quarters					
		f	Plumbing license					
		g	Cattle pounding					
		h	Slaughtering					
		i	Butchers & traders of meat					
		j	Poultry					
			Sub-total (140-11)					
		3	Fees for Grant of Permit					
		a	Transit					
		b	Escort					
		c	Layout					
		d	Sub-division, Plan					
			Sub-total (140-12)					
		4	Fees for Certificate or Extract					
		a	Copying					
		b	Birth & death certificates					
		c	Occupancy certificates					
			Sub-total (140-13)					
		5	Development charges					
		a	Development					
		b	Betterment					
		c	Demolition					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		d	Open space contribution					
		e	Parking contribution					
			<i>Sub-total (140-14)</i>					
		6	Regularization Fees					
		a	Encroachment					
		b	Regularization					
		c	Revalidation					
		d	Conversion fees					
			<i>Sub-total (140-15)</i>					
		7	Penalties and Fines					
		8	Other Fees					
		a	Advertisement fees					
		b	Tuition fees					
		c	Library fees					
		d	Survey fees					
		e	Connection, Disconnection charges					
		f	Notice fees					
		g	Warrant fees					
		h	Mutation fees					
		i	Property transfer charges					
			<i>Sub-total (140-40)</i>					
		9	User Charges					
		a	Medicines					
		b	Examination charges					
		c	Ambulance					
		d	Funeral Van					
		e	Garbage collection charges					
		f	Littering & debris collection					
		g	Septic tank clearance					
		h	Sewerage clearance charges					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		i	Crematorium charges					
		j	Burial ground charges					
		k	Pay & use toilets					
		l	Water supply					
		m	Sale of electricity					
		n	Water tanker					
		o	Meter charges					
		p	Fire extinguishing					
		q	Lighting charges					
		r	Ticket charges					
		s	Luggage charges					
		t	Parking fees					
			<i>Sub-total (140-50)</i>					
		10	Entry Fees					
		a	Parks					
		b	Play grounds					
		c	Swimming pools					
		d	Zoo					
		e	Musium					
		f	Library					
		g	Parking lots					
			<i>Sub-total (140-60)</i>					
		11	Service/Administrative charges					
		a	Service Charges					
		b	Percentage on deposit works					
		c	Plan preparation charges					
		d	Road damage recovery charges					
		e	Stacking					
		f	Rebate from State Govt.					
			<i>Sub-total (140-70)</i>					

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Appendix I Budgeting System

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		12	Other Charges					
			Total (140)					
		E	Sale & Hire Charges					
		1	Sale of Products					
		a	Tree guards					
		b	Garbage					
		c	Manure					
		d	Rubbish					
		e	Compost					
		f	Nursery plants					
		g	Fruits					
		h	Flowers					
		i	Grass					
		j	Trees					
			Sub-total (150-10)					
		2	Sale of Forms & Publications					
		a	Tenders					
		b	Data					
		c	Plans					
		d	Maps					
			Sub-total (150-11)					
		3	Sale of Stores & Scrap					
		a	Obsolete stores					
		b	Obsolete assets					
			Sub-total (150-12)					
		4	Sale of Others					
			Old news papers					
		5	Hire Charges for Vehicles					
			Buses					

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Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		6	Hire Charges on Equipments					
		a	Rollers					
		b	Tools					
		c	Medical equipments					
			<i>Sub-total (150-41)</i>					
			Total (150)					
		F	Revenue Grants, Contribution and Subsidies					
		1	Revenue Grant					
		a	Road development grant					
		b	Family welfare grant					
		c	Census grant etc.					
			<i>Sub-total (160-10)</i>					
		2	Re-imbursement of Expenses					
		3	Contribution towards schemes					
			Total (160)					
		G	Income from Investments					
		1	Interest					
		a	Fixed deposits					
		b	Govt. securities					
		c	Post office deposits					
			<i>Sub-total (170-10)</i>					
		2	Dividend					
		3	Income from Projects taken up on commercial basis					
		4	Profit in sale of investments					
		5	Others					
			Total (170)					
		H	Interest Earned					

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Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		1	Interest from bank accounts					
			S B Accounts					
		2	Interest on loans and advances to employees					
		a	HBA					
		b	Conveyance					
		c	Computer					
		d	Festival					
		e	Vehicle					
			<i>Sub-total (171-20)</i>					
		3	Interest on loans to others					
		4	Other Interest					
			Interest on HP					
			Total (171)					
			Other Income					
			Deposits Forfeited					
			Lapsed Deposits					
			Contractors, Suppliers					
		5	Insurance Claim Recovery					
		6	Profit on Disposal of Fixed Assets					
		7	Recovery from Employees					
			Unclaimed refund payable / liabilities written back					
			Stale cheques					
			Excess provisions written back					
			Property Tax					
			Advertisement Tax					
			Rent					
			Water supply					
			<i>Sub-total (180-60)</i>					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		8	Misc. Income					
			Total (180)					
			TOTAL REVENUE RECEIPTS					
		(II)	REVENUE EXPENSES					
			Establishment Expenses					
			Salary, Wages & Bonus					
			Salary & Allowances					
			Wages					
			Exgratia					
			Bonus					
			Total (210-10)					
			Benefits & Allowances					
			Overtime allowance					
			LTC					
			Medical reimbursement					
			Tuition fees					
			Education allowance					
			Uniform to staff					
			Compensation to staff					
			Honorarium to corporators					
			Officers and staff					
			Staff welfare expenses					
			Training					
			Staff welfare expenses					
			HRD activities					
			Total (210-20)					
			Pension					
			Pension					
			Family pension					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Pension contribution					
			Pension fund					
			Deficit contribution to other funds					
			Total (210-30)					
			Other Terminal & Retirement Benefits					
			Leave encashment					
			Death cum retirement gratuity					
			Contribution to PF or other funds					
			Leave salary contribution					
			Total (210-40)					
			Total (210)					
			Administrative Expenses					
			Rent, Rates & Taxes					
			Office Maintenance					
			Electricity					
			Water					
			Security expenses					
			Total (220-11)					
			Communication Expenses					
			Telephone					
			Mobile					
			Fax					
			Total (220-12)					
			Books and Periodicals					
			Magazines					
			News papers					
			Journals					
			Total (220-20)					
			Printing & Stationery					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Service postage					
			Printing					
			Stationery					
			Computer consumables					
			Total (220-21)					
			Travelling & Conveyance					
			Fuel					
			Travelling					
			Petrol & diesel					
			Total (220-30)					
			Insurance					
			Audit Fees					
			Legal Expenses					
			Legal Expenses					
			Legal fees					
			Cost of recoveries of tax revenue					
			Suit compromises					
			Total (220-51)					
			Professional & Other Fees					
			Architect					
			Engineer					
			Technical fees					
			Consultancy charges					
			Total (220-52)					
			Advertisement & Publicity					
			Hospitality expenses					
			Advertisement					
			Organization of festivals					
			Total (220-60)					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Membership & Subscription					
			Others					
			Total (220)					
			Operations & Maintenance					
			Power & Fuel					
			Bulk Purchases					
			Electricity					
			Water					
			Total (230-20)					
			Consumption of Stores					
			Stores					
			Total (230-30)					
			Hire Charges					
			Machinery rent					
			Total (230-40)					
			Repairs & maintenance - Infrastructure Assets					
			Roads & bridges					
			Flyovers					
			Water supply & sewerage					
			Street lighting					
			Storm water drains					
			Traffic signals					
			Total (230-50)					
			Repairs & maintenance - Civic Amenities					
			Parks					
			Gardens					
			Lakes					
			Play grounds					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Arts and culture					
			Parking lots					
			Markets					
			Houses					
			Commercial complex					
			Hospitals					
			Swimming pools					
			Stadium					
			Nursery					
			Play materials					
			Public toilets					
			Total (230-51)					
			Repairs & maintenance - Building					
			Office buildings					
			Total (230-52)					
			Repairs & maintenance - Vehicles					
			Repairs & maintenance - Others					
			Furniture & fixtures					
			Electrical appliances					
			Office equipments					
			Other FA					
			Survey & drawing equipments					
			Total (230-59)					
			Other Operating & Maintenance					
			Testing & inspection					
			Water purification					
			Gabage clearance					
			Patients food					
			Patients laundry					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Tax for public transport vehicles					
			<i>Total (230-80)</i>					
			<i>Total (230)</i>					
			Interest & Finance Charges					
			Interest on Loans from Central Government					
			Interest on Loans from State Government					
			Interest on Loans from Government Bodies and Associations					
			Interest on Loans from U.P. Agencies					
			Interest on Loans from Banks and Other Financial Institutions					
			Other Interest					
			Leases					
			HP					
			<i>Total (240-60)</i>					
			Bank Charges					
			Other Finance Expenses					
			Discount on early/prompt payment					
			<i>Total (240-80)</i>					
			<i>Total (240)</i>					
			Programme Expenses					
			Election Expenses					
			Own Programme					
			Share in Programme of Others					
			<i>Total (250)</i>					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Revenue Grants, Contribution and Subsidies					
			Grants					
			Contribution					
			Subsidies					
			Total (260)					
			Provisions and Write off					
			Provisions for Doubtful Receivables					
			Property tax					
			Cess					
			Fees and user charges					
			Rent					
			Total (270-10)					
			Provisions of Other Assets					
			Stores					
			Fixed assets					
			Investments					
			Total (270-20)					
			Revenues Written off					
			Property tax					
			Assigned revenues					
			Grants					
			Total (270-30)					
			Assets Written off					
			Stores					
			Fixed assets					
			Total (270-40)					
			Misc. Expenses Written off					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Issue expenses					
			Total (270-50)					
			Total (270)					
			Misc. Expenses					
			Loss on Disposal of Assets					
			Loss on Disposal of Investments					
			Decline in Value of Investments					
			Total (271)					
			Depreciation					
			Buildings					
			Roads & Bridges					
			Sewerage & Drainage					
			Water-ways					
			Public Lighting					
			Plant & Machinery					
			Vehicles					
			Office & Other Equipments					
			Furniture, Fixtures, Fitting and Electrical Appliances					
			Other Fixed Assets					
			Total (272)					
			Prior Period Item					
			Income					
			Taxes					
			Taxes					
			Toll					
			Total (280-10)					

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Other Revenues					
			Recovery of Revenues Written off					
			All types of taxes					
			Fees and user charges					
			Total (280-30)					
			Other Income					
			Expenses					
			Refund of Taxes					
			All types of taxes					
			Total (280-50)					
			Refund of Other Revenues					
			Water supply					
			Rent					
			Total (280-60)					
			Other Expenses					
			Total (280)					
			TOTAL REVENUE EXPENSES					
		(III)	CAPITAL RECEIPTS					
			Municipal (General) Fund					
			Municipal Fund					
			Closing balance					
			Adjustments to opening balance sheet					
			Total (310-10)					
			Excess of Income and Expenditure					
			Total (310)					
			Earmarked Funds					
			Special Funds (Specify each fund name)					
			All development funds and special purpose					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			funds e.g., Road Fund, Water Supply Fund, City Development Fund etc.					
			Sinking Funds (Specify each fund name)					
			Replacement funds (example Employees related funds like PF, Pension etc.)					
			Trust or Agency Funds (Specify each fund name)					
			Total (311)					
			Reserves					
			Capital Contribution					
			Capital Reserve					
			Borrowing Redemption Reserve (if no Sinking Fund is created)					
			Special Funds (utilized)					
			Statutory Reserve					
			General Reserve					
			Revaluation Reserve					
			Total (312)					
			Grants, Contribution for Specific Purposes					
			Central Govt.					
			State Govt.					
			Other Govt. Agencies					
			Financial Institutions					
			Welfare Bodies					
			Inter-State Organisations					
			Others					

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Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (320)					
			Secured Loans					
			Loans from Central Govt.					
			Loans from State Govt.					
			Loans from Govt. Bodies and Associations					
			Loans from Inter-State Agencies					
			Loans from Banks and Other Financial Institutions					
			Other Term Loan					
			Bonds and Debentures					
			Other Loans					
			Total (330)					
			Un-secured Loans					
			Loans from Central Govt.					
			Loans from State Govt.					
			Loans from Govt. Bodies and Associations					
			Loans from Inter-State Agencies					
			Loans from Banks and Other Financial Institutions					
			Other Term Loan					
			Bonds and Debentures					
			Other Loans					
			Total (331)					
			Deposits Received					
			From Contractors/Suppliers					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Transit					
			Water, Electricity					
			Rental etc.					
			Total (340-10)					
			Deposits - Revenues					
			From Staff					
			From Others					
			Total (340)					
			Deposit Works					
			Civil Works					
			Electrical Works					
			Others					
			Total (341)					
			Other Liabilities					
			Creditors					
			Gross Salary					
			Net Salaries					
			Salaries unpaid					
			PF payable					
			Pension					
			Gratuity					
			Welfare funds					
			Leave salary payable					
			Total (350-10)					
			Employee Liabilities					
			Loans					
			HP					
			Total (350-11)					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Interest Accrued & Due					
			PF deduction					
			LIC					
			Loans					
			Societies service tax					
			Profession tax					
			TDS					
			Contract tax					
			Trade tax					
			Sales tax					
			Service tax					
			Works contract					
			Total (350-12)					
			Recoveries Payable					
			Court attachment					
			Other revenues					
			Grants					
			Deposit works					
			Attached properties					
			Cess					
			Water supply					
			Rent					
			Total (350-20)					
			Refunds Payable					
			Property tax					
			Water supply					
			License fees					
			Rent					
			Advertisement charge					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (350-40)					
			Advance Collection of Revenues					
			Compensation payable					
			Stale cheques					
			HP payable					
			Lease charges payable					
			HP interest receivable control accounts etc.					
			Total (350-41)					
			Others					
			Assets					
			Investments					
			Attached properties					
			Total (350-80)					
			Sale Proceeds					
			Total (350)					
			Provisions					
			Provisions for Expenses					
			Provisions for Interest					
			Interest accrued but not due					
			Total (360-20)					
			Provisions for Other Assets					
			Stores					
			Investments					
			Total (360-30)					
			Total (360)					
			TOTAL CAPITAL RECEIPTS					
		(IV)	CAPITAL EXPENDITURE					
			Fixed Assets					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Land					
			Grounds					
			Open markets					
			Parks					
			Gardens					
			Total (410-10)					
			Buildings					
			Roads and Bridges					
			Concrete					
			Black top					
			Others					
			Total (410-30)					
			Sewerage and Drainage					
			Open					
			Under ground					
			Total (410-31)					
			Water ways					
			Borewells					
			Open wells					
			Reservoirs					
			Total (410-32)					
			Public Lighting					
			Lamp posts					
			Transformers					
			Total (410-33)					
			Plant and Machinery					
			Vehicles					
			Ambulance					
			Buses					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Cars					
			Jeeps					
			Cranes					
			Trucks					
			Tankers					
			Total (410-50)					
			Office & Other Equipments					
			Air conditioners					
			Computers					
			Faxes					
			Photocopiers					
			Refrigerators					
			Total (410-60)					
			Furniture, Fixtures, Fitting and Electrical Appliances					
			Cabinets					
			Cupboards					
			Chairs					
			Fans					
			Electrical fittings					
			Total (410-70)					
			Other Fixed Assets					
			Assets under Disposal					
			Total (410)					
			Accumulated Depreciation					
			Buildings					
			Roads and Bridges					
			Sewerage and Drainage					
			Water ways					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Public Lighting					
			Plant and Machinery					
			Vehicles					
			Office & Other Equipments					
			Furniture, Fixtures, Fitting and Electrical Appliances					
			Other Fixed Assets					
			Total (411)					
			Capital Work in Progress					
			Specific Grants					
			Special Funds					
			Total (412)					
			Investment General Fund					
			Central Govt. Securities					
			State Govt. Securities					
			Debentures & Bonds					
			Preference Shares					
			Equity Shares					
			Units of Mutual Funds					
			Other Investments					
			Accumulated Provisions					
			Total (420)					
			Stock-in-hand					
			Stores					
			Closing stock					
			Closing stock					
			Purchases					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (430-10)					
			Loose Tools					
			Others					
			Total (430)					
			Sundry Debtors (Receivables)					
			Receivables for Property Tax (Yearwise)					
			Receivables for Other Taxes					
			Receivables for Fees and User Charges					
			License fees					
			Advertisement fees					
			Water supply					
			Total (431-30)					
			Receivables from Other Sources					
			Rent					
			Interest accrued and due					
			Interest accrued and not due					
			Undertakings					
			Interest due from employees					
			Total (431-40)					
			Receivables from Govt.					
			Grants					
			Assigned revenues					
			Total (431-50)					
			Receivables control accounts					
			Property tax					
			Water supply					
			Total (431-80)					
			State Govt. Cesses, Levies in Taxes					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			<i>Control Accounts</i>					
			State Govt. Cesses/Levies in Property Taxes-Control Account					
			State Govt. Cesses/Levies in Water Taxes-Control Account					
			State Govt. Cesses/Levies in Other Taxes-Control Account					
			<i>Total (431)</i>					
			Accumulated Provisions against Debtors					
			Provision for Outstanding Property Taxes					
			Provision for Outstanding Water Taxes					
			Provision for Outstanding Other Taxes					
			Provision for Outstanding Fees and User Charges					
			Provision for Outstanding Other Receivables					
			<i>State Govt. Cesses, Levies in Taxes Provision Accounts</i>					
			State Govt. Cesses/Levies in Property Taxes-Provision Account					
			State Govt. Cesses/Levies in Water Taxes-Provision Account					
			State Govt. Cesses/Levies in Other Taxes-Provision Account					
			<i>Total (432)</i>					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Prepaid Expenses					
			Establishment					
			Administration					
			Operation & Maintenance					
			<i>Total (440)</i>					
			Cash and Bank Balance					
			Cash					
			<i>Balance with Bank-Municipal Fund</i>					
			Nationalized banks					
			Other scheduled banks					
			Scheduled cooperative banks					
			Post office					
			<i>Balance with Bank-Special Funds</i>					
			Nationalized banks					
			Other scheduled banks					
			Scheduled cooperative banks					
			Post office					
			<i>Balance with Bank-Grant Funds</i>					
			Nationalized banks					
			Other scheduled banks					
			Scheduled cooperative banks					
			Post office					
			<i>Total (450)</i>					
			Loans, Advances and Deposits					
			Loans, Advances to Employees					
			HBA					
			Conveyance					

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Computer advance					
			Festival advance					
			Vehicle advance					
			Total (460-10)					
			Employees Provident Fund Loans					
			Loans to Others					
			Advance to Suppliers and Contractors					
			Public works					
			Stores					
			Material issued to contractors / stores					
			Lease rentals					
			HP accounts					
			Total (460-40)					
			Advance to Others					
			Permanent advance					
			Advance against projects					
			Advance against schemes					
			Grants					
			Total (460-50)					
			Deposits with External Agencies					
			Electricity					
			Telephones					
			Water					
			Petrol pumps					
			Total (460-60)					
			Other Current Assets					
			HP installments received					
			Interest receivables on loans and advances					
			Scheme expenses					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			<i>Total (460-80)</i>					
			Total (460)					
			Accumulated Provisions against Loans, Advances and Deposits					
			Loans to Others					
			Advances					
			Deposits					
			Total (461)					
			Other Assets					
			Deposit Works-Expenditure					
			Civil					
			Electrical					
			Others					
			Total (470-10)					
			Inter Unit Account					
			Interest Control Payable					
			Lease					
			HP					
			Total (470-30)					
			Total (470)					
			Miscellaneous Expenditure to be Written off					
			Loan Issue Expenses					
			Discount on Issue of Loan					
			Others					
			Total (480)					
			TOTAL CAPITAL EXPENDITURE					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			NET INFLOW / OUTFLOW (Revenue Receipt + Capital Receipt -Revenue Expenses -Capital Expenditure)					

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

Physical Targets

(Form for consolidation of Physical Targets of all Wards and Head Office)

Form: Bud-Phy(3)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		(I)	REVENUE RECEIPTS					
		A	Tax Revenues					
		1	Property & Other Taxes					
		a	Residential					
		b	Commercial					
		c	Land					
		d	Service Charges					
			<i>Sub-total (110-01)</i>					
		2	Water Taxes					
		3	Sewerage Tax					
		4	Conservancy Tax					
		5	Lighting Tax					
		6	Education Tax					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		7	Vehicle Tax					
		8	Tax on animals					
		9	Electricity Tax					
		10	Professional Tax					
		11	Advertisement Tax					
		a	Land Hoarding					
		b	Bus					
		c	Shelters					
		d	Traffic signals					
			<i>Sub-total (110-11)</i>					
		12	Pilgrimage Tax					
		13	Other Taxes					
			<i>Total (110)</i>					
		B	Assigned Revenues & Compensations					
		1	Taxes and duties collected by others					
		a	Entertainment Tax					
		b	Duty on transfer of properties					
			<i>Sub-total (120-10)</i>					
		2	Compensation in lieu of taxes / duties					
		3	Compensations in lieu of concessions					
			Property tax compensations due to concessions certain set of tax payers					
			<i>Total (120)</i>					
		C	Rental Income from Municipal Properties					
		1	Rent from civic amenities					
		a	Markets					
		b	Shopping complexes					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		c	Auditorium					
		d	Art galleries					
		e	Marriage / Community halls					
		f	Play grounds					
		g	Nurseries					
			<i>Sub-total (130-10)</i>					
		2	Rent from office buildings					
			Quarters					
		3	Rent from guest houses					
		4	Rent from lease of lands					
		5	Other rents					
			Lease rentals					
			<i>Total (130)</i>					
		D	Fees & User Charges					
		1	Empanelment & Registration Charges					
		a	Carts					
		b	Contractors					
		c	Patients					
		d	Professionals					
		e	P W contractors					
			<i>Sub-total (140-10)</i>					
		2	Licensing Fees					
		a	D & O					
		b	Hawking					
		c	Shops					
		d	Bazaars					
		e	Staff quarters					
		f	Plumbing license					
		g	Cattle pounding					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		h	Slaughtering					
		i	Butchers & traders of meat					
		j	Poultry					
			<i>Sub-total (140-11)</i>					
		3	Fees for Grant of Permit					
		a	Transit					
		b	Escort					
		c	Layout					
		d	Sub-division, Plan					
			<i>Sub-total (140-12)</i>					
		4	Fees for Certificate or Extract					
		a	Copying					
		b	Birth & death certificates					
		c	Occupancy certificates					
			<i>Sub-total (140-13)</i>					
		5	Development charges					
		a	Development					
		b	Betterment					
		c	Demolition					
		d	Open space contribution					
		e	Parking contribution					
			<i>Sub-total (140-14)</i>					
		6	Regularization Fees					
		a	Encroachment					
		b	Regularization					
		c	Revalidation					
		d	Conversion fees					
			<i>Sub-total (140-15)</i>					
		7	Penalties and Fines					
		8	Other Fees					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		a	Advertisement fees					
		b	Tuition fees					
		c	Library fees					
		d	Survey fees					
		e	Connection, Disconnection charges					
		f	Notice fees					
		g	Warrant fees					
		h	Mutation fees					
		i	Property transfer charges					
			Sub-total (140-40)					
		9	User Charges					
		a	Medicines					
		b	Examination charges					
		c	Ambulance					
		d	Funeral Van					
		e	Garbage collection charges					
		f	Littering & debris collection					
		g	Septic tank clearance					
		h	Sewerage clearance charges					
		i	Crematorium charges					
		j	Burial ground charges					
		k	Pay & use toilets					
		l	Water supply					
		m	Sale of electricity					
		n	Water tanker					
		o	Meter charges					
		p	Fire extinguishing					
		q	Lighting charges					
		r	Ticket charges					
		s	Luggage charges					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		t	Parking fees					
			Sub-total (140-50)					
		10	Entry Fees					
		a	Parks					
		b	Play grounds					
		c	Swimming pools					
		d	Zoo					
		e	Musium					
		f	Library					
		g	Parking lots					
			Sub-total (140-60)					
		11	Service/Administrative charges					
		a	Service Charges					
		b	Percentage on deposit works					
		c	Plan preparation charges					
		d	Road damage recovery charges					
		e	Stacking					
		f	Rebate from State Govt.					
			Sub-total (140-70)					
		12	Other Charges					
			Total (140)					
		E	Sale & Hire Charges					
		1	Sale of Products					
		a	Tree guards					
		b	Garbage					
		c	Manure					
		d	Rubbish					
		e	Compost					
		f	Nursery plants					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		g	Fruits					
		h	Flowers					
		i	Grass					
		j	Trees					
			<i>Sub-total (150-10)</i>					
		2	Sale of Forms & Publications					
		a	Tenders					
		b	Data					
		c	Plans					
		d	Maps					
			<i>Sub-total (150-11)</i>					
		3	Sale of Stores & Scrap					
		a	Obsolete stores					
		b	Obsolete assets					
			<i>Sub-total (150-12)</i>					
		4	Sale of Others					
			Old news papers					
		5	Hire Charges for Vehicles					
			Buses					
		6	Hire Charges on Equipments					
		a	Rollers					
		b	Tools					
		c	Medical equipments					
			<i>Sub-total (150-41)</i>					
			Total (150)					
		F	Revenue Grants, Contribution and Subsidies					
		1	Revenue Grant					
		a	Road development grant					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		b	Family welfare grant					
		c	Census grant etc.					
			<i>Sub-total (160-10)</i>					
		2	Re-imbursement of Expenses					
		3	Contribution towards schemes					
			<i>Total (160)</i>					
		G	Income from Investments					
		1	Interest					
		a	Fixed deposits					
		b	Govt. securities					
		c	Post office deposits					
			<i>Sub-total (170-10)</i>					
		2	Dividend					
		3	Income from Projects taken up on commercial basis					
		4	Profit in sale of investments					
		5	Others					
			<i>Total (170)</i>					
		H	Interest Earned					
		1	Interest from bank accounts					
			S B Accounts					
		2	Interest on loans and advances to employees					
		a	HBA					
		b	Conveyance					
		c	Computer					
		d	Festival					
		e	Vehicle					
			<i>Sub-total (171-20)</i>					

