

GOVERNMENT OF KARNATAKA

Department of Municipal Administration

Guidelines for Preparing Opening Balance Sheet

ACCOMPANYING

THE KARNATAKA MUNICIPAL ACCOUNTING MANUAL

Version 1.0

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GOVERNMENT OF KARNATAKA
DIRECTORATE OF MUNICIPAL ADMINISTRATION

Guidelines for preparing Opening Balance Sheet

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Introduction

1.1 Karnataka has been one of the leading states in urban sector reform. It has taken up several programmes for improving urban infrastructure and enhancing urban governance in its cities. As part of its urban reform strategy, the Government of Karnataka has developed a state-wide Karnataka Municipal Accounting Manual (KMAM) to implement double entry, accrual based accounting system in its Urban Local Bodies (ULBs).

1.1 M/S INFRASTRUCTURE PROFESSIONALS ENTERPRISE (P) LTD. have developed the KMAM on behalf of the state and are now assisting in implementation of this new accounting system in 43 ULBs. In order to assist the ULBs in transitioning from their earlier accounting systems, these GUIDELINES FOR OPENING BALANCE SHEET have been developed. They provide the recommended accounting process, system and valuation guidelines for preparing the first (opening) Balance Sheet of the ULBs.

NEED FOR AN OPENING BALANCE SHEET

1.2 Balance Sheet is a statement representing the assets and liabilities of the ULB on a particular date. It is prepared under an appropriate accounting system which segregates between 'capital' and 'revenue' transactions. A 'capital' transaction is said to occur when the benefit received or given is of a long-term nature i.e. it extends to beyond the current accounting period. For e.g. construction of a road, receipt of a loan etc. Revenue items, on the other hand, consist of benefits and expenses which are not expected to last beyond the accounting year. For e.g. salaries paid, taxes received.

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1.3 Under the current system of accounting in ULBs, this distinction between capital and revenue items was not being made. Consequently, most ULBs do not have a record of their capital transactions; they were simply merged with the general Receipts and Payment Account.

1.4 Under the new accounting system, the following distinctive features shall be adopted:

- **Double entry method of accounting** i.e. all transactions shall be recorded with debit and credit aspects, identifying distinct accounts for each and ensuring that the equality of debits and credits is maintained;
- **Segregation between Capital and Revenue transactions** i.e. recording of revenue and capital items distinctly and separately. For instance, all revenue items shall be recorded in an Income & Expenditure Statement while all capital items are recorded in the Balance Sheet;

1.5 **Accrual basis of accounting** i.e. transactions will be recorded in the accounting system when any benefit is received or cost incurred, and not only when cash is received / paid.

1.6 Hence, the Balance Sheet will be an essential financial statement in the new accounting system. Since most ULBs have not kept adequate records of capital items, they need to go through the exercise of developing the first Balance Sheet based on the best available information. Thereafter, the Balance Sheet will keep getting updated in subsequent periods.

KARNATAKA MUNICIPAL ACCOUNTING MANUAL (KMAM)

1.7 The KMAM is a standard document recording the accounting principles, procedures, forms, formats and Chart of Accounts to be used by ULBs in Karnataka. The KMAM prescribes a double entry accrual accounting system to be used in the ULBs of Karnataka.

1.8 The first step for switching over to this new system of accounting, as recommended in the **KMAM**, is to prepare Opening Balance Sheet of the ULBs.

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1.9 While the **KMAM** provides advice for regular recording and reporting of transactions, the requirements of separate guidelines for preparation of Opening Balance Sheet was also felt. Hence these guidelines are being issued as Accompanying Documents to the KMAM.

GUIDELINES FOR OPENING BALANCE SHEET

1.10 The objective of this document is to provide a common set of rules for preparation of Opening Balance Sheet by ULBs under the double entry accrual accounting system, as suggested in the **KMAM**. It contains norms for recognition of assets and liabilities as well as for financial disclosures in the Balance Sheet. This would help in preparing Balance Sheets by various ULBs / Field Level Consultants (FLCs) in the state.

1.11 These guidelines are inclusive in nature and are issued for material items only. While all effort have been made to provide a comprehensive set of guidelines, specific issues may be there in some ULBs which may need attention of the state. In such cases, the ULB / FLCs may seek advice from the Directorate of Municipal Administration (DMA).

APPLICABILITY

1.12 These guidelines shall be applicable to all Urban Local Bodies, to whom the KMAM is applicable. The accounting principles and policies used in these guidelines are based on the approved KMAM. All requirements / practices of the KMAM which are not specifically changed for the purpose of Opening Balance Sheet, shall continue to be applicable.

The Balance Sheet

2.1 The Opening Balance Sheet is to be prepared in accordance with the requirement of the Karnataka Municipal Accounting Manual, these Guidelines and any specific advice issued by the Government for the purpose. This chapter provides an overview of the Balance Sheet and the accounting policies and format of the Balance Sheet.

FUND ACCOUNTING UNDER KMAM

2.2 The KMAM recommends that ULBs in Karnataka should maintain their accounts segregated into various 'funds'. A 'fund' shall be a separate accounting entity within a ULB for which income, expenses, assets and liabilities are recorded separately and are capable of being presented as independent financial statements. According to KMAM, ULBs are to maintain the following two fund categories:

Municipal Service Funds

2.3 This category shall focus on the sources, uses, and balance of resources used for providing various municipal services. The objective of this fund category is to provide details of the services being provided by the ULB, segregated into appropriate funds. It links the revenue sources and expenditure heads for each service line and provides information on the financial performance i.e. surplus / deficit resulting from the activity. This information would be useful in determining revenue policies and identifying subsidy levels for various services.

Enterprise Funds

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2.4 This category shall focus on the income, expenses, financial position, and cash flows of those activities which are intended to make a profit or at least recover revenue costs of the ULB. The commercial activities of ULBs such as real estate development etc. would come under this fund as would markets etc. run by the ULB. As municipal bodies move towards greater financial independence, certain Municipal Service activities may be, over time, moved from 'Municipal Service' category to 'Enterprise' category with the objective of making them financially viable.

2.5 Under these two broad categories, ULBs shall maintain accounts segregated into the following funds:

1. Municipal Service Funds
 - General Fund
 - Water Supply & Sewerage Fund
2. Enterprise Funds
 - Enterprise Fund

General Fund

2.6 This fund is a residual fund and covers all activities which the ULB carries out, and which do not fall into Water Supply Fund and Enterprise Fund.

Water Supply & Sewerage Fund

2.7 This fund should be used to report activities related to acquiring, treating, and supply of water. It includes acquisition of water supply through wells, lakes, rivers, purchase of water from other authorities, treatment, transmission and distribution through water pipe-lines. It would include the provision of sewerage services through various means, by the ULBs.

Enterprise Fund

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2.8 This fund shall focus on the income, expenses, financial position, and cash flows of those activities which are intended to make a profit or at least recover revenue costs of the ULB. The commercial activities of ULBs such as real estate development etc. would come under this fund as would markets etc. run by the ULB.