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Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
		3	Interest on loans to others					
		4	Other Interest					
			Interest on HP					
			Total (171)					
			Other Income					
			Deposits Forfeited					
			Lapsed Deposits					
			Contractors, Suppliers					
		5	Insurance Claim Recovery					
		6	Profit on Disposal of Fixed Assets					
		7	Recovery from Employees					
			Unclaimed refund payable / liabilities written back					
			Stale cheques					
			Excess provisions written back					
			Property Tax					
			Advertisement Tax					
			Rent					
			Water supply					
			Sub-total (180-60)					
		8	Misc. Income					
			Total (180)					
			TOTAL REVENUE RECEIPTS					
		(II)	REVENUE EXPENSES					
			Establishment Expenses					
			Salary, Wages & Bonus					
			Salary & Allowances					
			Wages					
			Exgratia					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Bonus					
			Total (210-10)					
			Benefits & Allowances					
			Overtime allowance					
			LTC					
			Medical reimbursement					
			Tuition fees					
			Education allowance					
			Uniform to staff					
			Compensation to staff					
			Honorarium to corporators					
			Officers and staff					
			Staff welfare expenses					
			Training					
			Staff welfare expenses					
			HRD activities					
			Total (210-20)					
			Pension					
			Pension					
			Family pension					
			Pension contribution					
			Pension fund					
			Deficit contribution to other funds					
			Total (210-30)					
			Other Terminal & Retirement Benefits					
			Leave encashment					
			Death cum retirement gratuity					
			Contribution to PF or other funds					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Leave salary contribution					
			Total (210-40)					
			Total (210)					
			Administrative Expenses					
			Rent, Rates & Taxes					
			Office Maintenance					
			Electricity					
			Water					
			Security expenses					
			Total (220-11)					
			Communication Expenses					
			Telephone					
			Mobile					
			Fax					
			Total (220-12)					
			Books and Periodicals					
			Magazines					
			News papers					
			Journals					
			Total (220-20)					
			Printing & Stationery					
			Service postage					
			Printing					
			Stationery					
			Computer consumables					
			Total (220-21)					
			Travelling & Conveyance					
			Fuel					
			Travelling					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Petrol & diesel					
			Total (220-30)					
			Insurance					
			Audit Fees					
			Legal Expenses					
			Legal Expenses					
			Legal fees					
			Cost of recoveries of tax revenue					
			Suit compromises					
			Total (220-51)					
			Professional & Other Fees					
			Architect					
			Engineer					
			Technical fees					
			Consultancy charges					
			Total (220-52)					
			Advertisement & Publicity					
			Hospitality expenses					
			Advertisement					
			Organization of festivals					
			Total (220-60)					
			Membership & Subscription					
			Others					
			Total (220)					
			Operations & Maintenance					
			Power & Fuel					
			Bulk Purchases					
			Electricity					
			Water					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (230-20)					
			Consumption of Stores					
			Stores					
			Total (230-30)					
			Hire Charges					
			Machinery rent					
			Total (230-40)					
			Repairs & maintenance - Infrastructure Assets					
			Roads & bridges					
			Flyovers					
			Water supply & sewerage					
			Street lighting					
			Storm water drains					
			Traffic signals					
			Total (230-50)					
			Repairs & maintenance - Civic Amenities					
			Parks					
			Gardens					
			Lakes					
			Play grounds					
			Arts and culture					
			Parking lots					
			Markets					
			Houses					
			Commercial complex					
			Hospitals					
			Swimming pools					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Stadium					
			Nursery					
			Play materials					
			Public toilets					
			Total (230-51)					
			Repairs & maintenance - Building					
			Office buildings					
			Total (230-52)					
			Repairs & maintenance - Vehicles					
			Repairs & maintenance - Others					
			Furniture & fixtures					
			Electrical appliances					
			Office equipments					
			Other FA					
			Survey & drawing equipments					
			Total (230-59)					
			Other Operating & Maintenance					
			Testing & inspection					
			Water purification					
			Gabage clearance					
			Patients food					
			Patients laundry					
			Tax for public transport vehicles					
			Total (230-80)					
			Total (230)					
			Interest & Finance Charges					
			Interest on Loans from Central Government					
			Interest on Loans from State					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Government					
			Interest on Loans from Government Bodies and Associations					
			Interest on Loans from U.P. Agencies					
			Interest on Loans from Banks and Other Financial Institutions					
			Other Interest					
			Leases					
			HP					
			Total (240-60)					
			Bank Charges					
			Other Finance Expenses					
			Discount on early/prompt payment					
			Total (240-80)					
			Total (240)					
			Programme Expenses					
			Election Expenses					
			Own Programme					
			Share in Programme of Others					
			Total (250)					
			Revenue Grants, Contribution and Subsidies					
			Grants					
			Contribution					
			Subsidies					
			Total (260)					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Provisions and Write off					
			Provisions for Doubtful Receivables					
			Property tax					
			Cess					
			Fees and user charges					
			Rent					
			Total (270-10)					
			Provisions of Other Assets					
			Stores					
			Fixed assets					
			Investments					
			Total (270-20)					
			Revenues Written off					
			Property tax					
			Assigned revenues					
			Grants					
			Total (270-30)					
			Assets Written off					
			Stores					
			Fixed assets					
			Total (270-40)					
			Misc. Expenses Written off					
			Issue expenses					
			Total (270-50)					
			Total (270)					
			Misc. Expenses					
			Loss on Disposal of Assets					
			Loss on Disposal of Investments					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Decline in Value of Investments					
			Total (271)					
			Depreciation					
			Buildings					
			Roads & Bridges					
			Sewerage & Drainage					
			Water-ways					
			Public Lighting					
			Plant & Machinery					
			Vehicles					
			Office & Other Equipments					
			Furniture, Fixtures, Fitting and Electrical Appliances					
			Other Fixed Assets					
			Total (272)					
			Prior Period Item					
			Income					
			Taxes					
			Taxes					
			Toll					
			Total (280-10)					
			Other Revenues					
			Recovery of Revenues Written off					
			All types of taxes					
			Fees and user charges					
			Total (280-30)					
			Other Income					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Expenses					
			Refund of Taxes					
			All types of taxes					
			Total (280-50)					
			Refund of Other Revenues					
			Water supply					
			Rent					
			Total (280-60)					
			Other Expenses					
			Total (280)					
			TOTAL REVENUE EXPENSES					
		(III)	CAPITAL RECEIPTS					
			Municipal (General) Fund					
			Municipal Fund					
			Closing balance					
			Adjustments to opening balance sheet					
			Total (310-10)					
			Excess of Income and Expenditure					
			Total (310)					
			Earmarked Funds					
			Special Funds (Specify each fund name)					
			All development funds and special purpose funds e.g., Road Fund, Water Supply Fund, City Development Fund etc.					
			Sinking Funds (Specify each fund name)					
			Replacement funds (example Employees					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			related funds like PF, Pension etc.)					
			Trust or Agency Funds (Specify each fund name)					
			Total (311)					
			Reserves					
			Capital Contribution					
			Capital Reserve					
			Borrowing Redemption Reserve (if no Sinking Fund is created)					
			Special Funds (utilized)					
			Statutory Reserve					
			General Reserve					
			Revaluation Reserve					
			Total (312)					
			Grants, Contribution for Specific Purposes					
			Central Govt.					
			State Govt.					
			Other Govt. Agencies					
			Financial Institutions					
			Welfare Bodies					
			Inter-State Organisations					
			Others					
			Total (320)					
			Secured Loans					
			Loans from Central Govt.					
			Loans from State Govt.					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Loans from Govt. Bodies and Associations					
			Loans from Inter-State Agencies					
			Loans from Banks and Other Financial Institutions					
			Other Term Loan					
			Bonds and Debentures					
			Other Loans					
			Total (330)					
			Un-secured Loans					
			Loans from Central Govt.					
			Loans from State Govt.					
			Loans from Govt. Bodies and Associations					
			Loans from Inter-State Agencies					
			Loans from Banks and Other Financial Institutions					
			Other Term Loan					
			Bonds and Debentures					
			Other Loans					
			Total (331)					
			Deposits Received					
			From Contractors/Suppliers					
			Transit					
			Water, Electricity					
			Rental etc.					
			Total (340-10)					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Deposits - Revenues					
			From Staff					
			From Others					
			<i>Total (340)</i>					
			Deposit Works					
			Civil Works					
			Electrical Works					
			Others					
			<i>Total (341)</i>					
			Other Liabilities					
			Creditors					
			Gross Salary					
			Net Salaries					
			Salaries unpaid					
			PF payable					
			Pension					
			Gratuity					
			Welfare funds					
			Leave salary payable					
			<i>Total (350-10)</i>					
			Employee Liabilities					
			Loans					
			HP					
			<i>Total (350-11)</i>					
			Interest Accrued & Due					
			PF deduction					
			LIC					
			Loans					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Societies service tax					
			Profession tax					
			TDS					
			Contract tax					
			Trade tax					
			Sales tax					
			Service tax					
			Works contract					
			Total (350-12)					
			Recoveries Payable					
			Court attachment					
			Other revenues					
			Grants					
			Deposit works					
			Attached properties					
			Cess					
			Water supply					
			Rent					
			Total (350-20)					
			Refunds Payable					
			Property tax					
			Water supply					
			License fees					
			Rent					
			Advertisement charge					
			Total (350-40)					
			Advance Collection of Revenues					
			Compensation payable					
			Stale cheques					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			HP payable					
			Lease charges payable					
			HP interest receivable control accounts etc.					
			Total (350-41)					
			Others					
			Assets					
			Investments					
			Attached properties					
			Total (350-80)					
			Sale Proceeds					
			Total (350)					
			Provisions					
			Provisions for Expenses					
			Provisions for Interest					
			Interest accrued but not due					
			Total (360-20)					
			Provisions for Other Assets					
			Stores					
			Investments					
			Total (360-30)					
			Total (360)					
			TOTAL CAPITAL RECEIPTS					
		(IV)	CAPITAL EXPENDITURE					
			Fixed Assets					
			Land					
			Grounds					
			Open markets					
			Parks					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Gardens					
			Total (410-10)					
			Buildings					
			Roads and Bridges					
			Concrete					
			Black top					
			Others					
			Total (410-30)					
			Sewerage and Drainage					
			Open					
			Under ground					
			Total (410-31)					
			Water ways					
			Borewells					
			Open wells					
			Reservoirs					
			Total (410-32)					
			Public Lighting					
			Lamp posts					
			Transformers					
			Total (410-33)					
			Plant and Machinery					
			Vehicles					
			Ambulance					
			Buses					
			Cars					
			Jeeps					
			Cranes					
			Trucks					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Tankers					
			Total (410-50)					
			Office & Other Equipments					
			Air conditioners					
			Computers					
			Faxes					
			Photocopiers					
			Refrigerators					
			Total (410-60)					
			Furniture, Fixtures, Fitting and Electrical Appliances					
			Cabinets					
			Cupboards					
			Chairs					
			Fans					
			Electrical fittings					
			Total (410-70)					
			Other Fixed Assets					
			Assets under Disposal					
			Total (410)					
			Accumulated Depreciation					
			Buildings					
			Roads and Bridges					
			Sewerage and Drainage					
			Water ways					
			Public Lighting					
			Plant and Machinery					
			Vehicles					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Office & Other Equipments					
			Furniture, Fixtures, Fitting and Electrical Appliances					
			Other Fixed Assets					
			Total (411)					
			Capital Work in Progress					
			Specific Grants					
			Special Funds					
			Total (412)					
			Investment General Fund					
			Central Govt. Securities					
			State Govt. Securities					
			Debentures & Bonds					
			Preference Shares					
			Equity Shares					
			Units of Mutual Funds					
			Other Investments					
			Accumulated Provisions					
			Total (420)					
			Stock-in-hand					
			Stores					
			Closing stock					
			Closing stock					
			Purchases					
			Total (430-10)					
			Loose Tools					
			Others					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (430)					
			Sundry Debtors (Receivables)					
			Receivables for Property Tax (Yearwise)					
			Receivables for Other Taxes					
			Receivables for Fees and User Charges					
			License fees					
			Advertisement fees					
			Water supply					
			Total (431-30)					
			Receivables from Other Sources					
			Rent					
			Interest accrued and due					
			Interest accrued and not due					
			Undertakings					
			Interest due from employees					
			Total (431-40)					
			Receivables from Govt.					
			Grants					
			Assigned revenues					
			Total (431-50)					
			Receivables control accounts					
			Property tax					
			Water supply					
			Total (431-80)					
			State Govt. Cesses, Levies in Taxes Control Accounts					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			State Govt. Cesses/Levies in Property Taxes-Control Account					
			State Govt. Cesses/Levies in Water Taxes-Control Account					
			State Govt. Cesses/Levies in Other Taxes-Control Account					
			<i>Total (431)</i>					
			Accumulated Provisions against Debtors					
			Provision for Outstanding Property Taxes					
			Provision for Outstanding Water Taxes					
			Provision for Outstanding Other Taxes					
			Provision for Outstanding Fees and User Charges					
			Provision for Outstanding Other Receivables					
			<i>State Govt. Cesses, Levies in Taxes Provision Accounts</i>					
			State Govt. Cesses/Levies in Property Taxes-Provision Account					
			State Govt. Cesses/Levies in Water Taxes-Provision Account					
			State Govt. Cesses/Levies in Other Taxes-Provision Account					

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Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (432)					
			Prepaid Expenses					
			Establishment					
			Administration					
			Operation & Maintenance					
			Total (440)					
			Cash and Bank Balance					
			Cash					
			<i>Balance with Bank-Municipal Fund</i>					
			Nationalized banks					
			Other scheduled banks					
			Scheduled cooperative banks					
			Post office					
			<i>Balance with Bank-Special Funds</i>					
			Nationalized banks					
			Other scheduled banks					
			Scheduled cooperative banks					
			Post office					
			<i>Balance with Bank-Grant Funds</i>					
			Nationalized banks					
			Other scheduled banks					
			Scheduled cooperative banks					
			Post office					
			Total (450)					
			Loans, Advances and Deposits					
			Loans, Advances to Employees					
			HBA					

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Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Conveyance					
			Computer advance					
			Festival advance					
			Vehicle advance					
			Total (460-10)					
			Employees Provident Fund Loans					
			Loans to Others					
			Advance to Suppliers and Contractors					
			Public works					
			Stores					
			Material issued to contractors / stores					
			Lease rentals					
			HP accounts					
			Total (460-40)					
			Advance to Others					
			Permanent advance					
			Advance against projects					
			Advance against schemes					
			Grants					
			Total (460-50)					
			Deposits with External Agencies					
			Electricity					
			Telephones					
			Water					
			Petrol pumps					
			Total (460-60)					
			Other Current Assets					
			HP installments received					

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Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Interest receivables on loans and advances					
			Scheme expenses					
			Total (460-80)					
			Total (460)					
			Accumulated Provisions against Loans, Advances and Deposits					
			Loans to Others					
			Advances					
			Deposits					
			Total (461)					
			Other Assets					
			Deposit Works-Expenditure					
			Civil					
			Electrical					
			Others					
			Total (470-10)					
			Inter Unit Account					
			Interest Control Payable					
			Lease					
			HP					
			Total (470-30)					
			Total (470)					
			Miscellaneous Expenditure to be Written off					
			Loan Issue Expenses					
			Discount on Issue of Loan					
			Others					

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Appendix I Budgeting System

Previous Year		Sl. No.	Head of Account – Description of Item*	Unit	Current Year			Budgeting Year
Physical Targets	Actual Achievement				Budgeted Physical Targets	Achievement Upto 30th Sep.	Expected Achievement Upto Year End	Physical Targets (including backlog)
1	2	3	4	5	6	7	8	9
			Total (480)					
			TOTAL CAPITAL EXPENDITURE					
			NET INFLOW / OUTFLOW (Revenue Receipt + Capital Receipt -Revenue Expenses -Capital Expenditure)					

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)

(Form for estimation of ward-wise budgets for ward-level decentralised functions and head of accounts)

Form: **Bud-1(RR1)**

Function Group:		Function Group Code:	
Function:		Function Code:	

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Appendix I Budgeting System

Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			REVENUE RECEIPTS				
		110	Tax Revenues				
		110-01	Property & Other Taxes				
		110-01-01	Residential				
		110-01-02	Commercial				
		110-01-03	Land				
		110-01-04	Service Charges				
			<i>Sub-total (110-01)</i>				
		110-02	Water Taxes				
		110-03	Sewerage Tax				
		110-04	Conservancy Tax				
		110-05	Lighting Tax				
		110-06	Education Tax				
		110-07	Vehicle Tax				
		110-08	Tax on animals				
		110-09	Electricity Tax				
		110-10	Professional Tax				
		110-11	Advertisement Tax				
		110-11-01	Land Hoarding				
		110-11-02	Bus				
		110-11-03	Shelters				
		110-11-04	Traffic signals				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Sub-total (110-11)</i>				
		110-12	Pilgrimage Tax				
		110-80	Other Taxes				
			Total (110)				
		120	Assigned Revenues & Compensations				
		120-10	Taxes and duties collected by others				
		120-10-01	Entertainment Tax				
		120-10-02	Duty on transfer of properties				
			<i>Sub-total (120-10)</i>				
		120-20	Compensation in lieu of taxes / duties				
		120-30	Compensations in lieu of concessions				
		120-30-01	Property tax compensations due to concessions certain set of tax payers				
			Total (120)				
		130	Rental Income from Municipal Properties				
		130-10	Rent from civic amenities				
		130-10-01	Markets				
		130-10-02	Shopping complexes				
		130-10-03	Auditorium				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		130-10-04	Art galleries				
		130-10-05	Marriage / Community halls				
		130-10-06	Play grounds				
		130-10-07	Nurseries				
			<i>Sub-total (130-10)</i>				
		130-20	Rent from office buildings				
		130-20-01	Quarters				
		130-30	Rent from guest houses				
		130-40	Rent from lease of lands				
		130-80	Other rents				
		130-80-01	Lease rentals				
			<i>Total (130)</i>				
		140	Fees & User Charges				
		140-10	Empanelment & Registration Charges				
		140-10-01	Carts				
		140-10-02	Contractors				
		140-10-03	Patients				
		140-10-04	Professionals				
		140-10-05	P W contractors				
			<i>Sub-total (140-10)</i>				
		140-11	Licensing Fees				
		140-11-01	D & O				
		140-11-02	Hawking				
		140-11-03	Shops				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-11-04	Bazaars				
		140-11-05	Staff quarters				
		140-11-06	Plumbing license				
		140-11-07	Cattle pounding				
		140-11-08	Slaughtering				
		140-11-09	Butchers & traders of meat				
		140-11-10	Poultry				
			<i>Sub-total (140-11)</i>				
		140-12	Fees for Grant of Permit				
		140-12-01	Transit				
		140-12-02	Escort				
		140-12-03	Layout				
		140-12-04	Sub-division, Plan				
			<i>Sub-total (140-12)</i>				
		140-13	Fees for Certificate or Extract				
		140-13-01	Copying				
		140-13-02	Birth & death certificates				
		140-13-03	Occupancy certificates				
			<i>Sub-total (140-13)</i>				
		140-14	Development charges				
		140-14-01	Development				
		140-14-02	Betterment				
		140-14-03	Demolition				
		140-14-04	Open space contribution				
		140-14-05	Parking contribution				
			<i>Sub-total (140-14)</i>				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-15	Regularization Fees				
		140-15-01	Encroachment				
		140-15-02	Regularization				
		140-15-03	Revalidation				
		140-15-04	Conversion fees				
			<i>Sub-total (140-15)</i>				
		140-20	Penalties and Fines				
		140-40	Other Fees				
		140-40-01	Advertisement fees				
		140-40-02	Tuition fees				
		140-40-03	Library fees				
		140-40-04	Survey fees				
		140-40-05	Connection, Disconnection charges				
		140-40-06	Notice fees				
		140-40-07	Warrant fees				
		140-40-08	Mutation fees				
		140-40-09	Property transfer charges				
			<i>Sub-total (140-40)</i>				
		140-50	User Charges				
		140-50-01	Medicines				
		140-50-02	Examination charges				
		140-50-03	Ambulance				
		140-50-04	Funeral Van				
		140-50-05	Garbage collection charges				
		140-50-06	Littering & debris collection				
		140-50-07	Septic tank clearance				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-50-08	Sewerage clearance charges				
		140-50-09	Crematorium charges				
		140-50-10	Burial ground charges				
		140-50-11	Pay & use toilets				
		140-50-12	Water supply				
		140-50-13	Sale of electricity				
		140-50-14	Water tanker				
		140-50-15	Meter charges				
		140-50-16	Fire extinguishing				
		140-50-17	Lighting charges				
		140-50-18	Ticket charges				
		140-50-19	Luggage charges				
		140-50-20	Parking fees				
			<i>Sub-total (140-50)</i>				
		140-60	Entry Fees				
		140-60-01	Parks				
		140-60-02	Play grounds				
		140-60-03	Swimming pools				
		140-60-04	Zoo				
		140-60-05	Musium				
		140-60-06	Library				
		140-60-07	Parking lots				
			<i>Sub-total (140-60)</i>				
		140-70	Service/Administrative charges				
		140-70-01	Service Charges				
		140-70-02	Percentage on deposit works				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-70-03	Plan preparation charges				
		140-70-04	Road damage recovery charges				
		140-70-05	Stacking				
		140-70-06	Rebate from State Govt.				
			<i>Sub-total (140-70)</i>				
		140-80	Other Charges				
			Total (140)				
		150	Sale & Hire Charges				
		150-10	Sale of Products				
		150-10-01	Tree guards				
		150-10-02	Garbage				
		150-10-03	Manure				
		150-10-04	Rubbish				
		150-10-05	Compost				
		150-10-06	Nursery plants				
		150-10-07	Fruits				
		150-10-08	Flowers				
		150-10-09	Grass				
		150-10-10	Trees				
			<i>Sub-total (150-10)</i>				
		150-11	Sale of Forms & Publications				
		150-11-01	Tenders				
		150-11-02	Data				
		150-11-03	Plans				
		150-11-04	Maps				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Sub-total (150-11)</i>				
		150-12	Sale of Stores & Scrap				
		150-12-01	Obsolete stores				
		150-12-02	Obsolete assets				
			<i>Sub-total (150-12)</i>				
		150-30	Sale of Others				
		150-30-01	Old news papers				
		150-40	Hire Charges for Vehicles				
		150-40-01	Buses				
		150-41	Hire Charges on Equipments				
		150-41-01	Rollers				
		150-41-02	Tools				
		150-41-03	Medical equipments				
			<i>Sub-total (150-41)</i>				
			Total (150)				
		160	Revenue Grants, Contribution and Subsidies				
		160-10	Revenue Grant				
		160-10-01	Road development grant				
		160-10-02	Family welfare grant				
		160-10-03	Census grant etc.				
			<i>Sub-total (160-10)</i>				
		160-20	Re-imbursement of Expenses				
		160-30	Contribution towards schemes				
			Total (160)				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		170	Income from Investments				
		170-10	Interest				
		170-10-01	Fixed deposits				
		170-10-02	Govt. securities				
		170-10-03	Post office deposits				
			<i>Sub-total (170-10)</i>				
		170-20	Dividend				
		170-30	Income from Projects taken up on commercial basis				
		170-40	Profit in sale of investments				
		170-80	Others				
			Total (170)				
		171	Interest Earned				
		171-10	Interest from bank accounts				
		171-10-01	S B Accounts				
		171-20	Interest on loans and advances to employees				
		171-20-01	HBA				
		171-20-02	Conveyance				
		171-20-03	Computer				
		171-20-04	Festival				
		171-20-05	Vehicle				
			<i>Sub-total (171-20)</i>				
		171-30	Interest on loans to others				
		171-80	Other Interest				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		171-80-01	Interest on HP				
			Total (171)				
		180	Other Income				
		180-10	Deposits Forfeited				
		180-11	Lapsed Deposits				
		180-11-01	Contractors, Suppliers				
		180-20	Insurance Claim Recovery				
		180-30	Profit on Disposal of Fixed Assets				
		180-40	Recovery from Employees				
		180-50	Unclaimed refund payable / liabilities written back				
		180-50-01	Stale cheques				
		180-60	Excess provisions written back				
		180-60-01	Property Tax				
		180-60-02	Advertisement Tax				
		180-60-03	Rent				
		180-60-04	Water supply				
			Sub-total (180-60)				
		180-80	Misc. Income				
			Total (180)				
			TOTAL REVENUE RECEIPTS				

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Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for Head office)

(Form for estimation of budgets at Head Office for centralised functions and head of accounts)

Form: Bud-1(RR2)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for
Budget	Actual			Budget	Revised	Actual Upto	

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

estimates				estimates	budget estimates	30th Sep.	the Budgeting Year
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			REVENUE RECEIPTS				
		110	Tax Revenues				
		110-01	Property & Other Taxes				
		110-01-01	Residential				
		110-01-02	Commercial				
		110-01-03	Land				
		110-01-04	Service Charges				
			<i>Sub-total (110-01)</i>				
		110-02	Water Taxes				
		110-03	Sewerage Tax				
		110-04	Conservancy Tax				
		110-05	Lighting Tax				
		110-06	Education Tax				
		110-07	Vehicle Tax				
		110-08	Tax on animals				
		110-09	Electricity Tax				
		110-10	Professional Tax				
		110-11	Advertisement Tax				
		110-11-01	Land Hoarding				
		110-11-02	Bus				
		110-11-03	Shelters				
		110-11-04	Traffic signals				
			<i>Sub-total (110-11)</i>				
		110-12	Pilgrimage Tax				
		110-80	Other Taxes				
			<i>Total (110)</i>				
		120	Assigned Revenues & Compensations				
		120-10	Taxes and duties collected by others				
		120-10-01	Entertainment Tax				
		120-10-02	Duty on transfer of properties				
			<i>Sub-total (120-10)</i>				
		120-20	Compensation in lieu of taxes / duties				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		120-30	Compensations in lieu of concessions				
		120-30-01	Property tax compensations due to concessions certain set of tax payers				
			Total (120)				
		130	Rental Income from Municipal Properties				
		130-10	Rent from civic amenities				
		130-10-01	Markets				
		130-10-02	Shopping complexes				
		130-10-03	Auditorium				
		130-10-04	Art galleries				
		130-10-05	Marriage / Community halls				
		130-10-06	Play grounds				
		130-10-07	Nurseries				
			Sub-total (130-10)				
		130-20	Rent from office buildings				
		130-20-01	Quarters				
		130-30	Rent from guest houses				
		130-40	Rent from lease of lands				
		130-80	Other rents				
		130-80-01	Lease rentals				
			Total (130)				
		140	Fees & User Charges				
		140-10	Empanelment & Registration Charges				
		140-10-01	Carts				
		140-10-02	Contractors				
		140-10-03	Patients				
		140-10-04	Professionals				
		140-10-05	P W contractors				
			Sub-total (140-10)				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-11	Licensing Fees				
		140-11-01	D & O				
		140-11-02	Hawking				
		140-11-03	Shops				
		140-11-04	Bazaars				
		140-11-05	Staff quarters				
		140-11-06	Plumbing license				
		140-11-07	Cattle pounding				
		140-11-08	Slaughtering				
		140-11-09	Butchers & traders of meat				
		140-11-10	Poultry				
			<i>Sub-total (140-11)</i>				
		140-12	Fees for Grant of Permit				
		140-12-01	Transit				
		140-12-02	Escort				
		140-12-03	Layout				
		140-12-04	Sub-division, Plan				
			<i>Sub-total (140-12)</i>				
		140-13	Fees for Certificate or Extract				
		140-13-01	Copying				
		140-13-02	Birth & death certificates				
		140-13-03	Occupancy certificates				
			<i>Sub-total (140-13)</i>				
		140-14	Development charges				
		140-14-01	Development				
		140-14-02	Betterment				
		140-14-03	Demolition				
		140-14-04	Open space contribution				
		140-14-05	Parking contribution				
			<i>Sub-total (140-14)</i>				
		140-15	Regularization Fees				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-15-01	Encroachment				
		140-15-02	Regularization				
		140-15-03	Revalidation				
		140-15-04	Conversion fees				
			<i>Sub-total (140-15)</i>				
		140-20	Penalties and Fines				
		140-40	Other Fees				
		140-40-01	Advertisement fees				
		140-40-02	Tuition fees				
		140-40-03	Library fees				
		140-40-04	Survey fees				
		140-40-05	Connection, Disconnection charges				
		140-40-06	Notice fees				
		140-40-07	Warrant fees				
		140-40-08	Mutation fees				
		140-40-09	Property transfer charges				
			<i>Sub-total (140-40)</i>				
		140-50	User Charges				
		140-50-01	Medicines				
		140-50-02	Examination charges				
		140-50-03	Ambulance				
		140-50-04	Funeral Van				
		140-50-05	Garbage collection charges				
		140-50-06	Littering & debris collection				
		140-50-07	Septic tank clearance				
		140-50-08	Sewerage clearance charges				
		140-50-09	Crematorium charges				
		140-50-10	Burial ground charges				
		140-50-11	Pay & use toilets				
		140-50-12	Water supply				
		140-50-13	Sale of electricity				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-50-14	Water tanker				
		140-50-15	Meter charges				
		140-50-16	Fire extinguishing				
		140-50-17	Lighting charges				
		140-50-18	Ticket charges				
		140-50-19	Luggage charges				
		140-50-20	Parking fees				
			<i>Sub-total (140-50)</i>				
		140-60	Entry Fees				
		140-60-01	Parks				
		140-60-02	Play grounds				
		140-60-03	Swimming pools				
		140-60-04	Zoo				
		140-60-05	Museum				
		140-60-06	Library				
		140-60-07	Parking lots				
			<i>Sub-total (140-60)</i>				
		140-70	Service/Administrative charges				
		140-70-01	Service Charges				
		140-70-02	Percentage on deposit works				
		140-70-03	Plan preparation charges				
		140-70-04	Road damage recovery charges				
		140-70-05	Stacking				
		140-70-06	Rebate from State Govt.				
			<i>Sub-total (140-70)</i>				
		140-80	Other Charges				
			<i>Total (140)</i>				
		150	Sale & Hire Charges				
		150-10	Sale of Products				
		150-10-01	Tree guards				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		150-10-02	Garbage				
		150-10-03	Manure				
		150-10-04	Rubbish				
		150-10-05	Compost				
		150-10-06	Nursery plants				
		150-10-07	Fruits				
		150-10-08	Flowers				
		150-10-09	Grass				
		150-10-10	Trees				
			<i>Sub-total (150-10)</i>				
		150-11	Sale of Forms & Publications				
		150-11-01	Tenders				
		150-11-02	Data				
		150-11-03	Plans				
		150-11-04	Maps				
			<i>Sub-total (150-11)</i>				
		150-12	Sale of Stores & Scrap				
		150-12-01	Obsolete stores				
		150-12-02	Obsolete assets				
			<i>Sub-total (150-12)</i>				
		150-30	Sale of Others				
		150-30-01	Old news papers				
		150-40	Hire Charges for Vehicles				
		150-40-01	Buses				
		150-41	Hire Charges on Equipments				
		150-41-01	Rollers				
		150-41-02	Tools				
		150-41-03	Medical equipments				
			<i>Sub-total (150-41)</i>				
			Total (150)				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		160	Revenue Grants, Contribution and Subsidies				
		160-10	Revenue Grant				
		160-10-01	Road development grant				
		160-10-02	Family welfare grant				
		160-10-03	Census grant etc.				
			<i>Sub-total (160-10)</i>				
		160-20	Re-imbursement of Expenses				
		160-30	Contribution towards schemes				
			Total (160)				
		170	Income from Investments				
		170-10	Interest				
		170-10-01	Fixed deposits				
		170-10-02	Govt. securities				
		170-10-03	Post office deposits				
			<i>Sub-total (170-10)</i>				
		170-20	Dividend				
		170-30	Income from Projects taken up on commercial basis				
		170-40	Profit in sale of investments				
		170-80	Others				
			Total (170)				
		171	Interest Earned				
		171-10	Interest from bank accounts				
		171-10-01	S B Accounts				
		171-20	Interest on loans and advances to employees				
		171-20-01	HBA				
		171-20-02	Conveyance				
		171-20-03	Computer				
		171-20-04	Festival				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		171-20-05	Vehicle				
			<i>Sub-total (171-20)</i>				
		171-30	Interest on loans to others				
		171-80	Other Interest				
		171-80-01	Interest on HP				
			<i>Total (171)</i>				
		180	Other Income				
		180-10	Deposits Forfeited				
		180-11	Lapsed Deposits				
		180-11-01	Contractors, Suppliers				
		180-20	Insurance Claim Recovery				
		180-30	Profit on Disposal of Fixed Assets				
		180-40	Recovery from Employees				
		180-50	Unclaimed refund payable / liabilities written back				
		180-50-01	Stale cheques				
		180-60	Excess provisions written back				
		180-60-01	Property Tax				
		180-60-02	Advertisement Tax				
		180-60-03	Rent				
		180-60-04	Water supply				
			<i>Sub-total (180-60)</i>				
		180-80	Misc. Income				
			<i>Total (180)</i>				
			TOTAL REVENUE RECEIPTS				

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)

(Form for estimation of ward-wise budgets for ward-level decentralised functions and head of accounts)

Form: Bud-1(RE1)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	

Rs. 1	Rs. 2	3	4	Rs. 5	Rs. 6	Rs. 7	Rs. 8
			REVENUE EXPENSES				
		210	Establishment Expenses				
		210-10	Salary, Wages & Bonus				
		210-10-01	Salary & Allowances				
		210-10-02	Wages				
		210-10-03	Exgratia				
		210-10-04	Bonus				
			Total (210-10)				
		210-20	Benefits & Allowances				
		210-20-01	Overtime allowance				
		210-20-02	LTC				
		210-20-03	Medical reimbursement				
		210-20-04	Tuition fees				
		210-20-05	Education allowance				
		210-20-06	Uniform to staff				
		210-20-07	Compensation to staff				
		210-20-08	Honorarium to corporators				
		210-20-09	Officers and staff				
		210-20-10	Staff welfare expenses				
		210-20-11	Training				
		210-20-12	Staff welfare expenses				
		210-20-13	HRD activities				
			Total (210-20)				
		210-30	Pension				
		210-30-01	Pension				
		210-30-02	Family pension				
		210-30-03	Pension contribution				
		210-30-04	Pension fund				
		210-30-05	Deficit contribution to other funds				
			Total (210-30)				
		210-40	Other Terminal & Retirement Benefits				
		210-40-01	Leave encashment				
		210-40-02	Death cum retirement gratuity				
		210-40-03	Contribution to PF or other funds				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		210-40-04	Leave salary contribution				
			Total (210-40)				
			Total (210)				
		220	Administrative Expenses				
		220-10	Rent, Rates & Taxes				
		220-11	Office Maintenance				
		220-11-01	Electricity				
		220-11-02	Water				
		220-11-03	Security expenses				
			Total (220-11)				
		220-12	Communication Expenses				
		220-12-01	Telephone				
		220-12-02	Mobile				
		220-12-03	Fax				
			Total (220-12)				
		220-20	Books and Periodicals				
		220-20-01	Magazines				
		220-20-02	News papers				
		220-20-03	Journals				
			Total (220-20)				
		220-21	Printing & Stationery				
		220-21-01	Service postage				
		220-21-02	Printing				
		220-21-03	Stationery				
		220-21-04	Computer consumables				
			Total (220-21)				
		220-30	Travelling & Conveyance				
		220-30-01	Fuel				
		220-30-02	Travelling				
		220-30-03	Petrol & diesel				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Total (220-30)</i>				
		220-40	Insurance				
		220-50	Audit Fees				
		220-51	Legal Expenses				
		220-51-01	Legal Expenses				
		220-51-02	Legal fees				
		220-51-03	Cost of recoveries of tax revenue				
		220-51-04	Suit compromises				
			<i>Total (220-51)</i>				
		220-52	Professional & Other Fees				
		220-52-01	Architect				
		220-52-02	Engineer				
		220-52-03	Technical fees				
		220-52-04	Consultancy charges				
			<i>Total (220-52)</i>				
		220-60	Advertisement & Publicity				
		220-60-01	Hospitality expenses				
		220-60-02	Advertisement				
		220-60-03	Organization of festivals				
			<i>Total (220-60)</i>				
		220-61	Membership & Subscription				
		220-62	Others				
			<i>Total (220)</i>				
		230	Operations & Maintenance				
		230-10	Power & Fuel				
		230-20	Bulk Purchases				
		230-20-01	Electricity				
		230-20-02	Water				
			<i>Total (230-20)</i>				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		230-30	Consumption of Stores				
		230-30-01	Stores				
			<i>Total (230-30)</i>				
		230-40	Hire Charges				
		230-40-01	Machinery rent				
			<i>Total (230-40)</i>				
		230-50	Repairs & maintenance - Infrastructure Assets				
		230-50-01	Roads & bridges				
		230-50-02	Fly-overs				
		230-50-03	Water supply & sewerage				
		230-50-04	Street lighting				
		230-50-05	Storm water drains				
		230-50-06	Traffic signals				
			<i>Total (230-50)</i>				
		230-51	Repairs & maintenance - Civic Amenities				
		230-51-01	Parks				
		230-51-02	Gardens				
		230-51-03	Lakes				
		230-51-04	Play grounds				
		230-51-05	Arts and culture				
		230-51-06	Parking lots				
		230-51-07	Markets				
		230-51-08	Houses				
		230-51-09	Commercial complex				
		230-51-10	Hospitals				
		230-51-11	Swimming pools				
		230-51-12	Stadium				
		230-51-13	Nursery				
		230-51-14	Play materials				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		230-51-15	Public toilets				
			<i>Total (230-51)</i>				
		230-52	Repairs & maintenance - Building				
		230-52-01	Office buildings				
			<i>Total (230-52)</i>				
		230-53	Repairs & maintenance - Vehicles				
		230-59	Repairs & maintenance - Others				
		230-59-01	Furniture & fixtures				
		230-59-02	Electrical appliances				
		230-59-03	Office equipments				
		230-59-04	Other FA				
		230-59-05	Survey & drawing equipments				
			<i>Total (230-59)</i>				
		230-80	Other Operating & Maintenance				
		230-80-01	Testing & inspection				
		230-80-02	Water purification				
		230-80-03	Gabage clearance				
		230-80-04	Patients food				
		230-80-05	Patients laundry				
		230-80-06	Tax for public transport vehicles				
			<i>Total (230-80)</i>				
			<i>Total (230)</i>				
		240	Interest & Finance Charges				
		240-10	Interest on Loans from Central Government				
		240-20	Interest on Loans from State Government				
		240-30	Interest on Loans from Government Bodies and Associations				
		240-40	Interest on Loans from U.P. Agencies				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		240-50	Interest on Loans from Banks and Other Financial Institutions				
		240-60	Other Interest				
		240-60-01	Leases				
		240-60-02	HP				
			<i>Total (240-60)</i>				
		240-70	Bank Charges				
		240-80	Other Finance Expenses				
		240-80-01	Discount on early/prompt payment				
			<i>Total (240-80)</i>				
			<i>Total (240)</i>				
		250	Programme Expenses				
		250-10	Election Expenses				
		250-20	Own Programme				
		250-30	Share in Programme of Others				
			<i>Total (250)</i>				
		260	Revenue Grants, Contribution and Subsidies				
		260-10	Grants				
		260-20	Contribution				
		260-30	Subsidies				
			<i>Total (260)</i>				
		270	Provisions and Write off				
		270-10	Provisions for Doubtful Receivables				
		270-10-01	Property tax				
		270-10-02	Cess				
		270-10-03	Fees and user charges				
		270-10-04	Rent				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Total (270-10)</i>				
		270-20	Provisions of Other Assets				
		270-20-01	Stores				
		270-20-02	Fixed assets				
		270-20-03	Investments				
			<i>Total (270-20)</i>				
		270-30	Revenues Written off				
		270-30-01	Property tax				
		270-30-02	Assigned revenues				
		270-30-03	Grants				
			<i>Total (270-30)</i>				
		270-40	Assets Written off				
		270-40-01	Stores				
		270-40-02	Fixed assets				
			<i>Total (270-40)</i>				
		270-50	Misc. Expenses Written off				
		270-50-01	Issue expenses				
			<i>Total (270-50)</i>				
			<i>Total (270)</i>				
		271	Misc. Expenses				
		271-10	Loss on Disposal of Assets				
		271-20	Loss on Disposal of Investments				
		271-30	Decline in Value of Investments				
			<i>Total (271)</i>				
		272	Depreciation				
		272-20	Buildings				
		272-30	Roads & Bridges				
		272-31	Sewerage & Drainage				
		272-32	Water-ways				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		272-33	Public Lighting				
		272-40	Plant & Machinery				
		272-50	Vehicles				
		272-60	Office & Other Equipments				
		272-70	Furniture, Fixtures, Fitting and Electrical Appliances				
		272-80	Other Fixed Assets				
			Total (272)				
		280	Prior Period Item				
			Income				
		280-10	Taxes				
		280-10-01	Taxes				
		280-10-02	Toll				
			Total (280-10)				
		280-20	Other Revenues				
		280-30	Recovery of Revenues Written off				
		280-30-01	All types of taxes				
		280-30-02	Fees and user charges				
			Total (280-30)				
		280-40	Other Income				
			Expenses				
		280-50	Refund of Taxes				
		280-50-01	All types of taxes				
			Total (280-50)				
		280-60	Refund of Other Revenues				
		280-60-01	Water supply				
		280-60-02	Rent				
			Total (280-60)				
		280-80	Other Expenses				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Total (280)</i>				
			TOTAL REVENUE EXPENSES				

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)
(Form for estimation of budgets at Head Office for centralised functions and head of accounts)

Form: Bud-1(RE2)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			REVENUE EXPENSES				
		210	Establishment Expenses				
		210-10	Salary, Wages & Bonus				
		210-10-01	Salary & Allowances				
		210-10-02	Wages				
		210-10-03	Exgratia				
		210-10-04	Bonus				
			<i>Total (210-10)</i>				
		210-20	Benefits & Allowances				
		210-20-01	Overtime allowance				
		210-20-02	LTC				
		210-20-03	Medical reimbursement				
		210-20-04	Tuition fees				
		210-20-05	Education allowance				
		210-20-06	Uniform to staff				
		210-20-07	Compensation to staff				
		210-20-08	Honorarium to corporators				
		210-20-09	Officers and staff				
		210-20-10	Staff welfare expenses				
		210-20-11	Training				
		210-20-12	Staff welfare expenses				
		210-20-13	HRD activities				
			<i>Total (210-20)</i>				
		210-30	Pension				
		210-30-01	Pension				
		210-30-02	Family pension				
		210-30-03	Pension contribution				
		210-30-04	Pension fund				
		210-30-05	Deficit contribution to other funds				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Total (210-30)</i>				
		210-40	Other Terminal & Retirement Benefits				
		210-40-01	Leave encashment				
		210-40-02	Death cum retirement gratuity				
		210-40-03	Contribution to PF or other funds				
		210-40-04	Leave salary contribution				
			<i>Total (210-40)</i>				
			<i>Total (210)</i>				
		220	Administrative Expenses				
		220-10	Rent, Rates & Taxes				
		220-11	Office Maintenance				
		220-11-01	Electricity				
		220-11-02	Water				
		220-11-03	Security expenses				
			<i>Total (220-11)</i>				
		220-12	Communication Expenses				
		220-12-01	Telephone				
		220-12-02	Mobile				
		220-12-03	Fax				
			<i>Total (220-12)</i>				
		220-20	Books and Periodicals				
		220-20-01	Magazines				
		220-20-02	News papers				
		220-20-03	Journals				
			<i>Total (220-20)</i>				
		220-21	Printing & Stationery				
		220-21-01	Service postage				
		220-21-02	Printing				
		220-21-03	Stationery				
		220-21-04	Computer consumables				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Total (220-21)</i>				
		220-30	Travelling & Conveyance				
		220-30-01	Fuel				
		220-30-02	Travelling				
		220-30-03	Petrol & diesel				
			<i>Total (220-30)</i>				
		220-40	Insurance				
		220-50	Audit Fees				
		220-51	Legal Expenses				
		220-51-01	Legal Expenses				
		220-51-02	Legal fees				
		220-51-03	Cost of recoveries of tax revenue				
		220-51-04	Suit compromises				
			<i>Total (220-51)</i>				
		220-52	Professional & Other Fees				
		220-52-01	Architect				
		220-52-02	Engineer				
		220-52-03	Technical fees				
		220-52-04	Consultancy charges				
			<i>Total (220-52)</i>				
		220-60	Advertisement & Publicity				
		220-60-01	Hospitality expenses				
		220-60-02	Advertisement				
		220-60-03	Organization of festivals				
			<i>Total (220-60)</i>				
		220-61	Membership & Subscription				
		220-62	Others				
			<i>Total (220)</i>				
		230	Operations & Maintenance				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		230-10	Power & Fuel				
		230-20	Bulk Purchases				
		230-20-01	Electricity				
		230-20-02	Water				
			<i>Total (230-20)</i>				
		230-30	Consumption of Stores				
		230-30-01	Stores				
			<i>Total (230-30)</i>				
		230-40	Hire Charges				
		230-40-01	Machinery rent				
			<i>Total (230-40)</i>				
		230-50	Repairs & maintenance - Infrastructure Assets				
		230-50-01	Roads & bridges				
		230-50-02	Fly-overs				
		230-50-03	Water supply & sewerage				
		230-50-04	Street lighting				
		230-50-05	Storm water drains				
		230-50-06	Traffic signals				
			<i>Total (230-50)</i>				
		230-51	Repairs & maintenance - Civic Amenities				
		230-51-01	Parks				
		230-51-02	Gardens				
		230-51-03	Lakes				
		230-51-04	Play grounds				
		230-51-05	Arts and culture				
		230-51-06	Parking lots				
		230-51-07	Markets				
		230-51-08	Houses				
		230-51-09	Commercial complex				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		230-51-10	Hospitals				
		230-51-11	Swimming pools				
		230-51-12	Stadium				
		230-51-13	Nursery				
		230-51-14	Play materials				
		230-51-15	Public toilets				
			<i>Total (230-51)</i>				
		230-52	Repairs & maintenance - Building				
		230-52-01	Office buildings				
			<i>Total (230-52)</i>				
		230-53	Repairs & maintenance - Vehicles				
		230-59	Repairs & maintenance - Others				
		230-59-01	Furniture & fixtures				
		230-59-02	Electrical appliances				
		230-59-03	Office equipments				
		230-59-04	Other FA				
		230-59-05	Survey & drawing equipments				
			<i>Total (230-59)</i>				
		230-80	Other Operating & Maintenance				
		230-80-01	Testing & inspection				
		230-80-02	Water purification				
		230-80-03	Gabage clearance				
		230-80-04	Patients food				
		230-80-05	Patients laundry				
		230-80-06	Tax for public transport vehicles				
			<i>Total (230-80)</i>				
			<i>Total (230)</i>				
		240	Interest & Finance Charges				
		240-10	Interest on Loans from Central Government				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		240-20	Interest on Loans from State Government				
		240-30	Interest on Loans from Government Bodies and Associations				
		240-40	Interest on Loans from U.P. Agencies				
		240-50	Interest on Loans from Banks and Other Financial Institutions				
		240-60	Other Interest				
		240-60-01	Leases				
		240-60-02	HP				
			<i>Total (240-60)</i>				
		240-70	Bank Charges				
		240-80	Other Finance Expenses				
		240-80-01	Discount on early/prompt payment				
			<i>Total (240-80)</i>				
			<i>Total (240)</i>				
		250	Programme Expenses				
		250-10	Election Expenses				
		250-20	Own Programme				
		250-30	Share in Programme of Others				
			<i>Total (250)</i>				
		260	Revenue Grants, Contribution and Subsidies				
		260-10	Grants				
		260-20	Contribution				
		260-30	Subsidies				
			<i>Total (260)</i>				
		270	Provisions and Write off				
		270-10	Provisions for Doubtful Receivables				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		270-10-01	Property tax				
		270-10-02	Cess				
		270-10-03	Fees and user charges				
		270-10-04	Rent				
			<i>Total (270-10)</i>				
		270-20	Provisions of Other Assets				
		270-20-01	Stores				
		270-20-02	Fixed assets				
		270-20-03	Investments				
			<i>Total (270-20)</i>				
		270-30	Revenues Written off				
		270-30-01	Property tax				
		270-30-02	Assigned revenues				
		270-30-03	Grants				
			<i>Total (270-30)</i>				
		270-40	Assets Written off				
		270-40-01	Stores				
		270-40-02	Fixed assets				
			<i>Total (270-40)</i>				
		270-50	Misc. Expenses Written off				
		270-50-01	Issue expenses				
			<i>Total (270-50)</i>				
			<i>Total (270)</i>				
		271	Misc. Expenses				
		271-10	Loss on Disposal of Assets				
		271-20	Loss on Disposal of Investments				
		271-30	Decline in Value of Investments				
			<i>Total (271)</i>				
		272	Depreciation				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		272-20	Buildings				
		272-30	Roads & Bridges				
		272-31	Sewerage & Drainage				
		272-32	Water-ways				
		272-33	Public Lighting				
		272-40	Plant & Machinery				
		272-50	Vehicles				
		272-60	Office & Other Equipments				
		272-70	Furniture, Fixtures, Fitting and Electrical Appliances				
		272-80	Other Fixed Assets				
			Total (272)				
		280	Prior Period Item				
			Income				
		280-10	Taxes				
		280-10-01	Taxes				
		280-10-02	Toll				
			Total (280-10)				
		280-20	Other Revenues				
		280-30	Recovery of Revenues Written off				
		280-30-01	All types of taxes				
		280-30-02	Fees and user charges				
			Total (280-30)				
		280-40	Other Income				
			Expenses				
		280-50	Refund of Taxes				
		280-50-01	All types of taxes				
			Total (280-50)				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		280-60	Refund of Other Revenues				
		280-60-01	Water supply				
		280-60-02	Rent				
			<i>Total (280-60)</i>				
		280-80	Other Expenses				
			<i>Total (280)</i>				
			TOTAL REVENUE EXPENSES				

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)

(Form for estimation of ward-wise budgets for ward-level decentralised functions and head of accounts)

Form: **Bud-1(CR1)**

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			CAPITAL RECEIPTS				
		310	Municipal (General) Fund				
		310-10	Municipal Fund				
		310-10-01	Closing balance				
		310-10-02	Adjustments to opening balance sheet				
			Total (310-10)				
		310-90	Excess of Income and Expenditure				
			Total (310)				
		311	Earmarked Funds				
		311-10 (10-49)	Special Funds (Specify each fund name)				
		311-10-01	All development funds and special purpose funds e.g., Road Fund, Water Supply Fund, City Development Fund etc.				
		311-50 (50-69)	Sinking Funds (Specify each fund name)				
		311-50-01	Replacement funds (example Employees related funds like PF, Pension etc.)				
		311-70 (70-99)	Trust or Agency Funds (Specify each fund name)				
			Total (311)				
		312	Reserves				
		312-10	Capital Contribution				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	
1	2	3	4	5	6	7	8
		312-11	Capital Reserve				
		312-20	Borrowing Redemption Reserve (if no Sinking Fund is created)				
		312-30	Special Funds (utilized)				
		312-40	Statutory Reserve				
		312-50	General Reserve				
		312-60	Revaluation Reserve				
			<i>Total (312)</i>				
		320	Grants, Contribution for Specific Purposes				
		320-10	Central Govt.				
		320-20	State Govt.				
		320-30	Other Govt. Agencies				
		320-40	Financial Institutions				
		320-50	Welfare Bodies				
		320-60	Inter-State Organisations				
		320-80	Others				
			<i>Total (320)</i>				
		330	Secured Loans				
		330-10	Loans from Central Govt.				
		330-20	Loans from State Govt.				
		330-30	Loans from Govt. Bodies and Associations				
		330-40	Loans from Inter-State Agencies				
		330-50	Loans from Banks and Other Financial Institutions				
		330-60	Other Term Loan				
		330-70	Bonds and Debentures				
		330-80	Other Loans				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			Total (330)				
		331	Un-secured Loans				
		331-10	Loans from Central Govt.				
		331-20	Loans from State Govt.				
		331-30	Loans from Govt. Bodies and Associations				
		331-40	Loans from Inter-State Agencies				
		331-50	Loans from Banks and Other Financial Institutions				
		331-60	Other Term Loan				
		331-70	Bonds and Debentures				
		331-80	Other Loans				
			Total (331)				
		340	Deposits Received				
		340-10	From Contractors/Suppliers				
		340-10-01	Transit				
		340-10-02	Water, Electricity				
		340-10-03	Rental etc.				
			Total (340-10)				
		340-20	Deposits - Revenues				
		340-30	From Staff				
		340-80	From Others				
			Total (340)				
		341	Deposit Works				
		341-10	Civil Works				
		341-20	Electrical Works				
		341-80	Others				
			Total (341)				
		350	Other Liabilities				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		350-10	Creditors				
		350-10-01	Gross Salary				
		350-10-02	Net Salaries				
		350-10-03	Salaries unpaid				
		350-10-04	PF payable				
		350-10-05	Pension				
		350-10-06	Gratuity				
		350-10-07	Welfare funds				
		350-10-08	Leave salary payable				
			<i>Total (350-10)</i>				
		350-11	Employee Liabilities				
		350-11-01	Loans				
		350-11-02	HP				
			<i>Total (350-11)</i>				
		350-12	Interest Accrued & Due				
		350-12-01	PF deduction				
		350-12-02	LIC				
		350-12-03	Loans				
		350-12-04	Societies service tax				
		350-12-05	Profession tax				
		350-12-06	TDS				
		350-12-07	Contract tax				
		350-12-08	Trade tax				
		350-12-09	Sales tax				
		350-12-10	Service tax				
		350-12-11	Works contract				
			<i>Total (350-12)</i>				
		350-20	Recoveries Payable				
		350-20-01	Court attachment				
		350-20-02	Other revenues				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		350-20-03	Grants				
		350-20-04	Deposit works				
		350-20-05	Attached properties				
		350-20-06	Cess				
		350-20-07	Water supply				
		350-20-08	Rent				
			Total (350-20)				
		350-40	Refunds Payable				
		350-40-01	Property tax				
		350-40-02	Water supply				
		350-40-03	License fees				
		350-40-04	Rent				
		350-40-05	Advertisement charge				
			Total (350-40)				
		350-41	Advance Collection of Revenues				
		350-41-01	Compensation payable				
		350-41-02	Stale cheques				
		350-41-03	HP payable				
		350-41-04	Lease charges payable				
		350-41-05	HP interest receivable control accounts etc.				
			Total (350-41)				
		350-80	Others				
		350-80-01	Assets				
		350-80-02	Investments				
		350-80-03	Attached properties				
			Total (350-80)				
		350-90	Sale Proceeds				
			Total (350)				
		360	Provisions				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		360-10	Provisions for Expenses				
		360-20	Provisions for Interest				
		360-20-01	Interest accrued but not due				
			<i>Total (360-20)</i>				
		360-30	Provisions for Other Assets				
		360-30-01	Stores				
		360-30-02	Investments				
			<i>Total (360-30)</i>				
			<i>Total (360)</i>				
			TOTAL CAPITAL RECEIPTS				