ACCOUNTING POLICIES

2.9 The accounting policies to be followed for various transactions are given in Chapter 3, Volume I of the KMAM. The basic policies are:

2.10 The accrual system of accounting is to be followed in ULBs. Incomes which are amenable to accrual shall be accounted for as and when the right to receive them is established and there is no significant uncertainty in their receipt. Revenues of a capital nature should be segregated and reported separately from regular revenues. Revenues that are assigned or attributed to the funds should be identified with the fund. Other revenues should be recorded in the General Fund.

2.11 Expenditures shall be accounted on an accrual basis to the extent practical and feasible. Such expenditure shall be accrued at the time the benefit is received and the amount can be estimated with reasonable certainty. Revenue and capital expenditures shall be segregated and reported separately.

2.12 All expenditures of a capital nature shall be recognised as Assets in the Balance Sheet. They shall be reported at historical cost, including costs necessary to place the asset into its intended location and condition for use. Fixed assets except for land shall be depreciated over their estimated useful lives and assets received as gifts accounted at nominal value.

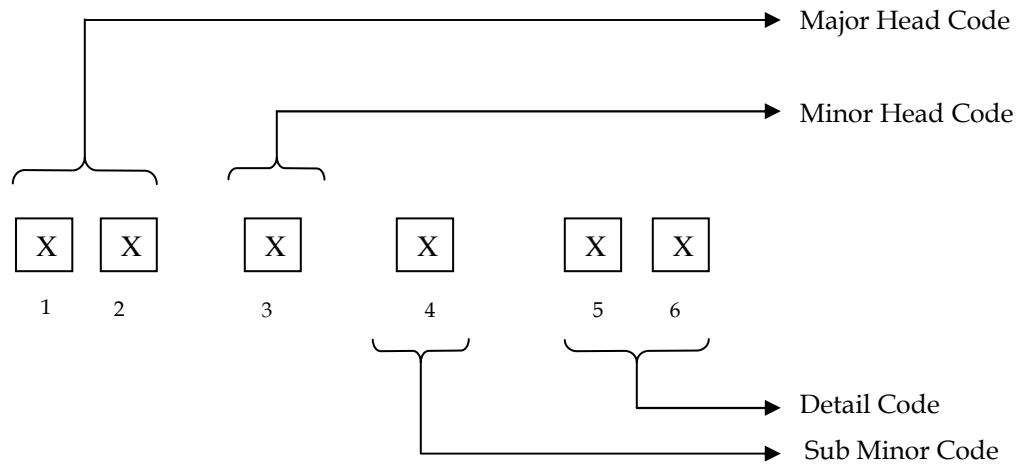
2.13 All liabilities should be recorded at the full value expected to be paid for them.

2.14 For detailed accounting policies, please refer to the relevant chapter in Volume I of the **KMAM**.

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CHART OF ACCOUNTS

2.15 The Chart of Accounts prescribed for the ULBs is given in Volume II of the KMAM. It gives the account codes under which transactions shall be recorded. The structure of the account code is as follows:



2.16 While the Balance Sheet and Schedules are reported at the Major and Minor code levels respectively, it needs to be remembered that accounting information needs to be collected and recorded at the account code (6 digit) level. Only its summation (at major / minor code level) will appear in the Final Balance Sheet.

PRESCRIBED FORM OF BALANCE SHEET

2.17 The Balance Sheet is 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. Since accounts are to be maintained separately for the various funds, as discussed above, three separate Opening Balance Sheets are to be prepared for each ULB as under:

- Balance Sheet of General Fund as on _____

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- Balance Sheet of Water Supply & Sewerage Fund as on _____
- Balance Sheet of Enterprise Fund as on _____

2.18 The form of Balance Sheet is provided in Chapter 24, Volume I of the KMAM. It consists of the vertical balance sheet and several schedules. Detailing of heads in the schedules will be as per chart of accounts given in KMAM (Volume II).

2.19 It is to be noted that in the case of Opening Balance Sheet, there is no necessity to report the previous year's figures. The form of Balance Sheet is given in Annex 1 for easy reference:

PREPARING THE BALANCE SHEET

2.20 Each of the account heads which need to be reported in the Balance Sheet are to be ascertained, fund-wise, in each ULB. In order to prepare the Balance Sheet, four steps need to be carried out. They are:

2.21 **Identification and classification of assets and liabilities.** This would include updation of records and registers, physical verification of assets and determination of liabilities. Specific forms prescribed for collecting this information should be used, and all items mapped with specific account heads to which they relate;

2.22 **Verification and valuation of assets and liabilities.** This would include test checks, seeking confirmations etc., to establish the identification, valuation as well as, in some case, valuation of various items. Where the valuation is not readily available, the amount of asset / liabilities is to be determined on the basis of certain rules and norms. These are detailed in Chapter 4 of these guidelines;

2.23 **Approval of proposed Balance Sheet by the Municipal Council;**

2.24 **Updation of various records** including Fixed Asset Registers etc., and regular accounting using these balances, in future.

2.25 These steps are further detailed in the next chapters.

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Identification of Assets

3.1 The first task to be undertaken in this task is identification of assets. Assets are spread over the entire ULB and an effort will be required by the ULB in identifying all assets both over and under the ground. Based on this identification, the ULB / FLCs can undertake the task of physical verification.

COLLECTION OF DATA

3.2 The various assets and liabilities should be identified with the funds to which they relate. As far as possible, the details should be collected department-wise and then consolidated to give an overall picture for the ULB.

3.3 The ULB should form separate teams who would be responsible for collating information in the formats provided in these Guidelines, within a specific time frame.

3.4 A Core Team chaired by the President / Mayor and comprising of the Commissioner / Chief Officer, Engineering Staff, Accounts Department staff and Survey / Estate Department staff shall be responsible for coordinating the task of collecting information for each of the category of fixed assets. Separate teams may be formed for different categories of assets such as:

- 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;

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- Bridges, Culverts, Flyovers, Subways and Causeways - the team should include a Civil Engineer or preferably a Structural Engineer;
- Furniture & Fixture, etc.;

3.5 Separate teams may also be formed for collecting information for other category of the assets under the overall supervision of the Core Team. The information gathered should be signed by the members of the concerned team and authenticated by the members of the Core Team.

3.6 Identification will be done by the Core Team based on their records, physical verification, books of accounts and GIS records. The ULB can also take the assistance of the elected representatives and other departments in its effort for identification of assets. Identification of assets will include listing of all material assets of the ULB including land, buildings, roads, water and sewerage assets, etc. It will also include listing and defining the condition and location of assets.

3.7 The process of identification of assets shall include the updation of records and registers which are required to provide information on the assets and liabilities of the ULB.