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

(Form for estimation of budgets at Head Office for centralised functions and head of accounts)

Form: Bud-1(CR2)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
CAPITAL RECEIPTS							
		310	Municipal (General) Fund				
		310-10	Municipal Fund				
		310-10-01	Closing balance				
		310-10-02	Adjustments to opening balance sheet				
			<i>Total (310-10)</i>				
		310-90	Excess of Income and Expenditure				
			<i>Total (310)</i>				
		311	Earmarked Funds				
		311-10 (10-49)	Special Funds (Specify each fund name)				
		311-10-01	All development funds and special purpose funds e.g., Road Fund, Water Supply Fund, City Development Fund etc.				
		311-50 (50-69)	Sinking Funds (Specify each fund name)				
		311-50-01	Replacement funds (example Employees related funds like PF, Pension etc.)				
		311-70 (70-99)	Trust or Agency Funds (Specify each fund name)				
			<i>Total (311)</i>				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		312	Reserves				
		312-10	Capital Contribution				
		312-11	Capital Reserve				
		312-20	Borrowing Redemption Reserve (if no Sinking Fund is created)				
		312-30	Special Funds (utilized)				
		312-40	Statutory Reserve				
		312-50	General Reserve				
		312-60	Revaluation Reserve				
			Total (312)				
		320	Grants, Contribution for Specific Purposes				
		320-10	Central Govt.				
		320-20	State Govt.				
		320-30	Other Govt. Agencies				
		320-40	Financial Institutions				
		320-50	Welfare Bodies				
		320-60	Inter-State Organisations				
		320-80	Others				
			Total (320)				
		330	Secured Loans				
		330-10	Loans from Central Govt.				
		330-20	Loans from State Govt.				
		330-30	Loans from Govt. Bodies and Associations				
		330-40	Loans from Inter-State Agencies				
		330-50	Loans from Banks and Other Financial Institutions				
		330-60	Other Term Loan				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		330-70	Bonds and Debentures				
		330-80	Other Loans				
			Total (330)				
		331	Un-secured Loans				
		331-10	Loans from Central Govt.				
		331-20	Loans from State Govt.				
		331-30	Loans from Govt. Bodies and Associations				
		331-40	Loans from Inter-State Agencies				
		331-50	Loans from Banks and Other Financial Institutions				
		331-60	Other Term Loan				
		331-70	Bonds and Debentures				
		331-80	Other Loans				
			Total (331)				
		340	Deposits Received				
		340-10	From Contractors/Suppliers				
		340-10-01	Transit				
		340-10-02	Water, Electricity				
		340-10-03	Rental etc.				
			Total (340-10)				
		340-20	Deposits - Revenues				
		340-30	From Staff				
		340-80	From Others				
			Total (340)				
		341	Deposit Works				
		341-10	Civil Works				
		341-20	Electrical Works				
		341-80	Others				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			Total (341)				
		350	Other Liabilities				
		350-10	Creditors				
		350-10-01	Gross Salary				
		350-10-02	Net Salaries				
		350-10-03	Salaries unpaid				
		350-10-04	PF payable				
		350-10-05	Pension				
		350-10-06	Gratuity				
		350-10-07	Welfare funds				
		350-10-08	Leave salary payable				
			Total (350-10)				
		350-11	Employee Liabilities				
		350-11-01	Loans				
		350-11-02	HP				
			Total (350-11)				
		350-12	Interest Accrued & Due				
		350-12-01	PF deduction				
		350-12-02	LIC				
		350-12-03	Loans				
		350-12-04	Societies service tax				
		350-12-05	Profession tax				
		350-12-06	TDS				
		350-12-07	Contract tax				
		350-12-08	Trade tax				
		350-12-09	Sales tax				
		350-12-10	Service tax				
		350-12-11	Works contract				
			Total (350-12)				
		350-20	Recoveries Payable				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		350-20-01	Court attachment				
		350-20-02	Other revenues				
		350-20-03	Grants				
		350-20-04	Deposit works				
		350-20-05	Attached properties				
		350-20-06	Cess				
		350-20-07	Water supply				
		350-20-08	Rent				
			Total (350-20)				
		350-40	Refunds Payable				
		350-40-01	Property tax				
		350-40-02	Water supply				
		350-40-03	License fees				
		350-40-04	Rent				
		350-40-05	Advertisement charge				
			Total (350-40)				
		350-41	Advance Collection of Revenues				
		350-41-01	Compensation payable				
		350-41-02	Stale cheques				
		350-41-03	HP payable				
		350-41-04	Lease charges payable				
		350-41-05	HP interest receivable control accounts etc.				
			Total (350-41)				
		350-80	Others				
		350-80-01	Assets				
		350-80-02	Investments				
		350-80-03	Attached properties				
			Total (350-80)				
		350-90	Sale Proceeds				
			Total (350)				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		360	Provisions				
		360-10	Provisions for Expenses				
		360-20	Provisions for Interest				
		360-20-01	Interest accrued but not due				
			<i>Total (360-20)</i>				
		360-30	Provisions for Other Assets				
		360-30-01	Stores				
		360-30-02	Investments				
			<i>Total (360-30)</i>				
			<i>Total (360)</i>				
			TOTAL CAPITAL RECEIPTS				

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)
(Form for estimation of ward-wise budgets for ward-level decentralised functions and head of accounts)

Form: **Bud-1(CE1)**

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	
1	2	3	4	5	6	7	8
			CAPITAL EXPENDITURE				
		410	Fixed Assets				
		410-10	Land				
		410-10-01	Grounds				
		410-10-02	Open markets				
		410-10-03	Parks				
		410-10-04	Gardens				
			<i>Total (410-10)</i>				
		410-20	Buildings				
		410-30	Roads and Bridges				
		410-30-01	Concrete				
		410-30-02	Black top				
		410-30-03	Others				
			<i>Total (410-30)</i>				
		410-31	Sewerage and Drainage				
		410-31-01	Open				
		410-31-02	Under ground				
			<i>Total (410-31)</i>				
		410-32	Water ways				
		410-32-01	Borewells				
		410-32-02	Open wells				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		410-32-03	Reservoirs				
			Total (410-32)				
		410-33	Public Lighting				
		410-33-01	Lamp posts				
		410-33-02	Transformers				
			Total (410-33)				
		410-40	Plant and Machinery				
		410-50	Vehicles				
		410-50-01	Ambulance				
		410-50-02	Buses				
		410-50-03	Cars				
		410-50-04	Jeeps				
		410-50-05	Cranes				
		410-50-06	Trucks				
		410-50-07	Tankers				
			Total (410-50)				
		410-60	Office & Other Equipments				
		410-60-01	Air conditioners				
		410-60-02	Computers				
		410-60-03	Faxes				
		410-60-04	Photocopiers				
		410-60-05	Refrigerators				
			Total (410-60)				
		410-70	Furniture, Fixtures, Fitting and Electrical Appliances				
		410-70-01	Cabinets				
		410-70-02	Cupboards				
		410-70-03	Chairs				
		410-70-04	Fans				
		410-70-05	Electrical fittings				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Total (410-70)</i>				
		410-80	Other Fixed Assets				
		410-90	Assets under Disposal				
			<i>Total (410)</i>				
		411	Accumulated Depreciation				
		411-20	Buildings				
		411-30	Roads and Bridges				
		411-31	Sewerage and Drainage				
		411-32	Water ways				
		411-33	Public Lighting				
		411-40	Plant and Machinery				
		411-50	Vehicles				
		411-60	Office & Other Equipments				
		411-70	Furniture, Fixtures, Fitting and Electrical Appliances				
		411-80	Other Fixed Assets				
			<i>Total (411)</i>				
		412	Capital Work in Progress				
		412-10	Specific Grants				
		412-20	Special Funds				
			<i>Total (412)</i>				
		420	Investment General Fund				
		420-10	Central Govt. Securities				
		420-20	State Govt. Securities				
		420-30	Debentures & Bonds				
		420-40	Preference Shares				
		420-50	Equity Shares				
		420-60	Units of Mutual Funds				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		420-80	Other Investments				
		420-90	Accumulated Provisions				
			Total (420)				
		430	Stock-in-hand				
		430-10	Stores				
		430-10-01	Closing stock				
		430-10-02	Closing stock				
		430-10-03	Purchases				
			Total (430-10)				
		430-20	Loose Tools				
		430-80	Others				
			Total (430)				
		431	Sundry Debtors (Receivables)				
		431-10	Receivables for Property Tax (Yearwise)				
		431-19	Receivables for Other Taxes				
		431-30	Receivables for Fees and User Charges				
		431-30-01	License fees				
		431-30-02	Advertisement fees				
		431-30-03	Water supply				
			Total (431-30)				
		431-40	Receivables from Other Sources				
		431-40-01	Rent				
		431-40-02	Interest accrued and due				
		431-40-03	Interest accrued and not due				
		431-40-04	Undertakings				
		431-40-05	Interest due from employees				
			Total (431-40)				
		431-50	Receivables from Govt.				
		431-50-01	Grants				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		431-50-02	Assigned revenues				
			<i>Total (431-50)</i>				
		431-80	Receivables control accounts				
		431-80-01	Property tax				
		431-80-02	Water supply				
			<i>Total (431-80)</i>				
			<i>State Govt. Cesses, Levies in Taxes Control Accounts</i>				
		431-91	State Govt. Cesses/Levies in Property Taxes-Control Account				
		431-92	State Govt. Cesses/Levies in Water Taxes-Control Account				
		431-99	State Govt. Cesses/Levies in Other Taxes-Control Account				
			<i>Total (431)</i>				
		432	Accumulated Provisions against Debtors				
		432-10	Provision for Outstanding Property Taxes				
		432-11	Provision for Outstanding Water Taxes				
		432-12	Provision for Outstanding Other Taxes				
		432-30	Provision for Outstanding Fees and User Charges				
		432-40	Provision for Outstanding Other Receivables				
			<i>State Govt. Cesses, Levies in Taxes Provision Accounts</i>				
		432-91	State Govt. Cesses/Levies in Property Taxes-Provision Account				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		432-92	State Govt. Cesses/Levies in Water Taxes-Provision Account				
		432-99	State Govt. Cesses/Levies in Other Taxes-Provision Account				
			<i>Total (432)</i>				
		440	Prepaid Expenses				
		440-10	Establishment				
		440-20	Administration				
		440-30	Operation & Maintenance				
			<i>Total (440)</i>				
		450	Cash and Bank Balance				
		450-10	Cash				
			<i>Balance with Bank-Municipal Fund</i>				
		450-21	Nationalized banks				
		450-22	Other scheduled banks				
		450-23	Scheduled cooperative banks				
		450-24	Post office				
			<i>Balance with Bank-Special Funds</i>				
		450-41	Nationalized banks				
		450-42	Other scheduled banks				
		450-43	Scheduled cooperative banks				
		450-44	Post office				
			<i>Balance with Bank-Grant Funds</i>				
		450-61	Nationalized banks				
		450-62	Other scheduled banks				
		450-63	Scheduled cooperative banks				
		450-64	Post office				
			<i>Total (450)</i>				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		460	Loans, Advances and Deposits				
		460-10	Loans, Advances to Employees				
		460-10-01	HBA				
		460-10-02	Conveyance				
		460-10-03	Computer advance				
		460-10-04	Festival advance				
		460-10-05	Vehicle advance				
			<i>Total (460-10)</i>				
		460-20	Employees Provident Fund Loans				
		460-30	Loans to Others				
		460-40	Advance to Suppliers and Contractors				
		460-40-01	Public works				
		460-40-02	Stores				
		460-40-03	Material issued to contractors / stores				
		460-40-04	Lease rentals				
		460-40-05	HP accounts				
			<i>Total (460-40)</i>				
		460-50	Advance to Others				
		460-50-01	Permanent advance				
		460-50-02	Advance against projects				
		460-50-03	Advance against schemes				
		460-50-04	Grants				
			<i>Total (460-50)</i>				
		460-60	Deposits with External Agencies				
		460-60-01	Electricity				
		460-60-02	Telephones				
		460-60-03	Water				
		460-60-04	Petrol pumps				
			<i>Total (460-60)</i>				
		460-80	Other Current Assets				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		460-80-01	HP installments received				
		460-80-02	Interest receivables on loans and advances				
		460-80-03	Scheme expenses				
			<i>Total (460-80)</i>				
			<i>Total (460)</i>				
		461	Accumulated Provisions against Loans, Advances and Deposits				
		461-10	Loans to Others				
		461-20	Advances				
		461-30	Deposits				
			<i>Total (461)</i>				
		470	Other Assets				
		470-10	Deposit Works-Expenditure				
		470-10-01	Civil				
		470-10-02	Electrical				
		470-10-03	Others				
			<i>Total (470-10)</i>				
		470-20	Inter Unit Account				
		470-30	Interest Control Payable				
		470-30-01	Lease				
		470-30-02	HP				
			<i>Total (470-30)</i>				
			<i>Total (470)</i>				
		480	Miscellaneous Expenditure to be Written off				
		480-10	Loan Issue Expenses				
		480-20	Discount on Issue of Loan				
		480-30	Others				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Total (480)</i>				
			TOTAL CAPITAL EXPENDITURE				

Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)

(Form for estimation of budgets at Head Office for centralised functions and head of accounts)

Form: **Bud-1(CE2)**

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
CAPITAL EXPENDITURE							
		410	Fixed Assets				
		410-10	Land				
		410-10-01	Grounds				
		410-10-02	Open markets				
		410-10-03	Parks				
		410-10-04	Gardens				
			Total (410-10)				
		410-20	Buildings				
		410-30	Roads and Bridges				
		410-30-01	Concrete				
		410-30-02	Black top				
		410-30-03	Others				
			Total (410-30)				
		410-31	Sewerage and Drainage				
		410-31-01	Open				
		410-31-02	Under ground				
			Total (410-31)				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		410-32	Water ways				
		410-32-01	Borewells				
		410-32-02	Open wells				
		410-32-03	Reservoirs				
			Total (410-32)				
		410-33	Public Lighting				
		410-33-01	Lamp posts				
		410-33-02	Transformers				
			Total (410-33)				
		410-40	Plant and Machinery				
		410-50	Vehicles				
		410-50-01	Ambulance				
		410-50-02	Buses				
		410-50-03	Cars				
		410-50-04	Jeeps				
		410-50-05	Cranes				
		410-50-06	Trucks				
		410-50-07	Tankers				
			Total (410-50)				
		410-60	Office & Other Equipments				
		410-60-01	Air conditioners				
		410-60-02	Computers				
		410-60-03	Faxes				
		410-60-04	Photocopiers				
		410-60-05	Refrigerators				
			Total (410-60)				
		410-70	Furniture, Fixtures, Fitting and Electrical Appliances				
		410-70-01	Cabinets				
		410-70-02	Cupboards				
		410-70-03	Chairs				

Uttar Pradesh Municipal Accounts Manual
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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		410-70-04	Fans				
		410-70-05	Electrical fittings				
			<i>Total (410-70)</i>				
		410-80	Other Fixed Assets				
		410-90	Assets under Disposal				
			<i>Total (410)</i>				
		411	Accumulated Depreciation				
		411-20	Buildings				
		411-30	Roads and Bridges				
		411-31	Sewerage and Drainage				
		411-32	Water ways				
		411-33	Public Lighting				
		411-40	Plant and Machinery				
		411-50	Vehicles				
		411-60	Office & Other Equipments				
		411-70	Furniture, Fixtures, Fitting and Electrical Appliances				
		411-80	Other Fixed Assets				
			<i>Total (411)</i>				
		412	Capital Work in Progress				
		412-10	Specific Grants				
		412-20	Special Funds				
			<i>Total (412)</i>				
		420	Investment General Fund				
		420-10	Central Govt. Securities				
		420-20	State Govt. Securities				
		420-30	Debentures & Bonds				
		420-40	Preference Shares				
		420-50	Equity Shares				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		420-60	Units of Mutual Funds				
		420-80	Other Investments				
		420-90	Accumulated Provisions				
			Total (420)				
		430	Stock-in-hand				
		430-10	Stores				
		430-10-01	Closing stock				
		430-10-02	Closing stock				
		430-10-03	Purchases				
			Total (430-10)				
		430-20	Loose Tools				
		430-80	Others				
			Total (430)				
		431	Sundry Debtors (Receivables)				
		431-10	Receivables for Property Tax (Yearwise)				
		431-19	Receivables for Other Taxes				
		431-30	Receivables for Fees and User Charges				
		431-30-01	License fees				
		431-30-02	Advertisement fees				
		431-30-03	Water supply				
			Total (431-30)				
		431-40	Receivables from Other Sources				
		431-40-01	Rent				
		431-40-02	Interest accrued and due				
		431-40-03	Interest accrued and not due				
		431-40-04	Undertakings				
		431-40-05	Interest due from employees				
			Total (431-40)				
		431-50	Receivables from Govt.				
		431-50-01	Grants				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		431-50-02	Assigned revenues				
			<i>Total (431-50)</i>				
		431-80	Receivables control accounts				
		431-80-01	Property tax				
		431-80-02	Water supply				
			<i>Total (431-80)</i>				
			<i>State Govt. Cesses, Levies in Taxes Control Accounts</i>				
		431-91	State Govt. Cesses/Levies in Property Taxes-Control Account				
		431-92	State Govt. Cesses/Levies in Water Taxes-Control Account				
		431-99	State Govt. Cesses/Levies in Other Taxes-Control Account				
			<i>Total (431)</i>				
		432	Accumulated Provisions against Debtors				
		432-10	Provision for Outstanding Property Taxes				
		432-11	Provision for Outstanding Water Taxes				
		432-12	Provision for Outstanding Other Taxes				
		432-30	Provision for Outstanding Fees and User Charges				
		432-40	Provision for Outstanding Other Receivables				
			<i>State Govt. Cesses, Levies in Taxes Provision Accounts</i>				
		432-91	State Govt. Cesses/Levies in Property Taxes-Provision Account				
		432-92	State Govt. Cesses/Levies in Water Taxes-Provision Account				
		432-99	State Govt. Cesses/Levies in Other Taxes-				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			Provision Account				
			<i>Total (432)</i>				
		440	Prepaid Expenses				
		440-10	Establishment				
		440-20	Administration				
		440-30	Operation & Maintenance				
			<i>Total (440)</i>				
		450	Cash and Bank Balance				
		450-10	Cash				
			<i>Balance with Bank-Municipal Fund</i>				
		450-21	Nationalized banks				
		450-22	Other scheduled banks				
		450-23	Scheduled cooperative banks				
		450-24	Post office				
			<i>Balance with Bank-Special Funds</i>				
		450-41	Nationalized banks				
		450-42	Other scheduled banks				
		450-43	Scheduled cooperative banks				
		450-44	Post office				
			<i>Balance with Bank-Grant Funds</i>				
		450-61	Nationalized banks				
		450-62	Other scheduled banks				
		450-63	Scheduled cooperative banks				
		450-64	Post office				
			<i>Total (450)</i>				
		460	Loans, Advances and Deposits				
		460-10	Loans, Advances to Employees				
		460-10-01	HBA				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		460-10-02	Conveyance				
		460-10-03	Computer advance				
		460-10-04	Festival advance				
		460-10-05	Vehicle advance				
			Total (460-10)				
		460-20	Employees Provident Fund Loans				
		460-30	Loans to Others				
		460-40	Advance to Suppliers and Contractors				
		460-40-01	Public works				
		460-40-02	Stores				
		460-40-03	Material issued to contractors / stores				
		460-40-04	Lease rentals				
		460-40-05	HP accounts				
			Total (460-40)				
		460-50	Advance to Others				
		460-50-01	Permanent advance				
		460-50-02	Advance against projects				
		460-50-03	Advance against schemes				
		460-50-04	Grants				
			Total (460-50)				
		460-60	Deposits with External Agencies				
		460-60-01	Electricity				
		460-60-02	Telephones				
		460-60-03	Water				
		460-60-04	Petrol pumps				
			Total (460-60)				
		460-80	Other Current Assets				
		460-80-01	HP installments received				
		460-80-02	Interest receivables on loans and advances				
		460-80-03	Scheme expenses				
			Total (460-80)				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			Total (460)				
		461	Accumulated Provisions against Loans, Advances and Deposits				
		461-10	Loans to Others				
		461-20	Advances				
		461-30	Deposits				
			Total (461)				
		470	Other Assets				
		470-10	Deposit Works-Expenditure				
		470-10-01	Civil				
		470-10-02	Electrical				
		470-10-03	Others				
			Total (470-10)				
		470-20	Inter Unit Account				
		470-30	Interest Control Payable				
		470-30-01	Lease				
		470-30-02	HP				
			Total (470-30)				
			Total (470)				
		480	Miscellaneous Expenditure to be Written off				
		480-10	Loan Issue Expenses				
		480-20	Discount on Issue of Loan				
		480-30	Others				
			Total (480)				
			TOTAL CAPITAL EXPENDITURE				

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Consolidation Sheet Format
(Form for consolidation of Function Budgets of all Wards and Head Office)

Form: Bud-2(RR)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
REVENUE RECEIPTS							
		110	Tax Revenues				
		110-01	Property & Other Taxes				
		110-01-01	Residential				
		110-01-02	Commercial				
		110-01-03	Land				
		110-01-04	Service Charges				
			<i>Sub-total (110-01)</i>				
		110-02	Water Taxes				
		110-03	Sewerage Tax				
		110-04	Conservancy Tax				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		110-05	Lighting Tax				
		110-06	Education Tax				
		110-07	Vehicle Tax				
		110-08	Tax on animals				
		110-09	Electricity Tax				
		110-10	Professional Tax				
		110-11	Advertisement Tax				
		110-11-01	Land Hoarding				
		110-11-02	Bus				
		110-11-03	Shelters				
		110-11-04	Traffic signals				
			<i>Sub-total (110-11)</i>				
		110-12	Pilgrimage Tax				
		110-80	Other Taxes				
			Total (110)				
		120	Assigned Revenues & Compensations				
		120-10	Taxes and duties collected by others				
		120-10-01	Entertainment Tax				
		120-10-02	Duty on transfer of properties				
			<i>Sub-total (120-10)</i>				
		120-20	Compensation in lieu of taxes / duties				

Uttar Pradesh Municipal Accounts Manual
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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		120-30	Compensations in lieu of concessions				
		120-30-01	Property tax compensations due to concessions certain set of tax payers				
			Total (120)				
		130	Rental Income from Municipal Properties				
		130-10	Rent from civic amenities				
		130-10-01	Markets				
		130-10-02	Shopping complexes				
		130-10-03	Auditorium				
		130-10-04	Art galleries				
		130-10-05	Marriage / Community halls				
		130-10-06	Play grounds				
		130-10-07	Nurseries				
			Sub-total (130-10)				
		130-20	Rent from office buildings				
		130-20-01	Quarters				
		130-30	Rent from guest houses				
		130-40	Rent from lease of lands				
		130-80	Other rents				
		130-80-01	Lease rentals				
			Total (130)				
		140	Fees & User Charges				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-10	Empanelment & Registration Charges				
		140-10-01	Carts				
		140-10-02	Contractors				
		140-10-03	Patients				
		140-10-04	Professionals				
		140-10-05	P W contractors				
			<i>Sub-total (140-10)</i>				
		140-11	Licensing Fees				
		140-11-01	D & O				
		140-11-02	Hawking				
		140-11-03	Shops				
		140-11-04	Bazaars				
		140-11-05	Staff quarters				
		140-11-06	Plumbing license				
		140-11-07	Cattle pounding				
		140-11-08	Slaughtering				
		140-11-09	Butchers & traders of meat				
		140-11-10	Poultry				
			<i>Sub-total (140-11)</i>				
		140-12	Fees for Grant of Permit				
		140-12-01	Transit				
		140-12-02	Escort				
		140-12-03	Layout				
		140-12-04	Sub-division, Plan				
			<i>Sub-total (140-12)</i>				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-13	Fees for Certificate or Extract				
		140-13-01	Copying				
		140-13-02	Birth & death certificates				
		140-13-03	Occupancy certificates				
			<i>Sub-total (140-13)</i>				
		140-14	Development charges				
		140-14-01	Development				
		140-14-02	Betterment				
		140-14-03	Demolition				
		140-14-04	Open space contribution				
		140-14-05	Parking contribution				
			<i>Sub-total (140-14)</i>				
		140-15	Regularization Fees				
		140-15-01	Encroachment				
		140-15-02	Regularization				
		140-15-03	Revalidation				
		140-15-04	Conversion fees				
			<i>Sub-total (140-15)</i>				
		140-20	Penalties and Fines				
		140-40	Other Fees				
		140-40-01	Advertisement fees				
		140-40-02	Tuition fees				
		140-40-03	Library fees				
		140-40-04	Survey fees				
		140-40-05	Connection, Disconnection charges				
		140-40-06	Notice fees				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-40-07	Warrant fees				
		140-40-08	Mutation fees				
		140-40-09	Property transfer charges				
			<i>Sub-total (140-40)</i>				
		140-50	User Charges				
		140-50-01	Medicines				
		140-50-02	Examination charges				
		140-50-03	Ambulance				
		140-50-04	Funeral Van				
		140-50-05	Garbage collection charges				
		140-50-06	Littering & debris collection				
		140-50-07	Septic tank clearance				
		140-50-08	Sewerage clearance charges				
		140-50-09	Crematorium charges				
		140-50-10	Burial ground charges				
		140-50-11	Pay & use toilets				
		140-50-12	Water supply				
		140-50-13	Sale of electricity				
		140-50-14	Water tanker				
		140-50-15	Meter charges				
		140-50-16	Fire extinguishing				
		140-50-17	Lighting charges				
		140-50-18	Ticket charges				
		140-50-19	Luggage charges				
		140-50-20	Parking fees				
			<i>Sub-total (140-50)</i>				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		140-60	Entry Fees				
		140-60-01	Parks				
		140-60-02	Play grounds				
		140-60-03	Swimming pools				
		140-60-04	Zoo				
		140-60-05	Musium				
		140-60-06	Library				
		140-60-07	Parking lots				
			<i>Sub-total (140-60)</i>				
		140-70	Service/Administrative charges				
		140-70-01	Service Charges				
		140-70-02	Percentage on deposit works				
		140-70-03	Plan preparation charges				
		140-70-04	Road damage recovery charges				
		140-70-05	Stacking				
		140-70-06	Rebate from State Govt.				
			<i>Sub-total (140-70)</i>				
		140-80	Other Charges				
			<i>Total (140)</i>				
		150	Sale & Hire Charges				
		150-10	Sale of Products				
		150-10-01	Tree guards				
		150-10-02	Garbage				
		150-10-03	Manure				
		150-10-04	Rubbish				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		150-10-05	Compost				
		150-10-06	Nursery plants				
		150-10-07	Fruits				
		150-10-08	Flowers				
		150-10-09	Grass				
		150-10-10	Trees				
			<i>Sub-total (150-10)</i>				
		150-11	Sale of Forms & Publications				
		150-11-01	Tenders				
		150-11-02	Data				
		150-11-03	Plans				
		150-11-04	Maps				
			<i>Sub-total (150-11)</i>				
		150-12	Sale of Stores & Scrap				
		150-12-01	Obsolete stores				
		150-12-02	Obsolete assets				
			<i>Sub-total (150-12)</i>				
		150-30	Sale of Others				
		150-30-01	Old news papers				
		150-40	Hire Charges for Vehicles				
		150-40-01	Buses				
		150-41	Hire Charges on Equipments				
		150-41-01	Rollers				
		150-41-02	Tools				
		150-41-03	Medical equipments				
			<i>Sub-total (150-41)</i>				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			Total (150)				
		160	Revenue Grants, Contribution and Subsidies				
		160-10	Revenue Grant				
		160-10-01	Road development grant				
		160-10-02	Family welfare grant				
		160-10-03	Census grant etc.				
			Sub-total (160-10)				
		160-20	Re-imbursement of Expenses				
		160-30	Contribution towards schemes				
			Total (160)				
		170	Income from Investments				
		170-10	Interest				
		170-10-01	Fixed deposits				
		170-10-02	Govt. securities				
		170-10-03	Post office deposits				
			Sub-total (170-10)				
		170-20	Dividend				
		170-30	Income from Projects taken up on commercial basis				
		170-40	Profit in sale of investments				
		170-80	Others				
			Total (170)				
		171	Interest Earned				

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Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		171-10	Interest from bank accounts				
		171-10-01	S B Accounts				
		171-20	Interest on loans and advances to employees				
		171-20-01	HBA				
		171-20-02	Conveyance				
		171-20-03	Computer				
		171-20-04	Festival				
		171-20-05	Vehicle				
			<i>Sub-total (171-20)</i>				
		171-30	Interest on loans to others				
		171-80	Other Interest				
		171-80-01	Interest on HP				
			Total (171)				
		180	Other Income				
		180-10	Deposits Forfeited				
		180-11	Lapsed Deposits				
		180-11-01	Contractors, Suppliers				
		180-20	Insurance Claim Recovery				
		180-30	Profit on Disposal of Fixed Assets				
		180-40	Recovery from Employees				
		180-50	Unclaimed refund payable / liabilities written back				
		180-50-01	Stale cheques				
		180-60	Excess provisions written back				
		180-60-01	Property Tax				

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Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		180-60-02	Advertisement Tax				
		180-60-03	Rent				
		180-60-04	Water supply				
			<i>Sub-total (180-60)</i>				
		180-80	Misc. Income				
			Total (180)				
			TOTAL REVENUE RECEIPTS				

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Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)

(Form for consolidation of Function Budgets of all Wards and Head Office)

Form: Bud-2(RE)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			REVENUE EXPENSES				
		210	Establishment Expenses				
		210-10	Salary, Wages & Bonus				
		210-10-01	Salary & Allowances				
		210-10-02	Wages				
		210-10-03	Exgratia				
		210-10-04	Bonus				
			Total (210-10)				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		210-20	Benefits & Allowances				
		210-20-01	Overtime allowance				
		210-20-02	LTC				
		210-20-03	Medical reimbursement				
		210-20-04	Tuition fees				
		210-20-05	Education allowance				
		210-20-06	Uniform to staff				
		210-20-07	Compensation to staff				
		210-20-08	Honorarium to corporators				
		210-20-09	Officers and staff				
		210-20-10	Staff welfare expenses				
		210-20-11	Training				
		210-20-12	Staff welfare expenses				
		210-20-13	HRD activities				
			Total (210-20)				
		210-30	Pension				
		210-30-01	Pension				
		210-30-02	Family pension				
		210-30-03	Pension contribution				
		210-30-04	Pension fund				
		210-30-05	Deficit contribution to other funds				
			Total (210-30)				
		210-40	Other Terminal & Retirement Benefits				
		210-40-01	Leave encashment				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		210-40-02	Death cum retirement gratuity				
		210-40-03	Contribution to PF or other funds				
		210-40-04	Leave salary contribution				
			Total (210-40)				
			Total (210)				
		220	Administrative Expenses				
		220-10	Rent, Rates & Taxes				
		220-11	Office Maintenance				
		220-11-01	Electricity				
		220-11-02	Water				
		220-11-03	Security expenses				
			Total (220-11)				
		220-12	Communication Expenses				
		220-12-01	Telephone				
		220-12-02	Mobile				
		220-12-03	Fax				
			Total (220-12)				
		220-20	Books and Periodicals				
		220-20-01	Magazines				
		220-20-02	News papers				
		220-20-03	Journals				
			Total (220-20)				
		220-21	Printing & Stationery				
		220-21-01	Service postage				
		220-21-02	Printing				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		220-21-03	Stationery				
		220-21-04	Computer consumables				
			Total (220-21)				
		220-30	Travelling & Conveyance				
		220-30-01	Fuel				
		220-30-02	Travelling				
		220-30-03	Petrol & diesel				
			Total (220-30)				
		220-40	Insurance				
		220-50	Audit Fees				
		220-51	Legal Expenses				
		220-51-01	Legal Expenses				
		220-51-02	Legal fees				
		220-51-03	Cost of recoveries of tax revenue				
		220-51-04	Suit compromises				
			Total (220-51)				
		220-52	Professional & Other Fees				
		220-52-01	Architect				
		220-52-02	Engineer				
		220-52-03	Technical fees				
		220-52-04	Consultancy charges				
			Total (220-52)				
		220-60	Advertisement & Publicity				
		220-60-01	Hospitality expenses				
		220-60-02	Advertisement				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		220-60-03	Organization of festivals				
			Total (220-60)				
		220-61	Membership & Subscription				
		220-62	Others				
			Total (220)				
		230	Operations & Maintenance				
		230-10	Power & Fuel				
		230-20	Bulk Purchases				
		230-20-01	Electricity				
		230-20-02	Water				
			Total (230-20)				
		230-30	Consumption of Stores				
		230-30-01	Stores				
			Total (230-30)				
		230-40	Hire Charges				
		230-40-01	Machinery rent				
			Total (230-40)				
		230-50	Repairs & maintenance - Infrastructure Assets				
		230-50-01	Roads & bridges				
		230-50-02	Fly-overs				
		230-50-03	Water supply & sewerage				
		230-50-04	Street lighting				
		230-50-05	Storm water drains				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		230-50-06	Traffic signals				
			Total (230-50)				
		230-51	Repairs & maintenance - Civic Amenities				
		230-51-01	Parks				
		230-51-02	Gardens				
		230-51-03	Lakes				
		230-51-04	Play grounds				
		230-51-05	Arts and culture				
		230-51-06	Parking lots				
		230-51-07	Markets				
		230-51-08	Houses				
		230-51-09	Commercial complex				
		230-51-10	Hospitals				
		230-51-11	Swimming pools				
		230-51-12	Stadium				
		230-51-13	Nursery				
		230-51-14	Play materials				
		230-51-15	Public toilets				
			Total (230-51)				
		230-52	Repairs & maintenance - Building				
		230-52-01	Office buildings				
			Total (230-52)				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		230-53	Repairs & maintenance - Vehicles				
		230-59	Repairs & maintenance - Others				
		230-59-01	Furniture & fixtures				
		230-59-02	Electrical appliances				
		230-59-03	Office equipments				
		230-59-04	Other FA				
		230-59-05	Survey & drawing equipments				
			<i>Total (230-59)</i>				
		230-80	Other Operating & Maintenance				
		230-80-01	Testing & inspection				
		230-80-02	Water purification				
		230-80-03	Gabage clearance				
		230-80-04	Patients food				
		230-80-05	Patients laundry				
		230-80-06	Tax for public transport vehicles				
			<i>Total (230-80)</i>				
			<i>Total (230)</i>				
		240	Interest & Finance Charges				
		240-10	Interest on Loans from Central Government				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		240-20	Interest on Loans from State Government				
		240-30	Interest on Loans from Government Bodies and Associations				
		240-40	Interest on Loans from U.P. Agencies				
		240-50	Interest on Loans from Banks and Other Financial Institutions				
		240-60	Other Interest				
		240-60-01	Leases				
		240-60-02	HP				
			<i>Total (240-60)</i>				
		240-70	Bank Charges				
		240-80	Other Finance Expenses				
		240-80-01	Discount on early/prompt payment				
			<i>Total (240-80)</i>				
			<i>Total (240)</i>				
		250	Programme Expenses				
		250-10	Election Expenses				
		250-20	Own Programme				
		250-30	Share in Programme of Others				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			Total (250)				
		260	Revenue Grants, Contribution and Subsidies				
		260-10	Grants				
		260-20	Contribution				
		260-30	Subsidies				
			Total (260)				
		270	Provisions and Write off				
		270-10	Provisions for Doubtful Receivables				
		270-10-01	Property tax				
		270-10-02	Cess				
		270-10-03	Fees and user charges				
		270-10-04	Rent				
			Total (270-10)				
		270-20	Provisions of Other Assets				
		270-20-01	Stores				
		270-20-02	Fixed assets				
		270-20-03	Investments				
			Total (270-20)				
		270-30	Revenues Written off				
		270-30-01	Property tax				
		270-30-02	Assigned revenues				
		270-30-03	Grants				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Total (270-30)</i>				
		270-40	Assets Written off				
		270-40-01	Stores				
		270-40-02	Fixed assets				
			<i>Total (270-40)</i>				
		270-50	Misc. Expenses Written off				
		270-50-01	Issue expenses				
			<i>Total (270-50)</i>				
			<i>Total (270)</i>				
		271	Misc. Expenses				
		271-10	Loss on Disposal of Assets				
		271-20	Loss on Disposal of Investments				
		271-30	Decline in Value of Investments				
			<i>Total (271)</i>				
		272	Depreciation				
		272-20	Buildings				
		272-30	Roads & Bridges				
		272-31	Sewerage & Drainage				
		272-32	Water-ways				
		272-33	Public Lighting				
		272-40	Plant & Machinery				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		272-50	Vehicles				
		272-60	Office & Other Equipments				
		272-70	Furniture, Fixtures, Fitting and Electrical Appliances				
		272-80	Other Fixed Assets				
			Total (272)				
		280	Prior Period Item				
			Income				
		280-10	Taxes				
		280-10-01	Taxes				
		280-10-02	Toll				
			Total (280-10)				
		280-20	Other Revenues				
		280-30	Recovery of Revenues Written off				
		280-30-01	All types of taxes				
		280-30-02	Fees and user charges				
			Total (280-30)				
		280-40	Other Income				
			Expenses				
		280-50	Refund of Taxes				
		280-50-01	All types of taxes				
			Total (280-50)				
		280-60	Refund of Other Revenues				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		280-60-01	Water supply				
		280-60-02	Rent				
			<i>Total (280-60)</i>				
		280-80	Other Expenses				
			<i>Total (280)</i>				
			TOTAL REVENUE EXPENSES				

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)

(Form for consolidation of Function Budgets of all Wards and Head Office)

Form: Bud-2(CR)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	
Ward Name:		Ward No.:	

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for
Budget	Actual			Budget	Revised	Actual Upto	

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

estimates				estimates	budget estimates	30th Sep.	the Budgeting Year
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			CAPITAL RECEIPTS				
		310	Municipal (General) Fund				
		310-10	Municipal Fund				
		310-10-01	Closing balance				
		310-10-02	Adjustments to opening balance sheet				
			<i>Total (310-10)</i>				
		310-90	Excess of Income and Expenditure				
			<i>Total (310)</i>				
		311	Earmarked Funds				
		311-10 (10-49)	Special Funds (Specify each fund name)				
		311-10-01	All development funds and special purpose funds e.g., Road Fund, Water Supply Fund, City Development Fund etc.				
		311-50 (50-69)	Sinking Funds (Specify each fund name)				
		311-50-01	Replacement funds (example Employees related funds like PF, Pension etc.)				
		311-70 (70-99)	Trust or Agency Funds (Specify each fund name)				
			<i>Total (311)</i>				
		312	Reserves				
		312-10	Capital Contribution				
		312-11	Capital Reserve				
		312-20	Borrowing Redemption Reserve (if no Sinking Fund is created)				
		312-30	Special Funds (utilized)				
		312-40	Statutory Reserve				
		312-50	General Reserve				
		312-60	Revaluation Reserve				

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			Total (312)				
		320	Grants, Contribution for Specific Purposes				
		320-10	Central Govt.				
		320-20	State Govt.				
		320-30	Other Govt. Agencies				
		320-40	Financial Institutions				
		320-50	Welfare Bodies				
		320-60	Inter-State Organisations				
		320-80	Others				
			Total (320)				
		330	Secured Loans				
		330-10	Loans from Central Govt.				
		330-20	Loans from State Govt.				
		330-30	Loans from Govt. Bodies and Associations				
		330-40	Loans from Inter-State Agencies				
		330-50	Loans from Banks and Other Financial Institutions				
		330-60	Other Term Loan				
		330-70	Bonds and Debentures				
		330-80	Other Loans				
			Total (330)				
		331	Un-secured Loans				
		331-10	Loans from Central Govt.				
		331-20	Loans from State Govt.				
		331-30	Loans from Govt. Bodies and Associations				
		331-40	Loans from Inter-State Agencies				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		331-50	Loans from Banks and Other Financial Institutions				
		331-60	Other Term Loan				
		331-70	Bonds and Debentures				
		331-80	Other Loans				
			Total (331)				
		340	Deposits Received				
		340-10	From Contractors/Suppliers				
		340-10-01	Transit				
		340-10-02	Water, Electricity				
		340-10-03	Rental etc.				
			Total (340-10)				
		340-20	Deposits - Revenues				
		340-30	From Staff				
		340-80	From Others				
			Total (340)				
		341	Deposit Works				
		341-10	Civil Works				
		341-20	Electrical Works				
		341-80	Others				
			Total (341)				
		350	Other Liabilities				
		350-10	Creditors				
		350-10-01	Gross Salary				
		350-10-02	Net Salaries				
		350-10-03	Salaries unpaid				
		350-10-04	PF payable				
		350-10-05	Pension				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		350-10-06	Gratuity				
		350-10-07	Welfare funds				
		350-10-08	Leave salary payable				
			Total (350-10)				
		350-11	Employee Liabilities				
		350-11-01	Loans				
		350-11-02	HP				
			Total (350-11)				
		350-12	Interest Accrued & Due				
		350-12-01	PF deduction				
		350-12-02	LIC				
		350-12-03	Loans				
		350-12-04	Societies service tax				
		350-12-05	Profession tax				
		350-12-06	TDS				
		350-12-07	Contract tax				
		350-12-08	Trade tax				
		350-12-09	Sales tax				
		350-12-10	Service tax				
		350-12-11	Works contract				
			Total (350-12)				
		350-20	Recoveries Payable				
		350-20-01	Court attachment				
		350-20-02	Other revenues				
		350-20-03	Grants				
		350-20-04	Deposit works				
		350-20-05	Attached properties				
		350-20-06	Cess				
		350-20-07	Water supply				
		350-20-08	Rent				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>Total (350-20)</i>				
		350-40	Refunds Payable				
		350-40-01	Property tax				
		350-40-02	Water supply				
		350-40-03	License fees				
		350-40-04	Rent				
		350-40-05	Advertisement charge				
			<i>Total (350-40)</i>				
		350-41	Advance Collection of Revenues				
		350-41-01	Compensation payable				
		350-41-02	Stale cheques				
		350-41-03	HP payable				
		350-41-04	Lease charges payable				
		350-41-05	HP interest receivable control accounts etc.				
			<i>Total (350-41)</i>				
		350-80	Others				
		350-80-01	Assets				
		350-80-02	Investments				
		350-80-03	Attached properties				
			<i>Total (350-80)</i>				
		350-90	Sale Proceeds				
			<i>Total (350)</i>				
		360	Provisions				
		360-10	Provisions for Expenses				
		360-20	Provisions for Interest				
		360-20-01	Interest accrued but not due				
			<i>Total (360-20)</i>				
		360-30	Provisions for Other Assets				
		360-30-01	Stores				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		360-30-02	Investments				
			<i>Total (360-30)</i>				
			<i>Total (360)</i>				
			TOTAL CAPITAL RECEIPTS				

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Budgeting System

Budgeting Year: _____

Name of the ULB _____

Function Budget Estimation Sheet Format (To be prepared for each ward separately)

(Form for consolidation of Function Budgets of all Wards and Head Office)

Form: Bud-2(CE)

Function Group:		Function Group Code:	
Function:		Function Code:	
Functionary:		(Concerned Department)	

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Ward Name:		Ward No.:	
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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			CAPITAL EXPENDITURE				
		410	Fixed Assets				
		410-10	Land				
		410-10-01	Grounds				
		410-10-02	Open markets				
		410-10-03	Parks				
		410-10-04	Gardens				
			Total (410-10)				
		410-20	Buildings				
		410-30	Roads and Bridges				
		410-30-01	Concrete				
		410-30-02	Black top				
		410-30-03	Others				
			Total (410-30)				
		410-31	Sewerage and Drainage				
		410-31-01	Open				
		410-31-02	Under ground				
			Total (410-31)				
		410-32	Water ways				
		410-32-01	Borewells				
		410-32-02	Open wells				
		410-32-03	Reservoirs				
			Total (410-32)				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		410-33	Public Lighting				
		410-33-01	Lamp posts				
		410-33-02	Transformers				
			<i>Total (410-33)</i>				
		410-40	Plant and Machinery				
		410-50	Vehicles				
		410-50-01	Ambulance				
		410-50-02	Buses				
		410-50-03	Cars				
		410-50-04	Jeeps				
		410-50-05	Cranes				
		410-50-06	Trucks				
		410-50-07	Tankers				
			<i>Total (410-50)</i>				
		410-60	Office & Other Equipments				
		410-60-01	Air conditioners				
		410-60-02	Computers				
		410-60-03	Faxes				
		410-60-04	Photocopiers				
		410-60-05	Refrigerators				
			<i>Total (410-60)</i>				
		410-70	Furniture, Fixtures, Fitting and Electrical Appliances				
		410-70-01	Cabinets				
		410-70-02	Cupboards				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		410-70-03	Chairs				
		410-70-04	Fans				
		410-70-05	Electrical fittings				
			<i>Total (410-70)</i>				
		410-80	Other Fixed Assets				
		410-90	Assets under Disposal				
			<i>Total (410)</i>				
		411	Accumulated Depreciation				
		411-20	Buildings				
		411-30	Roads and Bridges				
		411-31	Sewerage and Drainage				
		411-32	Water ways				
		411-33	Public Lighting				
		411-40	Plant and Machinery				
		411-50	Vehicles				
		411-60	Office & Other Equipments				
		411-70	Furniture, Fixtures, Fitting and Electrical Appliances				
		411-80	Other Fixed Assets				
			<i>Total (411)</i>				
		412	Capital Work in Progress				
		412-10	Specific Grants				
		412-20	Special Funds				

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			Total (412)				
		420	Investment General Fund				
		420-10	Central Govt. Securities				
		420-20	State Govt. Securities				
		420-30	Debentures & Bonds				
		420-40	Preference Shares				
		420-50	Equity Shares				
		420-60	Units of Mutual Funds				
		420-80	Other Investments				
		420-90	Accumulated Provisions				
			Total (420)				
		430	Stock-in-hand				
		430-10	Stores				
		430-10-01	Closing stock				
		430-10-02	Closing stock				
		430-10-03	Purchases				
			Total (430-10)				
		430-20	Loose Tools				
		430-80	Others				
			Total (430)				
		431	Sundry Debtors (Receivables)				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		431-10	Receivables for Property Tax (Yearwise)				
		431-19	Receivables for Other Taxes				
		431-30	Receivables for Fees and User Charges				
		431-30-01	License fees				
		431-30-02	Advertisement fees				
		431-30-03	Water supply				
			Total (431-30)				
		431-40	Receivables from Other Sources				
		431-40-01	Rent				
		431-40-02	Interest accrued and due				
		431-40-03	Interest accrued and not due				
		431-40-04	Undertakings				
		431-40-05	Interest due from employees				
			Total (431-40)				
		431-50	Receivables from Govt.				
		431-50-01	Grants				
		431-50-02	Assigned revenues				
			Total (431-50)				
		431-80	Receivables control accounts				
		431-80-01	Property tax				
		431-80-02	Water supply				
			Total (431-80)				

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			<i>State Govt. Cesses, Levies in Taxes Control Accounts</i>				
		431-91	State Govt. Cesses/Levies in Property Taxes-Control Account				
		431-92	State Govt. Cesses/Levies in Water Taxes-Control Account				
		431-99	State Govt. Cesses/Levies in Other Taxes-Control Account				
			<i>Total (431)</i>				
		432	Accumulated Provisions against Debtors				
		432-10	Provision for Outstanding Property Taxes				
		432-11	Provision for Outstanding Water Taxes				
		432-12	Provision for Outstanding Other Taxes				
		432-30	Provision for Outstanding Fees and User Charges				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		432-40	Provision for Outstanding Other Receivables				
			<i>State Govt. Cesses, Levies in Taxes Provision Accounts</i>				
		432-91	State Govt. Cesses/Levies in Property Taxes-Provision Account				
		432-92	State Govt. Cesses/Levies in Water Taxes-Provision Account				
		432-99	State Govt. Cesses/Levies in Other Taxes-Provision Account				
			<i>Total (432)</i>				
		440	Prepaid Expenses				
		440-10	Establishment				
		440-20	Administration				
		440-30	Operation & Maintenance				
			<i>Total (440)</i>				
		450	Cash and Bank Balance				
		450-10	Cash				
			<i>Balance with Bank-Municipal Fund</i>				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		450-21	Nationalized banks				
		450-22	Other scheduled banks				
		450-23	Scheduled cooperative banks				
		450-24	Post office				
			<i>Balance with Bank-Special Funds</i>				
		450-41	Nationalized banks				
		450-42	Other scheduled banks				
		450-43	Scheduled cooperative banks				
		450-44	Post office				
			<i>Balance with Bank-Grant Funds</i>				
		450-61	Nationalized banks				
		450-62	Other scheduled banks				
		450-63	Scheduled cooperative banks				
		450-64	Post office				
			<i>Total (450)</i>				
		460	Loans, Advances and Deposits				
		460-10	Loans, Advances to Employees				
		460-10-01	HBA				
		460-10-02	Conveyance				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		460-10-03	Computer advance				
		460-10-04	Festival advance				
		460-10-05	Vehicle advance				
			Total (460-10)				
		460-20	Employees Provident Fund Loans				
		460-30	Loans to Others				
		460-40	Advance to Suppliers and Contractors				
		460-40-01	Public works				
		460-40-02	Stores				
		460-40-03	Material issued to contractors / stores				
		460-40-04	Lease rentals				
		460-40-05	HP accounts				
			Total (460-40)				
		460-50	Advance to Others				
		460-50-01	Permanent advance				
		460-50-02	Advance against projects				
		460-50-03	Advance against schemes				
		460-50-04	Grants				
			Total (460-50)				
		460-60	Deposits with External Agencies				
		460-60-01	Electricity				

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Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		460-60-02	Telephones				
		460-60-03	Water				
		460-60-04	Petrol pumps				
			Total (460-60)				
		460-80	Other Current Assets				
		460-80-01	HP installments received				
		460-80-02	Interest receivables on loans and advances				
		460-80-03	Scheme expenses				
			Total (460-80)				
			Total (460)				
		461	Accumulated Provisions against Loans, Advances and Deposits				
		461-10	Loans to Others				
		461-20	Advances				
		461-30	Deposits				
			Total (461)				
		470	Other Assets				
		470-10	Deposit Works-Expenditure				
		470-10-01	Civil				
		470-10-02	Electrical				
		470-10-03	Others				
			Total (470-10)				

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Appendix I Budgeting System

Previous Year		Account Code	Head of Account – Description of Item*	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		470-20	Inter Unit Account				
		470-30	Interest Control Payable				
		470-30-01	Lease				
		470-30-02	HP				
			<i>Total (470-30)</i>				
			<i>Total (470)</i>				
		480	Miscellaneous Expenditure to be Written off				
		480-10	Loan Issue Expenses				
		480-20	Discount on Issue of Loan				
		480-30	Others				
			<i>Total (480)</i>				
			TOTAL CAPITAL EXPENDITURE				

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

SUMMARY OF MAJOR ACCOUNT HEAD-WISE BUDGET

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Appendix I Budgeting System

Form: Bud-3

Previous Year		Account Code	Particulars	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
OPENING BALANCE							
ADD:							
A REVENUE RECEIPTS							
	110		Tax Revenues				
	120		Assigned Revenues & Compensations				
	130		Rental Income from Municipal Properties				
	140		Fees & User Charges				
	150		Sale & Hire Charges				
	160		Revenue Grants, Contribution and Subsidies				
	170		Income from Investments				
	171		Interest Earned				
	180		Other Income				
			TOTAL REVENUE RECEIPTS				
B CAPITAL RECEIPTS							
	310		Municipal (General) Fund				
	311		Earmarked Funds				
	312		Reserves				
	320		Grants, Contribution for Specific Purposes				
	330		Secured Loans				
	331		Un-secured Loans				
	340		Deposits Received				
	341		Deposit Works				
	350		Other				

Previous Year		Account Code	Particulars	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
			TOTAL CAPITAL RECEIPTS				
			LESS:				
C			REVENUE EXPENSES				
	210		Establishment Expenses				
	220		Administrative Expenses				
	230		Operations & Maintenance				
	240		Interest & Finance Charges				
	250		Programme Expenses				
	260		Revenue Grants, Contribution and Subsidies				
	270		Provisions and Write off				
	271		Misc. Expenses				
			TOTAL REVENUE EXPENSES				
D			CAPITAL EXPENDITURE				
	410		Fixed Assets				
	411		Accumulated Depreciation				
	412		Capital Work in Progress				
	420		Investment General Fund				
	430		Stock-in-hand				
	431		Sundry Debtors (Receivables)				
	432		Accumulated Provisions against Debtors				
	440		Prepaid Expenses				
	450		Cash and Bank Balance				
	460		Loans, Advances and Deposits				
	461		Accumulated Provisions against Loans, Advances and Deposits				

Previous Year		Account Code	Particulars	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		470	Other Assets				
		480	Miscellaneous Expenditure to be Written off				
			TOTAL CAPITAL EXPENDITURE				
			CLOSING BALANCE				

* Balances denote cash and bank balance.