3.8 Formats have been prescribed for collection data about the various assets and liabilities of the ULB. The forms are included as Annex 6 to these guidelines and are as under:

Fixed Assets

Immovable Property

- Land (Form OBS-1)
- Building (Form OBS-2)
- Roads, streets, lanes and footpaths (Form OBS-3)
- Bridges, culverts, flyovers, subways and causeways (Form OBS-4)
- Drains including underground drains (Form OBS-5)

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- Water Works Distribution (Form OBS-6)
- Public Lighting System (Form OBS-7)
- Lakes and Ponds (Form OBS-8)
- Capital Work-in-Progress (Form OBS-9)

Movable Property

- Plant and Machinery (Form OBS-10)
- Vehicles (Form OBS-11)
- Furniture and Fixtures (Form OBS-12)
- Office Equipments (Form OBS-13)
- Other Equipments (Form OBS-14)
- Live Stock (Form OBS-15)
- Investments (Form OBS-16)

Current Assets

- Cash Balance (Form OBS-17)
- Bank Balance (Form OBS-18)
- Details of Advances paid to suppliers / contractors (Form OBS-19)
- Details of Loans & Advances to employees (Form OBS-20)
- Receivables (including Taxes, Water charges, Rent etc.) (Form OBS-21)
- Grants Receivable (Form OBS-22)
- Department - wise Inventory (Form OBS-23)
- Consolidated Inventory (Form OBS-23A)
- Details of Deposits made (Form OBS-24)

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Loans Payable (Form OBS-25)

Unutilised Grants (Form OBS-26)

Reserve Funds (Form OBS-27)

Current Liabilities

- Details of Deposits received (Form OBS-28)
- Bills and other payables details (Form OBS-29)

SOURCE OF DATA

3.9 The information to be recorded in the forms should be collected from the most appropriate source. In some cases, accounting records will provide the information, while in some cases physical verification or confirmation may be required to establish the assets and liabilities.

3.10 The focus of the data collection exercise should be to present a true and fair view of the financial status of the ULB. To this extent, physical verification should be conducted for material items in the Balance Sheet. Items which are material e.g. 20% of items having 80% of value and high in value (replacement cost above Rs. 50,000/-) should be physically verified. The Field Level Consultants or other agencies may also use sample testing to verify the various items. Use of GIS maps may be done to the extent available.

3.11 Once the data has been collected and verified, a permanent record should be made through entry in appropriate registers and records such as Land Register, Immovable Assets Register, Movable Assets Register etc. (Forms prescribed in the KMAM).

IDENTIFYING IMMOVABLE ASSETS

3.12 The General Guidelines to be followed for Immovable Fixed Assets are as follows:

- Conduct physical verification of the immovable assets.

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- The information collated during physical verification should be cross verified with the existing records maintained for the said fixed assets, if any.
- Only such assets, whose ownership vests with the ULB, shall be considered for arriving at the list of assets of the ULB.
- Details of the assets, whether freehold or leasehold should be specified separately for each of the assets.

3.13 **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 should be taken as the value and the grants should be shown as reserves under Liability.
- In case an asset has been acquired / created free of cost, the asset should be recorded at a nominal value of Rupees 1/-.

3.14 **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, and added to the cost of the asset.. Expenses of a normal and routine nature incurred for the repairs and maintenance of assets should not be considered as an improvement cost, and should be treated as a revenue expenditure.

3.15 **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 of the construction of the structure. Also specify the date of acquisition of the said structure by the ULB.

3.16 **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.

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3.17 **From whom acquired.** Specify the person / institution from whom the assets have been acquired.

3.18 **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.

3.19 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 or encroachment on the fixed assets

3.20 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 specified as per KMAM 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 Karnataka Municipal Accounting Manual.

IDENTIFYING MOVABLE ASSETS

3.21 The General Guidelines to be followed for Movable Fixed Assets are as follows:

- 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).
- The information collated during physical verification should be cross-verified with the existing records maintained for the said fixed assets, if any.

3.22 **Cost of acquisition / construction.** The concept of cost of acquisition / construction is the same as that of immovable fixed assets.

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3.23 **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,, and added to the cost of the asset.

3.24 **Date of Acquisition.** The date of acquisition is the date on which the property was legally vested with the ULB.

3.25 **Mode of Acquisition** is the same as discussed for immovable assets above.

3.26 **From whom acquired** is the same as discussed for immovable assets above.

3.27 **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 sought.

3.28 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

IDENTIFYING CURRENT ASSETS

3.29 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.

3.30 The ULB shall also provide for income receivable, expenses payable, provisions for current assets, loans and advance as per the accounting principles

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prescribed in the KMAM. 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.

3.31 All assets which are under the ownership of the ULB will be accounted. Similarly all liabilities ought to be paid by the ULB shall also be brought in the books. If an asset is owned by another separate legal entity (such as a trust, society etc.), then even if it is managed by the ULB, it would not form a part of the ULB's balance sheet

3.32 The mere maintenance of a register should not be taken as sufficient for the purpose of arriving at the balance. The ULB / FLCs should check the authenticity of the entries with source documents before its inclusion in the balance sheet.

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

- Assets, which are in ULB's possession and derive economic benefits, but the ownership of which do not vest with it e.g. market constructed by Urban Development Department and handed over to the ULB with a right to collect rent, but title deed not executed;
- The assets which are handed over to the ULB, but the title deed has not been handed over e.g. assets purchased/constructed by KUIDFC, HUDCO and handed over to the ULB for use and maintenance;
- Receivables from taxes, etc. not collected due to litigation;

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- In case Demand, Collection & Balance (DCB) Register is not updated, the ULB shall have to prepare it and determine the amount of arrears.

3.34 Revenue shall be recognised only when it is measurable and there is reasonable certainty of collection. If the levy of any income or user charge is in dispute and any legal case is pending against it, it shall not be taken as the income of the ULBs.

3.35 The details of such Court cases and the amount if measurable shall be disclosed in the Notes to Accounts.

3.36 Revaluation of assets is not intended in this exercise. The ULB / FLCs shall not go in a revaluation mode and valuation shall be done on the basis of guidelines prescribed in the next chapter.

3.37 Principle of conservatism shall be followed while preparing the opening balance sheet.

3.38 All the figures should be recorded in detail, upto the rupee level.

ADVANCES

3.39 100% physical verification of documents will be done to ascertain the amount and name of party.

3.40 The closing balance of advance is ascertainable from the "Advance Ledger", which is maintained in accordance with MAR 67. The advance ledger is maintained separately for employees, contractors and suppliers.

Valuation of Assets and Liabilities

The accounting policies for valuation of assets and liabilities are discussed in this chapter.

FIXED ASSETS

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

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

VALUATION OF ASSETS & LIABILITIES

Parks play grounds and gardens will be included in land. Any buildings in the park will be included in buildings, plant and machinery in parks such as water pump sets, mechanical swings, seesaws and other equipment will be included in plant and machinery.

VALUATION PRINCIPLES

4.1 The identified assets of the ULB may have been either gifted to it or purchased / constructed by it over the year. The valuation of *gifted* assets will be as follows:

i. If the asset was received as gift:

- Valuation at Re.1/-. All particulars of the asset should be recorded in the prescribed forms and an estimation of its current value carried out.

4.2 If the asset was *purchased / constructed*, it will be valued as per the following order of preference:

i. If both the cost and date of purchase/ construction is available / ascertainable:

- Original cost less depreciation provided from the date of purchase / construction to the date of valuation.

ii. If cost is not available /unascertainable but the date or year of construction/ purchase is ascertainable:

- In case of land where the original documents are not available, valuation can be ascertained from relevant records of the Land Revenue Department or transaction value of a similar plot in the similar area around the estimated year of transaction
- If the asset has outlived its estimated useful life, then it will be valued at Re. 1/-. Estimation of useful life will be based on the list used for estimation of depreciation for Karnataka ULBs. This is given as **Annex 2** to this document.

VALUATION OF ASSETS & LIABILITIES

- If the asset has not outlived its useful life, then valuation will be done based on the Current Standard Cost (CSC) rates prescribed by the state government. This is given as **Annex 3** to these Guidelines. The ULB will use this per sq. feet rate or area rate and apply it to the quantitative parameter of the asset. This will give the estimated current standard cost of the asset. In order to reflect the cost of the asset in the year in which it was purchases / constructed, the CSC will need to be deflated by an appropriate index (index rates are provided in **Annex 4**) to give the Deflated Standard Cost (DSC) of the asset. Thereafter, the value will have to be depreciated based on the recommended rate of depreciation (**Annex 3**) in order to arrive at the Estimated Current Value of the asset, which will be carried to the Opening Balance Sheet as Gross Block.

iii. If neither the cost nor the date of purchase/ construction is available:

- If the asset is beyond its estimated useful life, it will be valued at Re. 1/-
- If the asset is within its useful life, estimation shall be made of its year of purchase / construction and the procedures prescribed in case of (ii) above shall be applied i.e. its estimated CSC, DSC and Current Value shall be deduced using the standard rates and the deflation indices.
- In case it is impossible to assess the year of purchase / construction or the asset is unique in nature, not appearing in the standard list, its valuation will have to be done on a case by case basis after taking into account the condition and obsolescence factor. The municipal engineers will conduct this exercise of valuation in accordance with the directions of the government. The government may also depute specialist valuers to assess the value of such assets in such cases.

The valuation of individual categories of fixed asset is detailed below.

LAND

- All land ownership of which vests with the ULB should be included in the opening balance sheet.

VALUATION OF ASSETS & LIABILITIES

- The information kept by the ULBs in the MAR 41 or other Land records should be verified and cross checked from the register and title deeds, documents, agreement etc. to authenticate and substantiate the information. The information needs to be cross-verified specially with regard to the date of purchase, cost of purchase and mode of purchase
- If the land register has not been maintained and updated by ULBs, the ULB Team and / or the FLCs shall conduct physical verification of all lands. Assistance from other organisations as well as GIS etc. should be taken to determine all lands belonging to the ULB.
- The following recognition criterion shall be applied to arrive at the value of the lands:
 - Land acquired through purchase
The land will be recorded at the purchase price paid/payable and other incidental costs such as registration charges incurred to bring the asset to its present location and condition
 - Lands acquired through compulsory acquisition
The land will be recorded at the total compensation paid/ payable for the acquisition of the land. If the amount of compensation were in dispute, then the amount that will be recorded would be based on documentary proof. The extra amount, if determinable that may be payable will be shown as contingent liabilities and will be added to the cost of land when it is finally paid to the previous owner
 - Land acquired against non-payment of taxes
The cost to be booked will be the unpaid amount of dues to the ULB which has been adjusted against the property.
 - Land acquired free of cost or donated land
If the land has been acquired by ULB free of cost from government/individuals or has been donated to the ULB, then such

VALUATION OF ASSETS & LIABILITIES

lands would be recorded at nominal value of Re. 1/-. However any developmental work done should be capitalised at cost.

➤ Vested government lands

Vested government lands are those lands, which are not owned by the ULBs. The ownership of these lands vest with the State/Central government and the ULB merely acts as a trustee for these lands. The value of such lands will not be recorded as asset in the books of ULB. The description of such lands shall form a part of the notes to the opening balance sheet.

➤ Land improvement

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

➤ Land acquired through government grants

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

BUILDINGS

➤ Buildings shall include office buildings, school buildings, public conveniences, hospitals, dispensaries, maternity and child welfare centres, shopping complex, town hall buildings, community centres, staff quarters, workshop buildings and stores building, amongst others. The valuation of these buildings shall be carried out as follows:

➤ Buildings purchased

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

➤ Building constructed

If the building has been constructed, then the cost of the building will be taken as the cost of construction. This can be obtained from Register of Immovable Property (MAR 41).

➤ Grants received in respect of buildings

If any grant has been received by the ULB for construction or purchase of the building, then the cost of the building will be taken as gross amount and the grant will be shown separately under Contribution Received (Liability Side) in the opening balance sheet.

INFRASTRUCTURE ASSETS

➤ Infrastructure assets: Infrastructure assets are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage system, water and sewerage systems, dams and lighting system.

➤ Infrastructure assets shall be classified as follows:

Roads and pavements

Bridges, culverts and flyovers

Subways and causeways

Sewerage and drainage

Waterways

Water supply and reservoirs

➤ The valuation of these assets shall be taken on the basis of the valuation principles mentioned above. Details of infrastructure assets constructed / purchased may be available in the Register of Immovable Property (MAR 41) and Register of Works (MAR 56)

➤ The cost of land should not be included here. It will be included in the valuation of lands.

PLANT AND MACHINERY

- The cost of plant and machinery will include, besides purchase price, costs such as site preparation costs and installation costs
- Presently the information with regards to plant and machinery is captured in the following records.

Register of tools and plants, maintained in accordance with Tool and Plant Register (MAR 62), captures information with regard to tools and plants, conservancy or watering carts, road rollers, earth moving vehicles, ladder, scale weights, water treatment plants, sewerage treatment plants, etc.

Information with regard to the other equipments is being recorded in the Stock Registers maintained in accordance with MAR 58 and MAR 59.

The ULBs also maintain separate registers for movable assets.

- Plant and machinery will include water and sewerage treatment plants
- The above registers record information with regard to cost, location and date of purchase of the various assets. The process of valuation shall be as per the principles prescribed above.

VEHICLES

- Vehicles include carts, hand rickshaws, animal drawn carts, three wheelers, four wheelers, and conservancy vehicles. Vehicles will be valued at cost less depreciation. Cost will be determined in accordance with the principles prescribed above.

OFFICE AND OTHER EQUIPMENT

- This will include all office and other equipments e.g. computers, photocopies, telephone, fax, fans, electrical equipments, air conditioners, etc. They shall be valued in accordance with the principles prescribed above.

FURNITURE AND FIXTURES

- This will include tables, chairs, fittings etc. in the ULB. These shall be valued in accordance with the principles prescribed above.

LIVESTOCK

- Livestock will be valued at cost, according to the process prescribed above.

INTANGIBLE ASSETS

- Intangible assets in ULBs will generally be in the nature of expenditure on software. The ULB / FLC will assess the expenditure made in development or purchase of the intangible asset in the last 2 years and capitalise it as fixed asset. In case the intangible asset has been provided for free by another Government department, it will not be shown in the balance sheet. Expenditure below Rs. 1,00,000/- will not be considered as an intangible asset for the purpose of this balance sheet.

DEPRECIATION

Depreciation will be provided on all assets except land, on a Straight Line Method.

- The rates of depreciation shall be as prescribed by the state government. These are given in Annex 3 to these guidelines.
- Depreciation shall be separately calculated and shown as a deduction from the original cost of the asset in the Balance Sheet.
- Purchase or construction of assets that have been done out of grants have been shown at gross value and the corresponding grant as 'Contribution'.