Uttar Pradesh Municipal Accounts Manual
Budgeting System

Budgeting Year: _____

Name of the ULB _____

SUMMARY OF FUNCTION GROUP-WISE BUDGET

Uttar Pradesh Municipal Accounts Manual
Appendix I Budgeting System

Form: **Bud-4**

Previous Year		Function Group Code	Particulars	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	
1	2	3	4	5	6	7	8
OPENING BALANCE							
<u>ADD:</u>							
A REVENUE RECEIPTS							
		00	General & Administration				
		01	Planning & Regulations				
		02	Public Works				
		03	Health				
		04	Sanitation & Solid waste management				
		05	Civic Amenities				
		06	Urban Forestry				
		07	Urban Poverty Alleviation & Social Welfare				
		08	Other Services				
		09	Revenues				
			TOTAL REVENUE RECEIPTS				
B CAPITAL RECEIPTS							
		00	General & Administration				

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Previous Year		Function Group Code	Particulars	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	
1	2	3	4	5	6	7	8
		01	Planning & Regulations				
		02	Public Works				
		03	Health				
		04	Sanitation & Solid waste management				
		05	Civic Amenities				
		06	Urban Forestry				
		07	Urban Poverty Alleviation & Social Welfare				
		08	Other Services				
		09	Revenues				
			TOTAL CAPITAL RECEIPTS				
			<u>LESS:</u>				
		C	REVENUE EXPENSES				
		00	General & Administration				
		01	Planning & Regulations				
		02	Public Works				
		03	Health				
		04	Sanitation & Solid waste management				
		05	Civic Amenities				

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Previous Year		Function Group Code	Particulars	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8
		06	Urban Forestry				
		07	Urban Poverty Alleviation & Social Welfare				
		08	Other Services				
		09	Revenues				
			TOTAL REVENUE EXPENSES				
D CAPITAL EXPENDITURE							
		00	General & Administration				
		01	Planning & Regulations				
		02	Public Works				
		03	Health				
		04	Sanitation & Solid waste management				
		05	Civic Amenities				
		06	Urban Forestry				
		07	Urban Poverty Alleviation & Social Welfare				
		08	Other Services				
		09	Revenues				
			TOTAL CAPITAL EXPENDITURE				
			CLOSING BALANCE				

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Appendix I Budgeting System

Previous Year		Function Group Code	Particulars	Current Year			Budget Estimates for the Budgeting Year
Budget estimates	Actual			Budget estimates	Revised budget estimates	Actual Upto 30th Sep.	
Rs.	Rs.			Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8

* Balances denote cash and bank balance.

Uttar Pradesh Municipal Accounts Manual
Budgeting System
Budgeting Year: _____

Name of the ULB _____

QUARTERLY BUDGET VARIANCE REPORT

For the period from _____ to _____

Form: Bud-5

Account Code	Particulars	Budget Estimates	Progressive total at the end of each quarter				Variance	Remark
			Qtr.1	Qtr.2	Qtr.3	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
A	REVENUE RECEIPTS							
110	Tax Revenues							
120	Assigned Revenues & Compensations							
130	Rental Income from Municipal Properties							
140	Fees & User Charges							
150	Sale & Hire Charges							
160	Revenue Grants, Contribution and Subsidies							
170	Income from Investments							
171	Interest Earned							
180	Other Income							
	TOTAL REVENUE RECEIPTS							
B	CAPITAL RECEIPTS							
310	Municipal (General) Fund							
311	Earmarked Funds							
312	Reserves							

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Account Code	Particulars	Budget Estimates	Progressive total at the end of each quarter				Variance	Remark
			Qtr.1	Qtr.2	Qtr.3	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
320	Grants, Contribution for Specific Purposes							
330	Secured Loans							
331	Un-secured Loans							
340	Deposits Received							
341	Deposit Works							
350	Other							
	TOTAL CAPITAL RECEIPTS							
C	REVENUE EXPENSES							
210	Establishment Expenses							
220	Administrative Expenses							
230	Operations & Maintenance							
240	Interest & Finance Charges							
250	Programme Expenses							
260	Revenue Grants, Contribution and Subsidies							
270	Provisions and Write off							
271	Misc. Expenses							
	TOTAL REVENUE EXPENSES							
D	CAPITAL EXPENDITURE							
410	Fixed Assets							
411	Accumulated Depreciation							
412	Capital Work in Progress							

Account Code	Particulars	Budget Estimates	Progressive total at the end of each quarter				Variance	Remark
			Qtr.1	Qtr.2	Qtr.3	Total		
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1	2	3	4	5	6	7	8	9
420	Investment General Fund							
430	Stock-in-hand							
431	Sundry Debtors (Receivables)							
432	Accumulated Provisions against Debtors							
440	Prepaid Expenses							
450	Cash and Bank Balance							
460	Loans, Advances and Deposits							
461	Accumulated Provisions against Loans, Advances and Deposits							
470	Other Assets							
480	Miscellaneous Expenditure to be Written off							
	TOTAL CAPITAL EXPENDITURE							

APPENDIX

2

COSTING

COSTING

CHAPTER-I **NATURE OF ACTIVITIES OF MUNICIPAL CORPORATIONS AND** **ULB'S**

Municipal Corporations and Local Bodies provide Public Utilities, Amenities and Convenience to the public. Revenue receipts are taxes, charges and other receipts for providing these services to the public. Besides Local Bodies get grants and subsidies from state Govt. and that too is public money. It is essential that this money is utilized in manner that would maximize the public service on one hand and, enhance the economic sustainability of the Local Bodies. A transparent, accountable, efficient and sustainable financial model for Local Bodies is needed. Realistic costing and user charges are the very basis of this model.

The expenditure incurred by Local Bodies is broadly of following nature:

1. Civil constructions
2. Installation of new plant and machineries for rendering civic services required for Public
3. Purchase of new Equipments, tools and tackles
4. Repair and maintenance of existing civil constructions, plant and machineries, equipments (including work shop)
5. Improvement of land and renovation of buildings
6. Rendering civic services – street light, water supply, sewerage, sanitation etc.
7. Welfare activities – hospitals, schools, cattle hospitals, parks, cremation and burial grounds
8. Special programs and drives
9. Meeting natural calamities

RESOURCES OF MUNICIPAL CORPORATION AND ULB'S ARE MAINLY:

A. OWN RESOURCES:

1. Taxes
2. Rent from buildings, shops and land
3. Sale of land and building, unusable stores and scraps.
4. Interests received on deposits.
5. Other receipt (including road cutting compensations)
6. Advertising charges and taxes.
7. Licensing
8. Registration of births and deaths
9. Parking

10. Slaughter house

11. Other receipts.

B. FINANCIAL ASSISTANCE FROM STATE GOVERNMENT:

1. Normal financial assistance (Not specific purposes)
2. For specific purpose or under specific plan
3. In form of matching grants and subsidies
4. In form of loans.
5. Financial assistance from other government and semi government organization/institutions in form matching grants and subsidies or in form of their shares or reimbursement of specific expenses

C. LOANS FROM FINANCIAL INSTITUTION / MUNICIPAL BONDS etc.

CHAPTER-II
NEED FOR COSTING

Need for cost statements: - Cost statements are needed for following purposes:

1. Cost ascertainment
2. Cost control
3. Use for Budgetary estimates
4. Decision taking
5. Comparative analysis of figures with past periods and also with other Local Bodies.
6. Evaluation of Performance.
7. Management information system.

1. COST ASCERTAINMENT:

- a. In case of civil construction, installation of plant and machineries it is important to know the actual cost of construction or cost of Installations. It helps us find out the variations from approved estimates which may, in turn, be analyzed to know whether the variations are due to non-controllable reasons or due to slackness for which accountability needs to be fixed.
- b. In case of services it is essential to know the cost to calculate the gain or loss per “unit” of the services rendered with reference to charges realized from users.

2. COST CONTROL: - Cost Statements provide an insight into the expenditure incurred on capital projects and on rendering services and the deviations thereof against the budgeted estimates. In case of deviations, necessary corrective measures or revisions of estimates may be done. In case of services if it is found that per “unit” cost in a particular period is higher or lower as compared to previous period or the standard fixed, the head wise difference can be analyzed and necessary actions taken to minimize the per unit cost.

3. BUDGET ESTIMATES: - When complete project costs and per “unit” cost of services are available, budget estimates prepared on these authentic figures are more realistic and implementable.

4. DECISION MAKING: - When per “unit” cost of services and the revenue received is ascertained, the decision to expand the services or to restructure the services may be easily taken considering per unit gain or loss and its impact on the financial health of the ULB. If the services are of essential nature then the additional resources may be to subsidize the deficits.

5. **COMPARITIVE ANALYSIS OF FIGURES:** - Cost statements enable to compare the costs during a particular period with that of previous period and also with “Cost” of other Local Bodies. Analysis of the variance may help in restructuring or reducing the cost by taking remedial measures.
6. **EVALUATION OF PERFORMANCE:** - Financial sustainability and self-reliance is an important factor in evaluation institutional performance. Cost statements are major tools of measurement of financial performance.
7. **MIS:** Cost statements have an important place in management information system. It is essential for managers and executive officers to see the cost statement and analysis of variations to take necessary steps in time.

CHAPTER-III

NATURE OF EXPENDITURE INCURRED

There are different levels of Local Bodies depending upon the size, municipal area, population and the level of activities. Municipal Corporations in major cities have large municipal area divided in geographical zones and units, different departments and divisions. Medium size ULB's may not have the zonal/regional divisions but have different departments according to activities. Then there are small ULB's that do not have divisions, zones and separate departments and most of the activities are centralized activities are almost centralized.

From accounting point of view the expenses are divided in capital nature and revenue nature. Capital nature expenses are those expenses, which are incurred on infrastructures, acquisition of land, and construction of buildings and different types of assets.

Normally following expenditures are of capital nature:

1. Acquisition of land and improvement of land.
2. Construction of Buildings, Roads, Culverts, over bridges, Flyovers, Subways, Water Reservoirs etc.
3. Purchase of New Machineries, Equipments, Tools and Tackles etc.
4. Purchase of Vehicles, Dozers, Dumpers, Loaders, Handcarts etc.
5. Purchase of office appliances, Computers, Office Furniture and Fixtures.
6. Extensions to and renovation of existing buildings and other civil works including modifications.
7. Water work installations and laying of new water pipe lines.
8. New Electric installations and extension of Light arrangement in new areas.
9. Constructions of new sewer lines.
10. Construction and establishment of new hospitals, schools, community centers and parks.
11. Constructions of Cattle hospitals and pounding
12. Other permanent constructions for rendering civic services and for welfare of residents within Municipal area.

Revenue nature expenses can be divided in following three major groups.

1. Establishment Expenses
2. Administrative Expenses
3. Operational Expenses

A detail of above stated expenses is given below:

Establishment expenses: - it is the major expenditure consuming substantial portion of municipal funds. The expenses under this major group are as below:

1. Establishment expenditure
 - a. Salary of officers
 - b. Salary of regular staff
 - c. Bonus /ex- gratia .
 - d. Payment of Pension and Pension contribution

- e. Leave salary and leave salary contribution
- f. P.F. contributions
- g. Uniform.
- h. Medical allowance and reimbursement of medical expenditure or claims.
- i. L.T.C.
- j. Group Insurance Premium.
- k. Gratuity
- l. Compensation
- m. Wages of casual labors
- n. Payment for contract labors.
- o. Training of officers and staff
- p. Other staff welfare expenses

2. ADMINISTRATIVE EXPENSES:

Administrative are incurred in all Local Bodies irrespective of the size. Volume of expenses may vary depending upon size and coverage of the Local Body. Details of administrative expenses normally incurred are as below:

- a. Board meeting Expenditure
- b. Election expenses
- c. Audit expenses & related expenses
- d. Legal Expenses
- e. Advertising expenses & (General/ Display) and publicity
- f. Library
- g. Taxes (payable.)
- h. Insurances
- i. Donations
- j. Membership& Subscription
- k. Honorarium to corporators
- l. Interest on borrowed loans
- m. Rent rates and taxes
- n. Electricity charges
- o. Repair & maintenance of building
- p. Repair & maintenance of office equipments and appliances
- q. Repairing charges of vehicles (Staff cars)
- r. Other repairs
- s. Printing and stationary
- t. Communications expenses (Telephone, fax, postage)
- u. Traveling and conveyance including hire charges of vehicles
- v. Guest house and entertainment
- w. Advertisement (Other than display & publicity)
- x. Bank Charges
- y. Others (to be specified)

Expenses from 1 to 12 are normally incurred by head office only and expenses from 13 to 25 are normally incurred by head office as well as by Zonal/regional or departments also.

- 3. OPERATIONAL EXPENSES:** These expenses are such expenses, which are neither covered under establishment expenses nor administrative expenses but are incurred directly for a particular activity, service or unit e.g. cost of medicines, chemicals used in hospital, schoolbooks, consumables for school etc. These expenses can be grouped in following groups:

- a. Material/store consumed;
- b. Power and fuel for Machinery and equipment used for the particular activity;
- c. Repair and maintenance of machinery and equipment used for the particular activity;
- d. Expenses for technical assistance/opinions/test reports taken from outside agencies;
- e. In case of separate units e.g. Schools, Hospitals, all expenses whether establishment or administrative which are not covered under establishment expenses or administrative expenses of head office/zonal/departmental offices and are incurred specifically for the particular activity /unit, will be directly accounted to the particular unit/activity/service.

CHAPTER-IV

GROUP WISE ACTIVITIES / FUNCTIONS /CIVIC SERVICES OF LOCAL BODY

Activities of Local Bodies can be divided in following major groups/ functions :

1. Management of Municipal Corporations/ULB's
2. Planning, regulations, systems and procedures.
3. Infrastructure Development.
4. Public health – Primary health centers, hospitals, family planning programme and publicity, epidemic, prevention and control, burial and cremation.
5. Sanitation and disposal of solid waste – Solid waste management, public convenience, veterinary services, cattle pounding, slaughter houses.
6. Civic services – Water supply, sewerage, fire services, arts and culture, community/marriage houses, amusement (utsav and mela's), museums and municipal markets.
7. Urban Forestry – Parks, garden, play ground, urban forestry, environment, and conservations.
8. Urban Poverty Alleviation and Social Welfare – Welfare of women's, children, aged, slum improvement, housing etc.
9. Other Services – Street lighting, Transport, education.
10. Revenues – Collection of taxes.

Identification of cost centers and units of measurement and indicators of performance

Municipal Corporations and Urban Local Bodies function as Local Government. Their functions are guided by the Municipal Acts. These institutions render civic services and realize charges in form of taxes levies, cess, charges, fee etc. from public. Besides, accountability to the public, is important for Municipal Corporations and ULB's to know the actual cost of services rendered and charges realized from public to assess their financial sustainability.

Functions of a Local Body are a mix of activities with directly measurable financial returns and non-measurable financial returns. Similarly, there are expenses that are directly related to a particular activity/work and can be booked to that account and establishment and administrative expenses that have to be allocated or apportioned to different activities / work of department on a "reasonable" basis.

Calculation of cost has basically two purposes:

1. In case of capital expenditures it helps ascertain the cost of acquisition or construction of an assets or infrastructure, and
2. In case of services, the calculation of cost enables to know the "per unit cost" of the services rendered and the corresponding revenue received. In case of civic services where charges are realized, per unit deficit or surplus can be worked out on the basis of per unit cost and amount charged.
3. In case of other services (social welfare activities) the purpose is to control wasteful expenditure. Accordingly, cost centers are enumerated below:

a. Capital Expenditure/ Assets

1. Land – Acquisition of land, improvement of land.
2. Building – Construction of new building
 - a. Extension to existing building

- b. Renovation of existing building
3. Roads and Bridges – Concrete roads, charcoal roads, brick and over bridges, flyovers, culverts, subways.
 4. Sewerage and Drainage – Underground, open.
 5. Water ways – New boring of wells, hand pipes, open reservoirs, closed reservoirs, laying new pipe lines, installation of water treatment plants, stand post, metering.
 6. Public Lighting - Transformers, lamppost.
 7. Plant and machinery.
 8. Vehicles – Cars, jeeps, cranes, trucks, dumpers, dozers, buses, ambulance etc.
 9. Office equipment and Appliances – Air conditioners, computers, fax, photo copies, refrigerators etc.
 10. Furniture and Fixtures fitting and electrical appliances – Cabinets, cupboards, chairs, tables, fans and electrical fittings.
 11. Other assets.
Where the assets are bought from market and put in use, the cost is purchase price. Transportation and installation charges, if any, will be added to that for arriving at total cost.

Construction and erection of asset include following expenses:

1. Payment for technical consultancy for preparation of detailed estimates and technical specification including make type capacity etc.
2. Amount payable to suppliers, erectors, contractors.
3. Payment to inspecting agencies.
4. Cost of material to be provided to the contractors.
5. Cost of facilities to be provided to contractors (power, water, accommodation etc.)
6. Salary and allowances of officers and staff deputed for project.
7. Interest on money borrowed for project.
8. Any other cost which is directly attributable to project.

The primary civic services, which are essential in all municipal corporations and ULB's are:

1. Water supply.
2. Sanitation and disposal of solid waste.
3. Street lighting

The Welfare activities include public health – *running of hospitals*, education-*running schools*. Besides, Local Bodies also undertake maintenance of roads and other infrastructure, cremation and burial grounds, urban forestry i.e. parks, greeneries, cattle hospitals, cattle poundings etc. Services or activities where cost sheet is required for analysis and control are as below:

1. Cost of Management
2. Cost of tax Collection
3. Cost of water supply
4. Cost of sanitation
5. Cost of street lighting
6. Cost of education – Running of schools.
7. Cost of running hospitals
8. Cost of road repairing
9. Cost of maintenance of park and greeneries
10. Cost of maintenance of cattle pounding
11. Cost of maintenance of cattle hospital
12. Cost of utsav and mela organizing
13. Cremation and burial grounds

Form of cost sheets for all the activities will be almost similar with certain variations. On the top descriptions of cost sheet and cost center code will be given followed by relevant physical details and the details of cost items (with accounting code) i.e.:

- A. Establishment expenses
- B. Administrative expenses
- C. Maintenance and Operation Expenses (Stores consumed and specific expenses relating to the particular cost center.)

Finally, the total cost of per unit cost, where applicable, will be calculated and ascertained as given below:

CHAPTER: IV-1

Cost of Management

Cost of management is the total expenditure which head office/main office does for managing and controlling the different activities of Municipal Corporation/ULB's. Conventionally, the head office or main office does the job of planning, resource management, direction, coordination and supervision. Normally total finance and account are controlled by head office except to the extent of decentralization on the zonal or departmental basis. The expenditure by head office is such which cannot be attributed to a particular activity. It also cannot be linked to a particular unit of performance. However, the total cost can be seen with reference to overall physical performance and achievement over a period of time for e.g. annually and per capita management cost can be calculated. Cost sheet of Management Cost can be used for controlling the expenses by analyzing variations from previous period and to see scope of reduction in expenses without any adverse impact on performance.

Name of Corp. /ULB:

Name of Cost Center: Management cost

Cost Center Code:

Physical Data	Units	20 XX-XX (Current year)	20 XX (Previous year)
Category (Municipal corporation/ Municipality/ nagar panchayat)			
2. Municipal area	Sq Km		
3. Population of municipal area	thousand		
4. No.of zones	No.		
5.No of wards	No.		
6. No. of officers	No.		
7.No. of employees	No.		

Account code	Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210 00 00	Establishment Expenses:		
210 10 01	Salary, Wages and Bonus		
210 10 02	Salary and allowances of officers		
210 10 03	Salary and allowances of staff		
210 10 04	Wages of casual labor/contract labor		
210 10 05	Bonus		
210 10 06	Ex-gratia		
210 10 07	Incentives/ Performance Bonus		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	20	00	Benefit and Allowance		
210	20	01	Overtime allowance		
210	20	02	L.T.C.		
210	20	03	Medical reimbursement		
210	20	04	Tuition Fee/Education allowance		
210	20	05	Uniform to staff		
210	20	06	Compensation to staff		
210	20	07	Honorarium to corporators		
210	20	08	Honorarium to officer and staff		
210	20	09	Training expenses		
210	20	10	Staff welfare expenses		
210	20	11	Human resource development activities		
210	30	00	Pension		
210	30	01	Pension		
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		
220	61	00	Membership and subscription		
220	80	00	Others		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
220			Sub Total		
	00	00	Operation and Maintenance		
230	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipments)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
230	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
240	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
250	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
260	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipments		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
272			Other Fixed Assets		
			Sub Total (Depreciation)		
			Administrative Overhead		
			(Allocation of head office expenses)		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
			Total		

1. **Per capita Cost of Management**

Total expenses incurred on management during year (in Rupees)
Population of municipal area

2. per month management cost

Total expenses on management during the year = x **Lac rupee**
12

3. Percentage increase (+) decrease (-) over last year

Total expenses on management during current year (in lac rupee) x 100) - 100=
Total expenses on management during the last year (in lac rupee)

(Increase (+)/ decrease (-) +/- 'x' %

Percentage of expenses on management to total expenses of municipal corporation / ULB

Total expenses on management during the year (in lac rupees) X 100 = X %
Total expenses of Municipal Corporation / ULB (in lac rupees)

Note: Management cost will include those expenses which are incurred by head office/main office only but are for Municipal Corporation/ULB as a whole. These expenses cannot be booked or attributed to any particular activity or function e.g. salary of central accounts departments, board meeting expenses, advertising or display of activities of organization etc.

CHAPTER: IV-2

Revenue Collection Cost

Local Bodies have two types of revenues

1. own resources and
2. Government grant and aids and the same from other institutions.

Local Bodies receive grants and aids as per government policies and norms. However, they have to raise their own resources through the demand of taxes, cess and charges on the basis of principles and procedures prescribed by Municipal Act. The amount so demanded is subject to realization and thus, the amount actually realized is the actual fund to be utilized. Local Bodies have separate unit/sections for realization of taxes and charges. Percentage of realized amount to total demand for taxes, cess or charges depends on the efforts and efficiency of these units/sections. Expenditure incurred on establishment and other administrative expenses of the section/unit during a period form the total cost of collection. The cost can be seen in ratio form as well as in monetary unit that is "rupee per lac".

If there are Zonal or section wise collection units, the cost should be calculated separately and integrated for cumulative / total collection cost. Depending upon size and functions Local Bodies may have different collection mechanisms. Some may have one collection unit for all types of taxes and charges, in other case there may be more than one collection unit i. e. zonal or taxes and charges wise. Municipal Corporations or large Local Bodies may have zone and revenue wise collecting units. Separate cost sheet for each collecting unit should be prepared and integrated, subsequently, to calculate total revenue collecting cost. The cost includes establishment expenses, administrative expenses incurred on tax collection units/ sections. Format of cost sheet is given below:

Name of Corp. /ULB
 Name of Cost Center ----- Revenue collection cost
 Cost Center code -----

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1.No of officers	No.		
2. No of staff	No.		
3. No of vehicles attached	No.		
4.No.of houses	No.		
5.Total demand for this financial year	Rs.		
6. Arrears of last financial year as on start of the year	Rs.		
7. Arrears of period prior to last year as on start of this year.	Rs.		
8. Total demand (5+6+7)	Rs.		
9. Amount realized during this year	.		
(a) Against current year's demand	Rs.		
(b) Against last years demand	Rs.		
(c) Against demands prior to last year	Rs.		
(d) Total realization (a+b+c)	Rs.		