CAPITAL WORKS IN PROGRESS

The information with regard to Capital Work in Progress shall have to be prepared on the date of the opening Balance Sheet from the records such as Bills Register, Measurement Book, Grants Register etc.

VALUATION OF ASSETS & LIABILITIES

- CWIP will be booked based on the gross amount of bill received by the ULB pertaining to work done before the Balance Sheet date. A cut-off date of 2 months beyond the opening Balance Sheet may be taken to include all bills which may have been received afterwards but pertain to work done before the Balance Sheet date. This may be done by carrying out post vouching (i.e. checking of vouchers for atleast two months after the Balance Sheet date, to identify payments being made for CWIP.
- Borrowing cost for CWIP will also be included if it satisfies the requirements as per Accounting Standards 16 on Borrowing Costs. Please refer to Chapter 19 - Fixed Assets, in the KMAM.

LONG TERM INVESTMENTS

Long term investments are the investments which are held by the ULBs for more than one year. The ULB / FLC will do a 100% physical verification of the original certificates and documents of all investment.

- Cost of investments will include acquisition charges such as fees, brokerage and duties.
- Long term investments will be valued at cost less diminution in value, other than temporary.

CURRENT ASSETS

Current assets in the case of ULBs shall be valued at the amount expected to be received for them. The accounting for various types of current assets shall be as detailed below.

CASH IN HAND

- Generally there should not be a balance of cash on the closing day of the financial year. If however, the Cash book or Chitta (MAR 6) shows cash balance on that day, it should be included in the Balance Sheet.

VALUATION OF ASSETS & LIABILITIES

- All cheques received by the Opening Balance Sheet but which have not been deposited, should be shown as 'Cheques in Hand' in the opening Balance Sheet.

CASH AT BANK

- Cash at bank consists of balance with various banks in different accounts. For this, the ULB should ensure that:

All bank accounts are listed out and a comprehensive list of balances is prepared;

The bank accounts should be appropriately classified into various major / minor account groups such as 'Nationalised Bank - Collection', Co-'Co-operative Banks - General' etc.

Treasury should be included as a Bank Account as well;

The Bank statement of all the bank accounts are available for the period;

The balance appearing in the ULBs records and the Bank statement have been reconciled by the ULB as on the date of the opening Balance Sheet.

- The balance as per ULB's record (i.e. Cash Book balance) will be taken to the Balance Sheet.
- A disclosure shall be made in the Notes on Account with regard to the following:

The duration for which the bank reconciliation statements are pending.

Items in bank reconciliation which are either pending for a long period of time i.e. exceeding six months or with high value i.e. above Rs. 50,000/- (Rupees Fifty Thousand Only).

STORES AND SPARES

- Details with regard to stores and spares are maintained in Register of Stores which is in accordance with MAR 58 and MAR 59.
- In case the operations / balance of stores is material in the ULB, a list of stores and spares lying in inventory shall be prepared.

VALUATION OF ASSETS & LIABILITIES

- Any items which have expired or are not in a condition to be used, should be taken out from the list and processed for disposal in accordance with the prescribed procedure for condemned store / spares.
- Items which are in good condition will be then divided into two categories i.e. A and B on the basis of unit cost of the items.
Category A - Items which have 80% of value and are 20% in number;
Category B - Items which have 20% of value and are 80% in number.
- Items in category A will be physically verified to the extent of 100%. Stores and spares will be valued at cost. In determination of cost, FIFO method of costing should be used.
- The cost of inventories should comprise of the cost of purchase and cost of conversion incurred to bring the asset to its present location and condition.

PREPAID EXPENSES

- Under the present set of Rules, no records have been prescribed for the prepaid expenses. Some ULBs make informal records such as hand registers and lists for the prepaid expenses
- Expenses that have been paid in advance and relates to a period after the date of the Opening Balance Sheet should be recognised as prepaid expense. Details for the same shall have to be prepared from the cash / bank book and other records.

RECEIVABLE FOR TAXES

- The ULB shall determine the receivables for the following heads of tax income which are to be recorded through receivables:
Property Tax;
Service Charge in lieu of Property Tax;
Advertisement Tax.

VALUATION OF ASSETS & LIABILITIES

- The amount receivable for these heads of income is to be determined year-wise, segregating separately for atleast the five years preceding the date of opening Balance Sheet. All amounts outstanding for a period prior to five years may be recorded under one head.
- The amount receivable shall be determined from the DCB Registers, demand notices and notice fees register (MAR 18, 26 etc.). Any warrant fee, notice fees etc. raised shall also be recorded alongwith the tax.
- In case of Property tax, various cesses levied on the tax shall be included in the receivables and the amount of cesses show as a deduction under Cess Control Account.
- Provision shall be made for all receivables in accordance with the norms prescribed in the KMAM (Chapter 6). These prescribe provisioning as follows:
 - Outstanding for more than 2 years but not exceeding 3 years: 25%
 - Outstanding for more than 3 years but not exceeding 4 years: 50%
 - Outstanding for more than 4 years but not exceeding 5 years: 75%
 - Outstanding for more than 5 years: 100%

RECEIVABLE FOR OTHER FEES / INCOME

- This will include all other receivable other than taxes, such as rent from municipal shops and markets and other items of income which are 'amenable to accrual'. The following heads of income will generally be included:
 - Rental Income from Municipal Properties, such as:
 - Rent from Markets/Shopping Complexes;
 - Rent from Office Buildings;
 - Rent from Guest Houses;
 - Rent from Community Halls. Auditorium etc.
 - Lease Rentals Income

VALUATION OF ASSETS & LIABILITIES

Interest Income;

Trade License Fees; and

Advertisement Fees.

- The amount receivable for these heads of income is to be determined year-wise, segregating separately for at least the three years preceding the date of opening Balance Sheet. All amounts outstanding for a period prior to three years can be recorded under one head.
- The total amount of receivables can be obtained from Water Charges Demand Register, Register of Licenses (MAR 47), Special Demand register (MAR 42).
- Provision shall be made for these receivables in accordance with the norms prescribed in the KMAM (Chapter 9). These prescribe provisioning as follows:

Outstanding for more than 2 years but not exceeding 3 years: 50%

Outstanding for more than 3 years: 100%

INTEREST RECEIVABLE ON INVESTMENTS

- Interest on investments will be accounted for on accrual basis and based on the information available as per Register of Investments (MAR 82).

INTEREST RECEIVABLE ON BANK DEPOSITS

- Interest on bank accounts and deposits will be accounted for on accrual basis and amount and can be ascertained as per Register of Investments (MAR 82).
- These should necessarily be reconciled with the bank balance as per statements before being recorded as interest receivable.

INTEREST RECEIVABLE ON LOANS AND ADVANCES

- Interest on loans and advances will be accounted for on accrual basis and the amount can be ascertained for advances from Register of Advances (MAR 78) and for loans from the register maintained by individual ULB for this purpose.

RECOVERABLE DEPOSITS

- The ULB may have kept deposits with third parties such as Electricity companies, Telephone Companies, Government department or any other person. If the amount can be reasonably classified as a refundable deposit (and not a fee), it should be shown as a recoverable and current asset of the ULB.
- In case the ULB does not have information on these deposits, it should write to the concerned bodies (such as electric company, telephone company etc.) to confirm the amount of deposit outstanding and whether they offer any interest to the ULB thereon.