Account code	Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210 00 00	Establishment Expenses:		
210 10 01	Salary, Wages and Bonus		
210 10 02	Salary and allowances of officers		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	10	03	Salary and allowances of staff		
210	10	04	Wages of casual labor/contract labor		
210	10	05	Bonus		
210	10	06	Ex-gratia		
210	10	07	Incentives/ Performance Bonus		
210	20	00	Benefit and Allowance		
210	20	01	Overtime allowance		
210	20	02	L.T.C.		
210	20	03	Medical reimbursement		
210	20	04	Tuition Fee/Education allowance		
210	20	05	Uniform to staff		
210	20	06	Compensation to staff		
210	20	07	Honorarium to corporators		
210	20	08	Honorarium to officer and staff		
210	20	09	Training expenses		
210	20	10	Staff welfare expenses		
210	20	11	Human resource development activities		
210	30	00	Pension		
210	30	01	Pension		
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		
220	61	00	Membership and subscription		
220	80	00	Others		
220			Sub Total		
230	00	00	Operation and Maintenance		
230	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipment)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
230	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
240	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
250	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
260	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipment		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
272			Other Fixed Assets		
			Sub Total (Depreciation)		
			Administrative Overhead (Allocation of head office expenses)		
			Total		

1. Calculation of cost and Ratios

Calculation of revenue collection cost Rs. per lac of revenue collection

Total expenses on revenue collection (In Rs) during year = Rs per lac

Total revenue collected during year (In lac Rs)

2. Collection ratios

(a) Total revenue collected to total revenue demand ratio

$\frac{\text{Total revenue collected during year (In Rs)}}{\text{Total revenue demand for the year (including arrears) (In Rs)}} = R \text{ (ratio) of realization}$

Ratio X 100 = Percentage of realization

3. Revenue collection of the current year to demand of current year

Amount of revenue collected during year against current year' demand (Rs) = R (Ratio)

Amount of demand of current year (Rs)

Ratio X 100 = percentage realization

(d) Amount collected against arrear of last year to arrears of last years

$\frac{\text{Amount collected during year against arrears of last year (Rs)}}{\text{Amount of arrears of last year as on start of this year (Rs)}} = R \text{ (Ratios)}$

Ratios x 100 = Percentage realization of old arrears

(e) Amount collected against arrears of prior to last year to arrears of prior period to last year

$\frac{\text{Amount collected against arrears of prior to last year (in Rs.)}}{\text{Arrears of prior to last year as on start of year}} = R \text{ (Ratio)}$

Arrears of prior to last year as on start of year

R X 100 = Percentage realisation

(f) For further analysis demand and realization should be grouped on the basis of size in following Performa

Groups	No. of tax payers	Amount of Demand	Amount Realized	%Realization
Small: up to Rs.5000/				
Medium: above Rs.5000/ to Rs 50,000/				
Large: above Rs 50,000				

CHAPTER: IV-3

Water supply

Supply of water to residents in municipal area is essential and important activity of municipal corporation/ULB'. The supplies are made to three categories of the consumers:

1. Public
2. Government Institutions and
3. Industrial Units.

Source of water is from surface water (Rivers; Lakes, ponds) and underground water i.e. deep bore wells. In both the case heavy capacity pumps are required and the major input is the power. Treatment of water is also required before supplying to consumers. Supplies are through water pipe connections directly to house hold consumers and through stand posts. The connections may be metered or unmetered or both. Generally charges are fixed on the basis of diameter of pipes through which water connection is given.

Name of Corp. /ULB

Name of Cost Water Supply

Cost Center Code _____

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1. No of officers	No.		
2. No of staff	No.		
3. No of deep bore –tube wells	No.		
4. No.of reservoirs	No.		
5. No. of overhead tanks	No.		
6. Total water storage capacity	KL		
7. Total length of water pipe lines	Meter		
8. No. of house holds	No.		
9. No. of water connections	No.		
(a) Metered			
(b) Un metered			
10. No. of stand post	No.		
11. No. of water treatment plants	No.		
12. Total Qty.of water pumped out during the year.	KL		
13. Total Qty of water supplied during the year.	KL		

Account code	Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210 00 00	Establishment Expenses:		
210 10 01	Salary, Wages and Bonus		
210 10 02	Salary and allowances of officers		
210 10 03	Salary and allowances of staff		
210 10 04	Wages of casual labor/contract labor		
210 10 05	Bonus		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	10	06	Ex-gratia		
210	10	07	Incentives/ Performance Bonus		
210	20	00	Benefit and Allowance		
210	20	01	Overtime allowance		
210	20	02	L.T.C.		
210	20	03	Medical reimbursement		
210	20	04	Tuition Fee/Education allowance		
210	20	05	Uniform to staff		
210	20	06	Compensation to staff		
210	20	07	Honorarium to corporators		
210	20	08	Honorarium to officer and staff		
210	20	09	Training expenses		
210	20	10	Staff welfare expenses		
210	20	11	Human resource development activities		
210	30	00	Pension		
210	30	01	Pension		
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
220	61	00	Membership and subscription		
220	80	00	Others		
220			Sub Total		
	00	00	Operation and Maintenance		
230	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipment)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
230	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
240	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
250	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
260	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipment		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
272			Other Fixed Assets		
			Sub Total (Depreciation)		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
			Administrative Overhead (Allocation of head office expenses)		
			Total		

Revenue Sheet

Account Code	Particulars of Revenue	20 XX- XX Current Year	20XX- XX Last Year
	Realization of Revenue in form of water charges, water tax, Water cess		
	Meter rent		
	Penalties		
	Advertising		
	Other receipts		
	Sub total		
	Govt. Grant-Revenue		
	Govt. Subsidy-Revenue		
	Other financial assistance from govt. for specific revenue purpose		
	Total Revenue		
	Surplus(+)/Deficit(-)		

1. Calculation of cost of water supply

a. Cost Rs. Per Kl. Of water = $\frac{\text{Total cost of water supply (Rs.)}}{\text{Total Quantity of water supplied (in K.L.)}}$

b. If water connections are not metered it may not be possible to ascertain the quantity of water supplied. Moreover water supplied through stand post also is not ascertainable. In such case water pumped out moreover water may be taken as basis for determining per K.L. cost of water. Thus the calculation will be

Cost Rs. Per K.L. of water = $\frac{\text{Total cost of water in (Rs.)}}{\text{Total quantity of water pumped out}}$

c. Cost of power consumption per K.L. of water

$\frac{\text{Total expenses of power consumed for running the pumps and treatment plants}}{\text{Total quantity of water pumped out (in K.L.)}}$

2. Revenue per K.L. water

S.I. No.	Type of consumers	No. of consumers	Quantity supplied		Billed/assessed amount of charge		Actual realized amount	
			20 XX-XX current year	20 XX-XX Last year	20 XX-XX current year	20 XX-XX Last year	20 XX-XX current year	20 XX-XX Last year
1	Public							
2	Government							

3	Industrial units							
	Total							

a. Average charges assessed/Billed (Per K.L. water)

Total amount billed/assessed during the year
Total quantity (K.L. of water supplied and billed)

b. Average Realization per K.L water = $\frac{\text{Total amount realized against demand of current year}}{\text{Quantity (in K.L.) of water supplied during the year}}$

Total pumped out is divided in to

1. water supplied and charges realized that is supply of water to house holed consumers, government institutions and offices and industrial and commercial units
2. supply of water through stand posts for which no charges realized directly and
3. Wastage

Calculation of average realization of revenue and average cost of water both should be calculated on the basis of quantity of water pumped out so as to enable to know the actual deficit or margin on per K.L. of water

CHAPTER: IV-4

Sanitation

Sanitation includes cleaning of roads, lanes, markets, public places, sewers, drains, and collection and disposal of solid waste material including waste material of hospitals and industrial units. It has direct bearing on public health. Cleaning and disposal of garbage is done both manually and mechanically. In absence of standard single measuring unit in which output is measurable, cost per Km. road and per ton of solid waste material is normally used.

Name of Corp. /ULB

Name of Cost Center Sanitation.....

Cost Center Code

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1. Length of roads.			
2. Length of Lanes			
3. Length of Drains /sewers			
4.No. of garbage collection centers			
5.No. of Trucks and loaders for loading and disposal of solid waste material			
6.No. of officers and supervisors			
7.No. of regular sanitation staff/employees			
8. No. of casual workers man days.			
9.Frequency of de-silting Sewers during year			

Account code	Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210 00 00	Establishment Expenses:		
210 10 01	Salary, Wages and Bonus		
210 10 02	Salary and allowances of officers		
210 10 03	Salary and allowances of staff		
210 10 04	Wages of casual labor/contract labor		
210 10 05	Bonus		
210 10 06	Ex-gratia		
210 10 07	Incentives/ Performance Bonus		
210 20 00	Benefit and Allowance		
210 20 01	Overtime allowance		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	20	02	L.T.C.		
210	20	03	Medical reimbursement		
210	20	04	Tuition Fee/Education allowance		
210	20	05	Uniform to staff		
210	20	06	Compensation to staff		
210	20	07	Honorarium to corporators		
210	20	08	Honorarium to officer and staff		
210	20	09	Training expenses		
210	20	10	Staff welfare expenses		
210	20	11	Human resource development activities		
210	30	00	Pension		
210	30	01	Pension		
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		
220	61	00	Membership and subscription		
220	80	00	Others		
			Sub Total		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
230	00	00	Operation and Maintenance		
	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipment)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
230	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
240	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
250	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
260	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipment		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
272			Other Fixed Assets		
			Sub Total (Depreciation)		
			Administrative Overhead		
			(Allocation of head office expenses)		
			Total		

Revenue Sheet

Account Code	Particulars of Revenue	20XX-----XX Current Year	20XX-----XX Previous Year
	1.Charges realized in form of tax etc.		
	2. Penalties		
	3.Advertising		
	4. charges realized from paid public Conveniences		
	Sub total		
	5.Grants and subsidies		
	6.other receipts for this purpose		
	7.Total Revenue		
	8.Surplus (+) deficit (-)		

Calculation of cost

1. Cost per Km. Road and lane

$$\frac{\text{Total expenses on sanitation (Rs.)}}{\text{Total length of roads and lanes (in KM.)}} = \text{Rs. Per Km.}$$

2. Cost per Ton of solid waste material

$$\frac{\text{Total expenses on sanitation (Rs.)}}{\text{Total solid waste material (M.T.) collected and disposed off during year}} = \text{Per Ton cost (Rs.)}$$

3. Cost per Employee/Gang of employees

$$\frac{\text{Total expenses on sanitation (Rs.)}}{\text{No of Employees /Gang of employees}} = \text{Rs. Per employee/gang}$$

4. Per day cost on sanitation

$$\frac{\text{Total expenses on sanitation (Rs.)}}{365} = \text{Sanitation cost Rs. Per day}$$

5. Per Capita expenses on sanitation

$$\frac{\text{Total expenses on sanitation (Rs.)}}{\text{Population of municipal area}} = \text{Rs. Per capita}$$

6. Cost of de-silting = Total expenses on Disilting cost Rs. Per de-silting

Frequency of de-silting during year

CHAPTER: IV-5

Street lighting

Arrangement of lights on roads, lanes, markets and public places is done by municipal corporations and ULB's. Besides establishment and administrative expenses, main input is power. Cost of power is an important constituent in cost sheet. It also includes replacements of bulbs tubes and lamps and transformers (own). There is no system of direct realization of charges for these services.

Name of Corp. /ULB

Name of Cost Center Street lighting.....

Cost Center Code

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1. Area in which lighting arrangement is done.	Sq.Km		
2. Length of roads and lanes	Km.		
3. No of light points/poles	No.		
4. No. of officers	No.		
5. No. of staff/employees	No.		
6. Total consumption of power for street lighting	KW		
7. No. of Transformers (own)			

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	00	00	Establishment Expenses:		
210	10	01	Salary, Wages and Bonus		
210	10	02	Salary and allowances of officers		
210	10	03	Salary and allowances of staff		
210	10	04	Wages of casual labor/contract labor		
210	10	05	Bonus		
210	10	06	Ex-gratia		
210	10	07	Incentives/ Performance Bonus		
210	20	00	Benefit and Allowance		
210	20	01	Overtime allowance		
210	20	02	L.T.C.		
210	20	03	Medical reimbursement		
210	20	04	Tuition Fee/Education allowance		
210	20	05	Uniform to staff		
210	20	06	Compensation to staff		
210	20	07	Honorarium to corporators		
210	20	08	Honorarium to officer and staff		
210	20	09	Training expenses		
210	20	10	Staff welfare expenses		
210	20	11	Human resource development activities		
210	30	00	Pension		
210	30	01	Pension		
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		
220	61	00	Membership and subscription		
220	80	00	Others		
220			Sub Total		
230	00	00	Operation and Maintenance		
	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipments)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
230	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
240	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
250	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
260	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
272	60	00	Office & Other Equipments		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
272			Other Fixed Assets		
			Sub Total (Depreciation)		
			Administrative Overhead (Allocation of head office expenses)		
			Total		

Revenue sheet

Account code	Particulars of revenues	20 XX-XX Amount (Rs.)	20XX-XX Amount (Rs.)
	1. Realization in form of charges, cess, surcharge etc.		
	2. Penalties		
	3. Realization from advertisers		
	4. Other receipts		
	5. Sub total		
	6. Govt. grant-revenue		
	7. Govt. Subsidy- revenue		
	8. Any other financial assistance from government for revenue purposes		
	9. Any financial aid/share from other institution		
	10. Total		
	11. Surplus (+) deficit (-)		

Cost calculation

1. $\frac{\text{Total expenses on lighting arrangements (Rs)}}{\text{NO. Of light points/poles (No.)}} = \text{Rs -- per light point}$
2. Average cost per Square Km. Of lighted area

$$\frac{\text{Total expenses on lighting arrangement (Rs)}}{\text{Total area (Sq K.m.) In which lighting arrangement is done}} = \text{Rs. Per sq. Km.}$$
3. Per capita expenditure on street lighting

$$\frac{\text{Total expenses on lighting arrangements (Rs)}}{\text{Population of municipal area (No)}} = \text{Rs ----- Per capita}$$
4. Per day power consumption on street lighting
 - (a). $\frac{\text{Total annual power consumption on street lighting (kw)}}{365} = \text{K.w. Per day}$
 - (b). $\frac{\text{Cost of power for street lighting during the year (RS)}}{365} = \text{Rs per day cost of power}$

CHAPTER: IV-6

Cost of Education

In addition to essential civic services, Local Bodies undertake many welfare activities in the area of education, health and other facilities. Running of schools is one of these activities. The major revenue expense on schools is establishment expenses i.e. salary and allowance of teachers and staff. Other expenses are repair of school building, furniture and fixtures and other asset e.g. school buses, consumables of games, lab, mid day meal etc. For calculation of cost, unit is pupil i.e. per pupil cost is calculated. However, where there are more than one school then cost sheet of each school will be prepared and consolidated to know total cost and per pupil cost for all schools. Against aforesaid expenses of school the receipts are in form of schools fee, other charges e.g. bus charges, examination charges etc. Besides, grants and subsidies from state government and donations from public are also source of receipts of schools.

Name of Corp. /ULB

Name of Cost Center Cost of Education

Cost Center Code

Name of school

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1. No. of primary schools	No.		
2. No. of Inter colleges	No.		
3. No of Degree colleges	No.		
4. No. of Girls colleges	No.		
5. No. of Teachers	No.		
6. No. of other staff	No.		
7. No. of Students			
(a). Boys	No.		
(b). Girls	No.		
8. No. of class rooms	No.		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	00	00	Establishment Expenses:		
210	10	01	Salary, Wages and Bonus		
210	10	02	Salary and allowances of officers		
210	10	03	Salary and allowances of staff		
210	10	04	Wages of casual labor/contract labor		
210	10	05	Bonus		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	10	06	Ex-gratia		
210	10	07	Incentives/ Performance Bonus		
210	20	00	Benefit and Allowance		
210	20	01	Overtime allowance		
210	20	02	L.T.C.		
210	20	03	Medical reimbursement		
210	20	04	Tuition Fee/Education allowance		
210	20	05	Uniform to staff		
210	20	06	Compensation to staff		
210	20	07	Honorarium to corporators		
210	20	08	Honorarium to officer and staff		
210	20	09	Training expenses		
210	20	10	Staff welfare expenses		
210	20	11	Human resource development activities		
210	30	00	Pension		
210	30	01	Pension		
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
220	61	00	Membership and subscription		
220	80	00	Others		
220			Sub Total		
	00	00	Operation and Maintenance		
230	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipments)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
230	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
240	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
250	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
260	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipments		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
272			Other Fixed Assets		
			Sub Total (Depreciation)		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
			Administrative Overhead (Allocation of head office expenses)		
			Total		

Revenue sheet

Account code			Particulars of revenues	20 XX-XX Amount (Rs.)	20XX-XX Amount (Rs.)
			1. Fees		
			2. Other charges (Buses, Hostel etc.)		
			3. Advertising (School magazines)		
			4. Donations (Cash and kinds)		
			5. Sale of unserviceable Items and used examination Answer book, news paper etc.		
			6. Sub - total		
			7. Govt. grant – revenue		
			8. Govt. Subsidy- revenue		
			9. Sub total		
			10 Other		
			11.Total		

Calculation of cost

1. Cost of educations per pupil

$$\frac{\text{Total expenses incurred on school during year}}{\text{Total no. of students}}$$
2. Cost of training of teachers

$$\frac{\text{Total expenses on Training of teachers}}{\text{NO. of Teachers Trained}}$$
3. Cost of mid-day meal Per Pupil Per day

$$\frac{\text{Total expenses on mid-day meal distribution}}{\text{No. of students x No. of days of meal distribution}}$$
4. Per capita Expenses on education

$$\frac{\text{Total expenses on all schools during year}}{\text{Population of Municipal area}}$$

CHAPTER: IV-7

Health Services & Municipal Hospital

Salary and allowances of doctors, nurses, technician and other services and sanitation staff is the major expense under health services. Cost of medicines, and consumables, repair of hospital equipments furniture's and fixtures, repair of building are other expenses. Performance of the hospital is reflected in number of patients (out door and in door) attended and treated. Therefore calculations of cost per patients are to be done. Besides, cost of medicines and cost of fooding per patients is also desirable.

Name of Corp. /ULB

Name of Cost Center Hospital

Cost Center Code

Name of hospital

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1. No. of Doctors	No.		
2. No. of Nurses	No..		
3. No of Services Staff	No.		
4. No.of Medical students	No.		
5. No. of Rooms	No.		
(a). General ward	No.		
(b). Private rooms	No		
6. Daily average No. of outdoor patients	No.		
7. Daily average No. of indoor patients	No.		
8. No. of Beds	No.		

Account code	Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210 00 00	Establishment Expenses:		
210 10 01	Salary, Wages and Bonus		
210 10 02	Salary and allowances of officers		
210 10 03	Salary and allowances of staff		
210 10 04	Wages of casual labor/contract labor		
210 10 05	Bonus		
210 10 06	Ex-gratia		
210 10 07	Incentives/ Performance Bonus		
210 20 00	Benefit and Allowance		
210 20 01	Overtime allowance		
210 20 02	L.T.C.		
210 20 03	Medical reimbursement		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	20	04	Tuition Fee/Education allowance		
210	20	05	Uniform to staff		
210	20	06	Compensation to staff		
210	20	07	Honorarium to corporators		
210	20	08	Honorarium to officer and staff		
210	20	09	Training expenses		
210	20	10	Staff welfare expenses		
210	20	11	Human resource development activities		
210	30	00	Pension		
210	30	01	Pension		
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		
220	61	00	Membership and subscription		
220	80	00	Others		
			Sub Total		
230	00	00	Operation and Maintenance		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
230	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipment)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
240	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
250	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
260	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
272	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipment		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
			Other Fixed Assets		
			Sub Total (Depreciation)		
			Administrative Overhead		
			(Allocation of head office expenses)		
			Total		

Revenue sheet

Account code	Particulars of revenues	20 XX-XX Amount (Rs.)	20XX-XX Amount (Rs.)
	1. Registration Fees		
	2. Consultancy fees		
	3. Cost of Medicines		
	4. Pathology charges		
	5. Bed/room charges		
	6. Operation and O.T. charges		
	7. Advertising		
	8. Donation		
	Sub total		
	9. Govt. grant – revenue		
	10 Govt. Subsidy revenue		
	11. Grant and subsidy from other institutions		
	12. Others		
	13. Total		
	14. Surplus (+) Deficit (-)		

1. Calculation of total No. of Patient

- (a) No. of outdoor patients = No. of patients registered during year
- (b) No. of indoor patients = No. of total patients-days that is total of per patient X No. of days He or She stayed
(example – if patient X stays for 9 days and patient Y stayed for 7 days then $(1 \times 9) + (1 \times 7) = 16$ patients days)
- (c) Total No. of patients = (a +b)
- (d) Daily average No. of outdoor patients = $\frac{\text{Total no. of outdoor patients registered during year}}{365}$
- (e) Daily average No. of indoor patient = $\frac{\text{Total indoor patient days during the year}}{365}$
- (f) Daily average patient = (d +e)

2. Calculation of cost

- (a) Cost per patient = $\frac{\text{Total Expenses on hospital during the year}}{\text{Total No. of patients (c)}}$
- (b) Cost of medicine per Patient = $\frac{\text{Total Expenses on medicines during the year}}{\text{Total No. of patient (c)}}$
- (c) Cost of fooding per patient per day = $\frac{\text{Total Expenses on fooding during the year}}{\text{Total No. of patient days (b)}}$
- (d) No. of patient per doctor = $\frac{\text{Total no. of outdoor and indoor patients registered during the year}}{\text{No. of Doctors}}$
- (e) Per capita expenditure on education = $\frac{\text{Total expenses on schools}}{\text{Population of corporation /ULB}}$

CHAPTER: IV-8

Cost of Road Maintenance & Repairing

Road repairing is almost a continuous activity in municipal bodies. Technical/Engineering/Civil construction department/Section do, besides road repair, many other civil work e.g. Construction/repair of buildings, flyovers, culverts, subways etc. Even roads vary according to width, type of constructions i.e. concrete, charcoal, brick lane or kachha. The cost of construction or repair of the different types of roads vary hugely. Thus if the Total cost of all the roads is divided by total length of all the roads in respect of construction or repair, per K.M. cost so calculated will be absurd and misleading. It is, therefore, essential that cost of construction and repair should be worked out for each type of road separately. As already stated, civil work department has many activities and establishment and administrative expenses are common to great extent and its work/Job wise segregation may be difficult. Therefore, it is desirable to calculate cost of Technical/Civil/Engineering department first and then the cost of repairing of roads should be worked out. It can be done for each type of road separately or in columnar form, depending upon number of types of roads.

Name of Corp. /ULB

Name of Cost Center Engineering Department

Cost Center Code

Particulars	Units	20 XX-XX	20XX-XX
1. Length of concrete Roads	K.M.		
2. Length of Charcoal Roads	K.M.		
3. Length of Brick lanes	K.M.		
4. No. of Flyovers/over bridges	No.		
5. No. of Culverts	No.		
6. No. of officers	No.		
7. No. of regular staff/employees	No.		
8. No. of Casual Mondays engaged	No.		
9. Length of road constructed			
(a) Concrete	K.M.		
(b) Charcoal	K.M.		
(c) Brick lane	K.M.		
10. Road Repaired (Length)			
(a) Concrete	K.M.		
(b) Charcoal	K.M.		
(c) Brick lane	K.M.		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	00	00	Establishment Expenses:		
210	10	01	Salary, Wages and Bonus		
210	10	02	Salary and allowances of officers		
210	10	03	Salary and allowances of staff		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	10	04	Wages of casual labor/contract labor		
210	10	05	Bonus		
210	10	06	Ex-gratia		
210	10	07	Incentives/ Performance Bonus		
210	20	00	Benefit and Allowance		
210	20	01	Overtime allowance		
210	20	02	L.T.C.		
210	20	03	Medical reimbursement		
210	20	04	Tuition Fee/Education allowance		
210	20	05	Uniform to staff		
210	20	06	Compensation to staff		
210	20	07	Honorarium to corporators		
210	20	08	Honorarium to officer and staff		
210	20	09	Training expenses		
210	20	10	Staff welfare expenses		
210	20	11	Human resource development activities		
210	30	00	Pension		
210	30	01	Pension		
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		
220	61	00	Membership and subscription		
220	80	00	Others		
220			Sub Total		
230	00	00	Operation and Maintenance		
230	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipment)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
230	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
240	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
250	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
260	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipments		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
272			Other Fixed Assets		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
			Sub Total (Depreciation) Administrative Overhead (Allocation of head office expenses)		
			Total		

Name of Municipal Corp. /ULB's

Cost sheet of Repaired Road No.

Cost Center Code

Description of Road Repaired

Length of Road (K.M)

Width of Road (Mtr.)

Type of Road (Concrete/Charcoal/Brick)

Account code	Particulars of Expenses	20 XX-XX Current Year Amount (Rs.)	20XX-XX Current Year Amount (Rs.)
210 10 04	Wages of casual/contract Labor Engaged		
230 10 00	Power & Fuel		
230 30 00	Consumption of stores.		
230 40 00	Hire charges (Machineries & equipments.)		
230 50 01	Repair & Maintenance Infrastructure – Amount debited on account of contractor (where repair of road is through contractor)		
	Sub Total		
	Allocation of Departmental O.H.		
	Total		
	Administrative over head (Allocation of Head office Expenses)		
	Total Cost		

CHAPTER: IV-9

Parks and Greeneries

Construction of parks, maintenance of parks and greeneries is contribution of Local Bodies towards healthy living environment and beautification of the cities. Construction and maintenance of Parks is an on-going activity for all the municipalities. Main input for maintenance of parks and greeneries is skilled / unskilled labor. Manures, insecticides, water, cost of plants, consumable tools and tackles are the other expenses to be incurred. Cost of maintenance of all the parks and greeneries should be calculated in on cost sheet. However, if any particular park is very big, having various facilities and it has a separate establishment, then it may be treated as a separate cost unit.