LOANS AND ADVANCES

- Loans and advances may be in the nature of:
 - Advances to staff
 - Advance to contractors and suppliers
 - Material cost recoverable from contractors

ADVANCES TO STAFF

- All unadjusted advances to staff e.g. house building advance, puja/festival advance, should be recorded on actual basis. Any interest which has been charged but not yet paid, should also be include in the advances amount.

VALUATION OF ASSETS & LIABILITIES

- No provision shall be made to the unadjusted advances to staff. An annex should be attached to the Balance Sheet showing the person-wise break-up of various advances given under different heads. Details may be obtained from Register of Advances (MAR 78), Register of Permanent Advance (MAR 73) and service records.

ADVANCE TO CONTRACTORS AND SUPPLIERS

- Advance given to contractors and suppliers for goods and services which can be recovered or adjusted against bills by them should be recorded as a current asset. Details can be obtained from Cash Book (MAR 13) and Register of Advances (MAR 78).

MATERIAL COST RECOVERABLE FROM CONTRACTORS

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

SHORT TERM INVESTMENTS

- Short Terms investments are investments that are readily realisable and not intended to be held for more than one year.
- Presently the ULB maintains data related to investments in Register of Investments (MAR 82) including Fixed Deposits.
- The ULB / FLC should carry out a 100% physical verification of such original certificates.
- Valuation is to be done at the end of each year, at cost or market value, whichever is lower.

SHORT TERM BORROWINGS

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

VALUATION OF ASSETS & LIABILITIES

- The amount of outstanding loans can be ascertained from the Loan Register, maintained in accordance with MAR 83. Loan Register does not differentiate between long-term borrowings and short-term borrowings. The short term borrowings shall be taken out from this register and would be recorded separately in the same format as prescribed in MAR 83.
- The ULB / FLC will ascertain the actual amount outstanding through a confirmation of balance with creditors such as the Karnataka Urban infrastructure Development & Finance Corporation (KUIDFC), HUDCO etc.
- In case the amount had been received as loan, but has not still been waived off by the Government, it should be recorded as a liability in this Balance Sheet as a Liability. Interest accrued and due on these loans will be included here. Calculation of interest payable should be due on accrual basis.

CURRENT LIABILITIES

3.41 Current liabilities should be recorded in the Balance Sheet at the values expected to be paid for them. The various heads under which current liabilities may be recorded, are discussed below:

BANK OVERDRAFT

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

DEPOSITS FROM CONTRACTORS AND SUPPLIERS

- Security deposit/ Retention money/ Earnest money is ascertainable from Register of Deposits (MAR 79), and Register of Security Deposits (MAR 81). This amount will be ascertained/ cross checked from the original documents.

VALUATION OF ASSETS & LIABILITIES

- Deposits received but not yet encashed should also be recorded as such. The value of cheque / DD will be recorded as an asset under 'Cheques in Hand' of the 'Cash & Bank' Schedules.
- Confirmation can be obtained from contractors for cross verification of deposit amounts.

DEPOSIT WORKS

- Deposit works shall include the amount received from persons specifically for the construction of works. The unutilised or the balance amount of these grants will be shown under this head.
- If the amount is received for the construction of a specific asset for ULB, the CWIP/ Asset from such deposits, if belonging to the ULB, should be shown in the books of account of ULB.

OTHER DEPOSITS

- Other deposits will be ascertained from various documents and records of the ULB.

ADVANCE COLLECTION OF TAXES AND INCOMES

- In some cases, there may be advance collection of taxes and license fees etc. This amount would generally be provided by the respective departments from the various registers that they prepare. The ULB / FLC will check the receipts from original documents and verify the register entries. While checking advance collection, it has to be ensured that there are no arrears on account of both principal and interest. In case there is a balance, the advance collection will have to be adjusted with arrears first
- Only in case of zero arrears will an advance collection be booked, this should be calculated on individual basis.

TDS PAYABLE

- Income tax deducted from payments and not deposited with the Government will be accounted here. In case payments are regular, then the payment for the last month would be outstanding on the date of opening Balance Sheet.
- In case payments are not regular and there exists a default in payment, then a reconciliation of deduction with payments to Government will have to be done to find out actual arrears including interest. This can be done based on the TDS register, returns and other records with the ULB.
- If the Audit report provides an indication of the amount outstanding on account of TDS, it may be used as a basis for this figure.

WORKS CONTRACT / SALES TAX PAYABLE

- Sales tax deducted from payments and yet to be deposited with the Government shall be accounted here. In case payments are regular, then the payment for the last month would be outstanding on the date of opening Balance Sheet.
- In case payments are not regular and there exists a default in payment, then a reconciliation of deduction with payments to Government will have to be done to find out actual arrears including interest and penalty.
- If the Audit report provides an indication of the amount outstanding on account of Works Tax, it may be used as a basis for this figure.

CESSES PAYABLE TO STATE GOVERNMENT

- The various cesses collected along with property tax are held by the ULB on behalf of the state government. The amount which is due to be paid to the state government shall be determined from the available records and included.

VALUATION OF ASSETS & LIABILITIES

- Where the audit report of the ULB provides an estimate of the cess etc. to be paid to the state, the ULB / FLCs should consider it while determining the exact amount to be remitted to the State Government.

INTEREST ACCRUED BUT NOT DUE ON LOANS

- Interest on borrowings, which have, although accrued but is not due will be accounted here. The amount should be determined based on the amount based on original documents.

UNPAID SALARY AND OTHER EMPLOYEE RELATED BENEFITS

- Any unpaid salary or employee related benefit which is payable will be covered here. The amount can be ascertained from the Pay Bill of Each Department MAR 67. FLC will have to check the calculations and determine whether the amount covers all liabilities on account of staff payments.

UNPAID ELECTRICITY BILLS

- Based on original bills and documents, unpaid bills of electricity will be booked as a Liability. Amount can be determined from Register of Unpaid Bills (MAR 10).

UNPAID BILLS OF SUPPLIERS AND CONTRACTORS

- Supplier / Contractor outstanding bills details can be obtained from Register of Bills for Payment during the Year 20--- to 20----- (MAR 10) .
- Expenses which are unpaid only after one month are entered here. Thus there is a probability that bills passed and unpaid only till February will be entered in the Register. Unpaid bills of March will not have been entered. Thus the FLC will have to do a full checking of all unpaid bills and account for it. Approved bills may also be lying in other departments. This will also need to be entered.

PAYABLE TO GOVERNMENT AGENCIES

- Some amounts may be payable to other Government agencies for which a bill may also not have been received. These will be enquired and checked with all departments to ascertain of any payments pending to other Government agencies, which may have been pending for a long time now e.g. unpaid water charges to KUWSDB.

RECOVERIES FROM STAFF-PAYABLE

- Certain deductions are made from staff salaries e.g. pension fund, income tax, recurring deposit, insurance premium are ought to be deposited with the concerned authorities. It may so happen that the ULB has defaulted on one or more of the occasions. This amount which is payable will have to be booked as a Liability.
- A reconciliation of deduction with payments to the concerned authorities will have to be done to find out actual arrears. The ULB / FLC should carry out reconciliation for a maximum of 5 years to find out an accurate balance.