Name of Corp. /ULB

Name of Cost Parks and Greeneries
Cost Center Code

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1. No. of Parks	No.		
2. No. of Children Parks	No.		
3. Total area of all parks	No.		
4. Area of greeneries (Green belts)	No.		
5. No. of Trees (age wise records to be kept)	No.		
6. No. of new Plantations During year.	No.		
7. Survival of plantations of last year			
8. No. of old trees cut and removed	No.		
9. No. of officers	No.		
10. No. of Regular staff	No.		
11. No. of Man days of casual labor engaged during the year			

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	00	00	Establishment Expenses:		
210	10	01	Salary, Wages and Bonus		
210	10	02	Salary and allowances of officers		
210	10	03	Salary and allowances of staff		
210	10	04	Wages of casual labor/contract labor		
210	10	05	Bonus		
210	10	06	Ex-gratia		
210	10	07	Incentives/ Performance Bonus		
210	20	00	Benefit and Allowance		
210	20	01	Overtime allowance		
210	20	02	L.T.C.		
210	20	03	Medical reimbursement		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	20	04	Tuition Fee/Education allowance		
210	20	05	Uniform to staff		
210	20	06	Compensation to staff		
210	20	07	Honorarium to corporators		
210	20	08	Honorarium to officer and staff		
210	20	09	Training expenses		
210	20	10	Staff welfare expenses		
210	20	11	Human resource development activities		
210	30	00	Pension		
210	30	01	Pension		
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		
220	61	00	Membership and subscription		
220	80	00	Others		
			Sub Total		
230	00	00	Operation and Maintenance		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
230	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipments)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
240	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
250	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
260	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
272	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipments		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
			Other Fixed Assets		
			Sub Total (Depreciation)		
			Total		
			Administrative Overhead (Allocation of head office expenses)		
			Total cost		

Revenue sheet

Account code	Particulars of revenues	20 XX-XX Amount (Rs.)	20XX-XX Amount (Rs.)
	1. Entry Fee		
	2. Penalties		
	3. Advertising		
	4. Sale of old & disposable trees		
	5. Others		
	Sub Total		
	6. Govt. grant-revenue		
	7. Govt. Subsidies-revenue		
	8. Assistance from other institutions in cash and kind		
	9. Total		
	10. Surplus (+) Deficit (-)		

CHAPTER: IV-10

Cattle Pounding

Cattle pound is maintained by municipalities to avoid the nuisance and damages caused by animals. Such animals are caught and detained in cattle pound. Owners of such animal are called and animals are released to them on payment of penalty and feeding charges and damages, if any, caused.

Name of Corp. /ULB :

Name of Cost centre: **Cattle pounding**

Cost Center Code:

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1. No. of Cattle pounding	No.		
2. Area of cattle pounding	Sq. met.		
3. Covered area of cattle pounding	Sq. met.		
4. No. of staff	No.		
5. No. of Vehicles used	No.		
6. Total No. of animals caught during the year	No.		

Account code	Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210 00 00	Establishment Expenses:		
210 10 01	Salary, Wages and Bonus		
210 10 02	Salary and allowances of officers		
210 10 03	Salary and allowances of staff		
210 10 04	Wages of casual labor/contract labor		
210 10 05	Bonus		
210 10 06	Ex-gratia		
210 10 07	Incentives/ Performance Bonus		
210 20 00	Benefit and Allowance		
210 20 01	Overtime allowance		
210 20 02	L.T.C.		
210 20 03	Medical reimbursement		
210 20 04	Tuition Fee/Education allowance		
210 20 05	Uniform to staff		
210 20 06	Compensation to staff		
210 20 07	Honorarium to corporators		
210 20 08	Honorarium to officer and staff		
210 20 09	Training expenses		
210 20 10	Staff welfare expenses		
210 20 11	Human resource development activities		
210 30 00	Pension		
210 30 01	Pension		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	30	02	Contribution to family pension fund		
210	30	03	Contribution to other pension fund		
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		
220	61	00	Membership and subscription		
220	80	00	Others		
			Sub Total		
230	00	00	Operation and Maintenance		
230	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipments)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
230	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
240	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
250	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
260	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipments		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
272			Other Fixed Assets		
			Sub Total (Depreciation Administrative Overhead (Allocation of head office expenses))		
			Total cost		

Revenue sheet

Account code	Particulars of revenues	20 XX-XX Amount (Rs.)	20XX-XX Amount (Rs.)
	1 Penalty/Fine		
	2. Feeding charges of animals		
	3. Others		
	Total		
	Surplus (+) Deficit (-)		

CHAPTER: IV-11

Cattle Hospitals

Cattle hospitals also are run by municipalities for treatment of cattle's and providing facilities of vaccinations. Expenses incurred are largely establishment cost i.e. salary and allowances of doctors, compounders, cost of medicines and vaccinations, administrative expenses and other expenses.

Name of Corp. /ULB:

Name of Cost Centre: Cattle Hospital

Cost Center Code:

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1. No. of Cattle Hospitals	No.		
2. No. of Doctors	No.		
3. No. of staff	No.		
4. Total No. of Cattle treated during the year	No.		

Account code	Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210 00 00	Establishment Expenses:		
210 10 01	Salary, Wages and Bonus		
210 10 02	Salary and allowances of officers		
210 10 03	Salary and allowances of staff		
210 10 04	Wages of casual labor/contract labor		
210 10 05	Bonus		
210 10 06	Ex-gratia		
210 10 07	Incentives/ Performance Bonus		
210 20 00	Benefit and Allowance		
210 20 01	Overtime allowance		
210 20 02	L.T.C.		
210 20 03	Medical reimbursement		
210 20 04	Tuition Fee/Education allowance		
210 20 05	Uniform to staff		
210 20 06	Compensation to staff		
210 20 07	Honorarium to corporators		
210 20 08	Honorarium to officer and staff		
210 20 09	Training expenses		
210 20 10	Staff welfare expenses		
210 20 11	Human resource development activities		
210 30 00	Pension		
210 30 01	Pension		
210 30 02	Contribution to family pension fund		
210 30 03	Contribution to other pension fund		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
210	40	00	Other Financial and Retirement Benefits		
210	40	01	Leave encashment		
210	40	02	Gratuity		
210	40	03	Contribution to Provident Fund or any other fund		
210	40	04	Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	10	00	Rent rates and taxes		
220	11	00	Office Maintenance		
220	11	01	Electricity expenses		
220	11	02	Water expenses		
220	11	03	Security expenses		
220	12	00	Communication Expenses		
220	12	01	Telephone		
220	12	02	Mobile		
220	12	03	Fax		
220	20	00	Books and Periodicals		
220	21	00	Printing and Stationary		
220	21	01	Service Postage		
220	21	02	Printing		
220	21	03	Stationary		
220	21	04	Computer stationary and consumables		
220	30	00	Traveling and Conveyance		
220	30	01	Traveling expenses		
220	30	02	Diesel, Petrol and Gas		
220	30	03	Hire Charges of Vehicles for Traveling		
220	40	00	Insurance		
220	50	00	Audit Fee		
220	51	00	Legal Expenses		
220	52	00	Professional and Other Fee		
220	60	00	Advertising and Publicity		
220	61	00	Membership and subscription		
220	80	00	Others		
			Sub Total		
230	00	00	Operation and Maintenance		
230	10	00	Power & Fuel		
230	10	01	Electricity		
230	10	02	Diesel		
230	10	03	Petrol		
230	10	04	Others		
230	30	00	Consumption of stores		
230	40	00	Hire Charges (Machineries & Equipments)		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance- Civic Amenities		
230	52	00	Repair & Maintenance- Building		
230	53	00	Repair & maintenance- vehicles		

Account code			Particulars of expenses	Amount rupee (Rs.) 20 XX-XX	Last period 20 XX-XX
230	59	00	Repair & maintenance- others		
230	80	00	Other operating & maintenance expenses		
240	00	00	Interest & Finance Charges		
240	10	00	Interest on Loans from Central Govt.		
240	20	00	Interest on Loans from State Govt.		
240	30	00	Interest on Loans from Govt. Bodies & association		
240	40	00	Interest on Loans from international agencies		
240	50	00	Interest on loans from banks and other financial institution		
240	60	00	Other Interest		
240	70	00	Bank Charges		
240	80	00	Other Finance Expenses		
250	00	00	Programme Expenses		
250	10	00	Election Expenses		
250	20	00	Own Programs		
250	30	00	Share in Programs of Others		
260	00	00	Revenue Grants & Subsidies		
260	10	00	Grants		
260	20	00	Contributions		
260	30	00	Subsidies		
272	00	00	Depreciation		
272	20	00	Building		
272	30	00	Roads & Bridges		
272	31	00	Sewerage & Drainage		
272	32	00	Waterways		
272	33	00	Public Lighting		
272	40	00	Plant & Machinery		
272	50	00	Vehicles		
272	60	00	Office & Other Equipments		
272	70	00	Furniture, Fixtures, Fittings & Other		
272	80	00	Electrical Appliances		
			Other Fixed Assets		
			Sub Total (Depreciation)		
			Administrative Overhead		
			(Allocation of head office expenses)		
			Total cost		

Revenue sheet

Account code	Particulars of revenues	20 XX-XX Amount (Rs.)	20XX-XX Amount (Rs.)
	1 Registration fee		
	2. Consultancy fee		
	3. Cost of medicines/vaccination		
	4. Feeding charges		
	5. Other service charges		
	Total		
	Surplus (+) Deficit (-)		

1. Calculation of Treatment cost per animal = $\frac{\text{Total expenses on cattle hospital during the year.}}{\text{No. of animal treated during year}}$
= Rs. per animal
2. Establishment cost per animal = $\frac{\text{Total expenses on establishment during the year.}}{\text{No. of animal treated during year}}$
= Rs. per animal

CHAPTER: IV-12

Festivals & Melas

Festivals or utsavs & melas are organized occasionally or annually by the municipalities. As such there are no regular base sections or department for this activity. The expenses required for organizing utsav and mela are - levelling & dressing of place, cleaning, approach roads, arrangement of light and water, security etc. The income is from allotment of stalls, shops, shows, sale of tickets of self organized cultural programmes etc. There is nothing to work out per unit cost and only surplus or deficit is to be calculated. Therefore, all expenses pertaining to utsav or mela are to be recorded in this account. Similarly, all incomes also have to be taken to this account. Cost sheet of utsav and mela is to be prepared for each mela and utsav separately so as to know the surplus deficit of every utsav and mela.

Name of Corp. /ULB:

Name of Cost Centre: Utsav/Mela

Cost Center Code:

Physical particular	Units	This Utsav	Last Utsav
1. Area of Utsav/Mela	No.		
2. Approx. No. of visitors	No.		
3. No. of stalls/ Shops	No.		
4. No. of Cultural and recreational Programmes	No.		
5. No. of Advertisers	No.		
6. Period of Utsav/Mela	Days.		

Account code	Particulars of expenses	This Utsav/Mela Amount (Rs.)	Last Utsa/Mela Amount (Rs.)
	1. Wages of casual or contract labor for leveling, dressing, cleaning of land and making approach roads		
	2. Consumables brick sand cement etc.		
	3. Payment to contractors		
	4. Payment to tent house/ Suppliers		
	5. Payment for security arrangements		
	6. Payment for Light arrangements		
	7. Payment for water arrangements		
	8. Printing + sty.		
	9. Publicity		
	10. Others		
	11. Total		
	Administrative over head (Allocation of head office expenses)		
	Total expenses		

Revenue sheet

Account code	Particulars of revenues	This Utsav/Mela Amount (Rs.)	Last Utsa/Mela Amount (Rs.)
	1 Rent from stalls and shops		
	2. Rent from show/organizers		
	3. Advertising		
	4. Entry fees		
	5. Sale of tickets of self-organized cultural programmes		
	6. Sale of waste & unusable Material after utsav is over		
	7. Others		
	Total Income		
	Surplus (+) Deficit (-)		

CHAPTER: IV-13

Cremation and burial Ground – Maintenance

Cremation and burial Ground is an essential public requirement for which municipalities have to make arrangements. Maintenance expenses are establishment expenses i.e. salary and allowances of employees posted, stationery expenses, electricity charges, repairing of electric crematorium and consumables for maintenance and operation and sanitation. The charges collected are the income.

Name of Corp. /ULB:

Name of Cost Centre: Cremation and Burial ground

Cost Center Code:

Physical Data	Units	20 XX-XX (Current year)	20XX-XX (Previous year)
1. No. of cremation ground	No.		
2. No. of electric crematoriums	No.		
3. No. of Burial ground	No.		
4. Total No. of employees posted	No.		

Account code	Particulars of expenses	Amount rupee 20 XX-XX	Last period 20 XX-XX
210 00 00	Establishment Expenses:		
210 10 01	Salary, Wages and Bonus		
210 10 02	Salary and allowances of officers		
210 10 03	Salary and allowances of staff		
210 10 04	Wages of casual labor/contract labor		
210 10 05	Bonus		
210 10 06	Ex gratia		
210 10 07	Incentives/ Performance Bonus		
210 20 00	Benefit and Allowance		
210 20 01	Overtime allowance		
210 20 02	L.T.C.		
210 20 03	Medical reimbursement		
210 20 04	Tuition Fee/Education allowance		
210 20 05	Uniform to staff		
210 20 06	Compensation to staff		
210 20 07	Honorarium to corporations		
210 20 08	Honorarium officer and staff		
210 20 09	Training expenses		
210 20 10	Staff welfare expenses		
210 20 11	Human resource development activities		
210 30 00	Pension		
210 30 01	Pension		
210 30 02	Contribution to Family pension fund		
210 30 03	Contribution to other family pension fund		
210 40 00	Other Financial and Retirement Benefits		
210 40 01	Leave encashment		
210 40 02	Gratuity		
210 40 03	Contribution to Provident Fund or any other		

Account code			Particulars of expenses	Amount rupee 20 XX-XX	Last period 20 XX-XX
210	40	04	fund Leave salary contribution		
			Sub total		
220	00	00	Administrative Expenses:		
220	11	01	Electricity expenses		
220	21	03	Stationary		
			Sub Total		
230	00	00	Operation and Maintenance		
230	10	01	Electricity (Power)		
230	20	02	Purchases for direct consumption		
230	30	00	Consumption of stores		
230	50	00	Repair & maintenance-Infrastructure assets		
230	51	00	Repair & Maintenance Civic Amenities		
			Sub Total (Depreciation)		
			Total		
			Administrative over head (Allocation of head office expenses)		
			Total cost		

Revenue sheet

Account code	Particulars of revenues	20 XX-XX Amount rupee (Rs.)	20 XX-XX Amount rupee (Rs.)
	1 Cremation charges		
	2. Crematorium charges		
	3. Burial ground charges		
	4. Others		
	Total Income		
	Surplus (+) Deficit (-)		

CHAPTER-V

INSTRUCTION FOR PREPARING COST SHEET

Formats of all the cost sheets have been kept same with exception in some cost sheets. The purpose is that any expenses covered in any head of account under chart of account are not left out. While preparing the cost sheet expenses pertaining to particular cost sheet under relevant head of account will be recorded and other head of account having no figure will be left blank. There are many expenses which are not required in maintenance and operation of different services but these expenses are essential in corporation and ULB such as election expenses of municipal body, publicity expenses for display of achievements, audit fee, legal fee etc. Interest on loans is normally expenses of head office and is to be charged to capital expenditure for which loan is borrowed. If the loan is to meet the revenue deficit then it is head office expenses. Power i.e. electricity, is used for light, fan, electrical appliances in offices, and it is used for running motors, machines, streetlight, crematorium also. Cost of power is to be booked accordingly. Similarly diesel is used for vehicles and also for other Machineries and equipments, Trucks, Dumpers, Loaders, Dozers used for sanitation and constructions/civil work. Materials are used or consumed for civil work and operational system also. Some material are purposes and stored and issued for different purposes as per requirement but in many cases material or consumables are purchased and consumed by concerned section/department. The purpose is that expenses should be booked to the particular cost centre, to which it pertains. Those expenses which are not attributable directly to any cost center, will be grouped and be apportioned on reasonable basis i.e. either by scientific calculations or on the basis of past practices or standard practice.

Separate cost centers are discussed below:

1. **Cost of Management:** - In every local Body, big or small, there is head office or main office which manages the affairs of the institution. There is a board, a chief executive responsible for operating day to day business, an accounts department headed by chief of accounts and other executives and staff as required depending upon size and volume of activities. In a medium size where there are no zones or regions having separate zonal or regional offices, have departments headed by chief officers responsible for departmental activities. The expenses in heads office or main office are mainly establishment expenses and administrative expenses. Power i.e. electricity charges for office use, interest on money borrowed which is not for any projects or any specific plan, depreciation. All such expenses are common for all zones, departments and cannot be related to any particular project, any activity or services to arrive at total cost or Rs. per unit cost, where ever applicable. Therefore, to arrive at total cost or per unit cost, head office expenses have to be added to cost of particular activity or services. This addition will be on a reasonable basis. The apportionment of head office expenses can be done in two ways:
 - a. As per norms decided on basis of past practices. The norms will be decided by the senior executives of different departments, zones, activities and chief of accounts and chief executive. Norms decided will indicate as to how much part or percentage of total expenses of head office is to be allocated to each activity to arrive at total cost or Rs. per unit cost of any activity or cost of any project.
 - b. In absence of norms, simple mathematical ratios can be used for allocation of head office expenses, i.e. the ratio which total head office expenses bears to total expenses of the municipality excluding head office expenses, will be applied to different activities. It is cleared in the following example:

1. Total head office/ main office expenses	Rs. 6,40,000
2. Expenses on Water supply	Rs. 18,30,000
3. Expenses on Street lighting	Rs. 9,80,000
4. Expenses on Sanitation	Rs. 12,20,000
5. Expenses on Tax collection	Rs. 2,80,000
6. Expenses on Road repairs	Rs. 4,50,000
7. Construction of road	Rs. 8,30,000
8. Construction of over Bridge	Rs. 8,10,000

Total of other expenses (excluding head office expenses) Rs. 64, 00,000

Ratio of head office expenses to total expenses excluding head office expenses $\text{Rs. } 6, 40,000 = \frac{1}{10}$
Rs. 64, 00,000

Or 10 %

Now allocation of head office expenses will be 10% of the total expenses of different activities.

Thus allocation will be as below:

Sl.No.	Particular	Rs.	Allocation of head office expenses	Total cost of activities Rs.
1.	Expenses on Water supply	18,30,000	18,30,00	20,13,000
2.	Expenses on Street lighting	9,80,000	9,80,00	10,78,000
3.	Expenses on Sanitation	12,20,000	12,20,00	13,42,000
4.	Expenses on Tax collection	2,80,000	2,80,00	3,08,000
5.	Expenses on Road repairs	4,50,000	4,50,00	4,95,000
6.	Construction of road	8,30,000	8,30,00	9,13,000
7.	Construction of over Bridge	8,10,000	8,10,00	8,91,000
	Total	64,00,000	6,40,000	70,40,000

Interest on loan and depreciation

Interest on loan may be for general purpose, deficit financing or for any project or under a plan for specific purposes. Interest on general purpose loan will be head office expenses and interest on specific loan will go to that project or particular activity.

Depreciation on machine and equipment, buildings, furniture and fixtures, vehicles used by head office will be head office expenses and depreciation on other buildings, machines, equipments, vehicles will be expenses of the particular project or activity or service.

2. Revenue collection cost: Total expenses incurred on collection of taxes and charges are the cost of collection of revenue. The major expenses are establishment expenses and administrative expenses. Establishment expenses include salary and allowances, benefits to officers and employees of revenue collection section. Administrative expenses include traveling and conveyance, printing and stationery, advertising expenses and legal expenses incurred in connection with collection of revenues. Expenses on running of vehicles repair and maintenance of office appliances and equipments, furniture's and fixtures and other assets used by revenue collection section will be taken here. All expenses relating to tax collection section will be entered in cost sheet under relevant head of account. Total cost of revenue so worked out will be increased by allocation of head office expenses to arrive at total cost and for calculation of unit cost and ratios.

3. Cost of water supply: Establishment expenses and administrative expenses will as usual include the relevant expenses. Besides these, "Operation and Maintenance" and its subheads power and fuel, consumption of store, hire charges, repair and maintenance of buildings, pipeline, machine and equipment and other assets and other operating and maintenance expense form the total cost. Electricity (Power) is required for running water pumps and supplying water. Repairing of water pipelines, pumps, building of office and pump houses, water treatment plant is needed for regular supply of water. Consumables for treatment and cleaning of water and cleaning of overhead tanks and reservoirs are also needed. Depreciation of machines and equipments and other assets used will be a part of the cost of water supply.

Interest on any loan borrowed for water installation, laying of new pipelines or any other capital expenditure for water supply will be added to cost of project till the same is completed and brought to use and will form the cost of water supply after the project/capital work is completed and put to use. Allocation of head office expenses will be added to arrive at total cost.

Cost Rs. per K.L. and other ratios will be calculated according to formula given with format of cost sheet

4. Cost of sanitation: Cost of sanitation is similar to cost of water supply. Establishment expenses, administrative expenses, operation & maintenance, interest on loan borrowed to the extent applicable form the total cost of sanitation .Repair and maintenance of trucks, & loaders, used for disposal of solid waste material, small tools tackles, hand carts, chemicals used for sanitation are included in cost. Advertising for cleanliness and public health and other expenses for avoidance of epidemics come under cost of sanitation .scavenging of drains, de-silting of sewer line and repairs will also be a part of cost of sanitation.

All expenses pertaining to cost of sanitation will be recorded under relevant head of accounts. Total cost of sanitation will be increased by allocation of head office expenses as per norms decided to reach the total cost of sanitation.

5. Cost of street lighting: Cost of power is the major expense in calculating the total cost. Cost of power, replacement of old power lines, tubes bulbs, lamps, repair of faults in lines, breakdowns in substations are the expenses which form the cost of street lightening. Besides, small tools and tackles, gloves and ladders and other consumables are needed in this activity. As already discussed interest on borrowed capital and depreciation will be included in cost to the extent it is applicable. Head office expenses will be added to total cost for final cost.

6. Cost of education: Establishment cost is the major cost incurred in running educational institutions. Administrative expenses and other relevant expenses like books, board, chalk, lab-apparatus, chemicals for lab, repairing of school building, furniture & fixtures, games materials, midday meals also are the constituents of cost of running the schools. Schools have its own incomes in form of fees and others receipts. Therefore, there are two ways of running the schools:

- i. All the expenses are incurred by the Municipality and all receipts are deposited with the Municipality.
- ii. School is using its incomes in meeting the expenses and only deficit is financed by the Municipality in form of grant/subsidy. However, calculation of cost will be done on the basis of expenses incurred irrespective of the source of finance. If the Municipality is managing the school itself, then allocation of head office expenses will be added to total expenses of the school to arrive at the total cost.

7. Cost of running hospitals: It is similar to running of schools. Here too, establishment expenses that are salary allowance and benefits given to doctors, nurses and other staff are major part of the cost. In addition to it other expenses i.e. administrative expenses, power(electricity), repair and maintenance of hospital building, furniture and fixtures, machines and equipments, vehicles and ambulances, medicines and other consumables, sanitations etc. are the constituents of the cost of running hospitals. Besides, depreciation on hospital buildings, machines, vehicles, furniture and fixtures, electric appliances is also part of the cost. Allocation of head office expenses will be added to it if management of hospital is done by corporation/ULB itself. If subsidized for deficit only and management is done by separate management committee then head office expenses will not be apportioned.

8. Cost of road repairing: As already discussed while preparing cost sheet of road repairing, cost of engineering/civil construction department will be worked out. There will be one cost sheet for each type of road that is concrete, charcoal, brick with different size of width. When cost sheet of different type of repairing is worked out, cost of engineering section or technical section will be allocated. It should be noted that while calculating cost of engineering section, cost of management i.e. head office expenses will not be allocated to it and total cost of engineering section will be allocated to different activities e.g. construction of roads, construction of building, construction of over bridges, repairing of building, repairing of roads, etc This allocation as already described in cost of management /head office expenses, will be done. Allocation of head office expenses will be done

on the basis of cost arrived after adding allocation of engineering/civil construction department. Each type of road will have separate cost centre code. For repairing and construction of particular type of road will have different cost sheet and different cost centre codes.

9. Cost of parks and greeneries: All expenses of horticulture incurred on horticulture department /section forms the cost of parks and greeneries. However, allocation of head office expenses will be added to arrive at the total cost. In case any park is big and has many facilities for visitors and has separate establishment and income in form of entry fee and other charges then it may be treated as one cost centre having its separate cost code.

10. Cost of cattle pounding: Cost consist of salary allowances and benefit to staff posted for pounding and certain administrative expenses, repair and maintenance of vehicle used for catching animals. Feeding animals is other expense forming cost. Allocation of head office expenses will be added to find out total cost

11. Cost of Cattle Hospital: Cost consist of salary allowances and benefits to doctor and staff posted at hospitals, cost of medicines, vaccination, feeding animals, other expenses. Allocation of head office expenses will be added to the cost.

12. Cost of Utsav and Mela: As described earlier each utsav or mela will be a cost center and all expenses incurred along with allocation of head expenses will form the cost of utsav or mela. There will be separate cost sheet for each utsav or mela. However a consolidated cost sheet of all utsav and melas should be made by integrating cost sheet of individual utsav and mela held during the year.

13. Burial and Cremation grounds: Expenses forming cost of burial and cremation grounds are salary allowance and benefits to staff employed at these places, cleaning and sanitation expenses, electricity for lighting and power for crematorium, repairing and maintenance of crematorium, burning platforms etc. There is no specific unit in which cost will be calculated. However, periodical expenses that are annual, monthly, or daily can be worked out. In addition to it per capita expenses may also be calculated. Head expenses will be allocated to it before reaching final cost.

14. Capital expenditure: Besides regular civic services and welfare activities, Municipalities undertake construction of infrastructures e.g. roads buildings, markets, over bridges, community centers, hospitals, schools etc. These constructions are done by municipalities either by its own funds depending on its financial health or under a government plan for which funds are provided by government for those purposes. Government grants and subsidies are provided for such capital nature work. Cost sheet of such project is prepared to ascertain the total cost for different purposes. The system will be that there will be one cost center for each such work and all expenditure incurred from start of work to its completion will be booked to the particular cost center. In books of accounts “work in progress” or “project in progress” for particular asset will be opened and closed with its capitalization to particular assets account. However, the proportionate share of cost of engineering/civil construction department will be added and will be followed by addition of head office expenses to reach the total cost of the project/assets.