PROVISIONS

- The provision made against tax and non-tax receivables, will not affect the opening/ closing balances of the Demand and Collection register and all such registers for the purpose of recovery of dues from the concerned parties. Provisioning in accounts does not amount to waiver of the demand from the concerned party. The ULB should not decrease its efforts in collection of arrears.
- Provision related to arrears in property tax, water tax and rent from municipal properties will be accounted here.
- Any other present obligation that may arise because of past events, which can be reliably estimated based on experience and will result in an outflow of resources will be provided for.

BALANCES OF GOVERNMENT GRANTS

- Balances of all specific government grants will be shown specifically under this head. Balance of Government Grant can also be ascertained from the respective Treasury. The FLC can on a test check basis confirm the balance with the Treasury.
- Excess of government grant over the cost of a fixed asset, will be shown separately as “Excess of grant over asset value”.
- Purchase or construction of assets that have been done out of grants have been shown at gross value and the corresponding grant as a Liability. An amount proportionate to the depreciation of the fixed asset should be deducted from the grant as well.

LONG TERM BORROWINGS

- Borrowings in the nature of long term and that are repayable after one year and that are not a part of short term borrowings, will constitute long term borrowings.
- Details of long term borrowings can be obtained from Register of Loans (MAR 83). Confirmation has to be obtained from lending agencies like KUIDFC, HUDCO etc.
- The ULB / FLC will need to go through all original papers to determine the exact Liability on account of long term borrowings.
- The ULB shall seek a confirmation of the amount outstanding from the relevant lending agencies in order to ensure the correctness of its figures.

Accounting Entries and Disclosures

5.1 The Accounting and disclosure aspects concerned with Opening Balance Sheet and entries to be passed are given in this chapter.

CONTINGENT LIABILITIES

5.2 Contingent liabilities should be identified and disclosed as a note to the balance sheet.

5.3 In case of compulsory acquisition of land, if the amount payable is under litigation, the extra amount that has been claimed will be identified as contingent liabilities.

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

5.5 Any other obligation which is a result of past activities, which cannot be reliably estimated and outflow of economic resources is contingent upon happening/non-happening of certain activities should be disclosed.

CAPITAL COMMITMENTS

5.6 Capital commitments made by the ULB on date should appear as a note to the balance sheet.

5.7 All works which have been sanctioned, estimate approved and formalities have been completed but work has not commenced will form a part of capital commitments.

RETIREMENT BENEFITS

5.8 Most retirement benefits are met by the state government. Only leave encashment which has not been claimed by the employee is payable by the ULB. Hence, leave encashment determined to be payable to an employee, but which has not yet been paid on the date of the Balance Sheet, should be accounted as a liability in the opening Balance Sheet.

5.9 All other dues which are payable to the state government for ULB employees as well as deputed employees should be provided for, if the amount has not been paid within the date of the opening Balance Sheet.

CERTIFICATE ACCOMPANYING OPENING BALANCE SHEET

5.10 On confirmation of the Opening Balance Sheet, the Municipal Council shall adopt it and send a copy to the Director of Municipal Administration and the Controller, State Accounts Department alongwith a certificate in the prescribed format. The format of resolution for adoption of Opening Balance Sheet is given in Annex 5.

FUND BALANCE

5.11 The difference of all assets and liabilities will be the opening fund balance in case of each of the Funds.

5.12 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 'Fund Balance' (Account

ACCOUNTING ENTRIES & DISCLOSURES

310-10-01, in each of the Funds.

TRANSITIONAL ISSUES

5.13 ULBs are likely to encounter some transitional issues while developing the Opening Balance Sheet. All such issues shall be communicated to the Director of Municipal Administration or agency implementing the exercise, for resolution.

ENTRIES TO BE PASSED

5.14 The entry to be passed for incorporating the opening balances shall be:

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
41-(a)	Fixed Assets (Specify the name of the assets for e.g. Buildings)	Dr.	500,000		Journal Book, Ledgers
43- (a)	Capital Work in progress	Dr.	300,000		
44- (a)	Investments	Dr.	100,000		
4831(c)	Advance to Suppliers	Dr.	50,000		
48-(a)	Loans and advances	Dr.	30,000		
45-(a)	Stock in hand	Dr.	25,000		
46- (a)	Sundry Debtors	Dr.	100,000		
4861	Prepaid expenses	Dr.	10,000		
47- (a) (c)	Cash and Bank Accounts	Dr.	60,000		
3111	To Municipal fund (General fund)	Cr.		454,000	
32-(a)	To Earmarked (Spcl) funds	Cr.		80,000	
33- (a)	To Reserves	Cr.		120,000	
35/36 - (a)(c)	To Loans payable	Cr.		150,000	
37-(a) (c)	To Deposits (specify the nature of deposits)	Cr.		25,000	
42- (a)	To Accumulated depreciation - Fixed assets	Cr.		300,000	

ACCOUNTING ENTRIES & DISCLOSURES

	(Specify type of the assets)				
468- (b)	To Provision for Sundry Debtors	Cr.		15,000	
489- (b)	To Provision for Loans & advances	Cr.		2,000	
391-(b)	To Provision for expenses	Cr.		8,000	
38-(a)	To Other liabilities	Cr.		21,000	

(a) Use Appropriate Major, Minor and sub-minor Code and Heads of Account.

(b) Use appropriate account code

(c) Use detail code, as required

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

5.15 There may exist possibilities that certain assets and liabilities are identified after preparation of Opening Balance Sheet or even after subsequent Balance Sheets have been drawn up. In such case, the original Balance Sheet cannot be altered but the adjustment can be incorporated through the 'Opening Balance Sheet Adjustment' account in the period when the asset / liability is identified. 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:

- Incorporation of Land (Grounds) which existed on the date of the opening Balance Sheet, but was inadvertently omitted.

Code of Account	Accounting Entry	Dr./ Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
4111 3112	Land - Grounds To Opening Balance Adjustment A/c	Dr. Cr.	1,00,000	1,00,000	Journal Book , Ledger

ACCOUNTING ENTRIES & DISCLOSURES

- Incorporation of a building which existed on the date of the opening Balance Sheet, but was inadvertently omitted

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
4121 3112	Buildings - General To Opening Balance Adjustment A/c	Dr. Cr.	10,00,000	10,00,000	Journal Book , Ledger

- Incorporation of Contractor Bills Payable in respect of maintenance of road received before date of opening Balance Sheet, but inadvertently omitted

Code of Account	Accounting Entry	Dr./Cr.	Debit Amount (Rs.) Illustrative figures	Credit Amount (Rs.) Illustrative figures	Books to be entered into
3112 3812	Opening Balance Adjustment A/C To Creditors - Contractors Payable	Dr. Cr.	10,00,000	10,00,000	Journal Book , Ledger

5.16 The account Adjustments to Opening Balance Sheet will be shown under Fund Balance at the time of preparation of the Balance Sheet.

5.17 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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ANNEX 1 – Form of Balance Sheet

NAME OF ULB: _____
 Balance Sheet of _____ Fund as on _____

Code of Account	Description of items	Schedule No.	Current Year (Rs.)	Previous Year (Rs.)
	<u>LIABILITIES</u>			
	Reserve & Surplus			
31	Municipal (General) Fund	B-1		
32	Earmarked Funds	B-2		
33	Reserves	B-3		
	<i>Total Reserves & Surplus</i>			
34	Grants, Contributions for specific purpose	B-4		
	Loans			
35	Secured Loans	B-5		
36	Unsecured Loans	B-6		
	<i>Total Loans</i>			
	Current Liabilities and Provisions			
37	Deposits Received	B-7		
38	Other Liabilities (Sundry Creditors)	B-8		
39	Provisions	B-9		
	Total Current Liabilities and Provisions			
	TOTAL LIABILITIES			
	<u>ASSETS</u>			
	Fixed Assets	B-10		
41	Gross Block			
42	<u>Less:</u> Accumulated Depreciation			
	Net Block			
43	Capital Work-in-Progress			
	<i>Total Fixed Assets</i>			
44	Investments	B-11		
	Current Assets, Loans and Advances			
45	Stock in Hand (Inventories)	B-12		
	Sundry Debtors (Receivables)	B-13		
	Gross amount outstanding			
	<u>Less:</u> Accumulated provision against bad and doubtful Receivables			
46	<i>Sundry Debtors (Net)</i>			
47	Cash and Bank Balances	B-14		
	Loans, advances and deposits	B-15		
	<u>Less:</u> Accumulated provision against Loans			
48	Net Amount outstanding			
	<i>Total Current Assets, Loans & Advances</i>			
49	Miscellaneous Expenditure (to the extent not written off)	B-16		
	TOTAL ASSETS			

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1.13 The various schedules to the Balance Sheet shall be as follows:

Schedule B-1 Municipal (General) Fund [Code 31]

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)
311	Municipal Fund					
312	Income & Expenditure Account					
	Total Municipal Fund					

*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 32]

Particulars	Special Funds (321)		Sinking Fund (325)			Trust or Agency Fund (327)
	SC / ST Development Fund	Other Earmarked Funds	Borrowing Fund	Asset Replacement Fund	Other Sinking Funds	
(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						

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Particulars	Special Funds (321)		Sinking Fund (325)			Trust or Agency Fund (327)
	SC/ST Development Fund	Other Earmarked Funds	Borrowing Fund	Asset Replacement Fund	Other Sinking Funds	
(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						

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Particulars	Special Funds (321)		Sinking Fund (325)			Trust or Agency Fund (327)
	SC/ST Development Fund	Other Earmarked Funds	Borrowing Fund	Asset Replacement Fund	Other Sinking Funds	
Transferred to Municipal Fund						
Sub -total						
Total of (i+ii+iii) (c)						
Net balance at the year end - (a+b)-(c)						
Previous Year Balances						

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.

Schedule B-3 Reserves [Code 33]

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)
331	Capital Contribution					
332	Capital Reserve					
333	Earmarked Funds (Utilised)					
334	Statutory Reserves					
335	General Reserve					
336	Revaluation Reserve					
	Total Reserve funds					

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Schedule B-4 Grants and Contribution for Specific Purposes [Code 34]

Particulars	Grants from Central Government	Grants from State Government	Grants-Other Government Agencies	Grants from Financial Institutions	Grants - Welfare Bodies	Grants from International Organisations
Code No.	341	342	343	344	345	346
(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 to 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.

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Schedule B - 5 Secured Loans [Code 35]

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
351	Loans from Central Government		
352	Loans from State government		
353	Loans from Govt. bodies & Associations		
354	Loans from international agencies		
355	Loans from banks & other financial institutions		
356	Other Term Loans		
357	Bonds & debentures		
358	Other Loans		
	Total 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 - 6 Unsecured Loans [Code 36]

Code No.	Particulars	Original amount of loan	Rate of interest	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4	5	6
361	Loans from Central Government				
362	Loans from State government				
363	Loans from Govt. bodies & Associations				
364	Loans from international agencies				
365	Loans from banks & other financial institutions				
366	Other Term Loans				
367	Bonds & debentures				
368	Other Loans				
	Total Unsecured Loans				

Note:

Rate of Interest and Original Amount of loan and outstanding can be provided for every Loan under each of these categories separately.

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Schedule B - 7 Deposits Received [Code 37]

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
371	From Contractors / Suppliers		
372	From Revenues		
373	From staff		
374	Deposit Works		
378	From Others		
	Total deposits received		

Schedule B - 8 Other Liabilities [Code 38]

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
381	Creditors		
382	Employee Liabilities		
383	Interest Accrued and Due		
384	Recoveries Payable		
385	State Government Dues Payable		
386	Refunds Payable		
387	Advance Collection of Revenues		
388	Others		
389	Sales Proceeds - Attached Properties		
	Total Other liabilities		

Schedule B - 9 Provisions [Code 39]

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	
391	Provision for expenses	-	-
392	Provision for interest	-	-
393	Provision for Other Assets	-	-
	Total Provisions	-	-

Schedule B - 10 Fixed Assets [Code 41]

Code No	Particulars	Gross Block (Code 41)				Accumulated Depreciation (Code 42)			Net Block	
		Opening Balance	Additions during the period \$	Deductions during the period	Cost at the end of the year	Opening Balance	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	9	10	11	12
411	Land									
412	Buildings									
413	<u>Infrastructure Assets</u> Roads and Bridges									
414	Sewerage and drainage									
415	Water ways									
416	<u>Other assets</u> Plants & Machinery									
417	Vehicles									
418	Furniture, Fittings and Equipment									
419	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 1st April 2004 shall be equal to the closing asset balance as on 31st 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 - 11 Investments [Code 44]

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
441	Central Government Securities				
442	State Government Securities				
443	Debentures and Bonds				
444	Preference Shares				
445	Equity Shares				
446	Units of Mutual Funds				
448	Other Investments				
449	Accumulated Provision				
	Total of Investments				

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 - 12 Stock In hand - Inventories [Code 45]

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
451	General Stores		
452	Loose Tools Stores		
453	Foodgrain Stores		
	Total Stock in hand		

Schedule B - 13 Sundry Debtors (Receivables) [Code 46]

Code No.	Particulars	Gross Amount (Rs.)	Provision for Outstanding revenues (Rs.)	Net Amount (Rs.)	Previous year Net amount (Rs.)
1	2	3	4 (Code 468)	5 = 3 - 4	6
461	<u>Receivables for Property Taxes</u> Less than 5 years * More than 5 years*				
	Sub - total				
4691	Less: State Government Cesses/Levies in Taxes - Control Accounts				
	<u>Net Receivables of Property Taxes</u>				
462	<u>Receivable for Other Taxes</u> Less than 3 years* More than 3 years*				
	Sub- total				
4699	Less: State Government Cesses/Levies in Taxes - Control Accounts				
	<u>Net Receivables of Other Taxes</u>				
463	<u>Receivables for Fees and User Charges</u> Less than 3 years* More than 3 years*				
	Sub - total				
464	Receivables from Other Sources Less than 3 years* More than 3 years*				
	Sub - total				
465	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

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Schedule B - 14 Cash and Bank Balances [Code 47]

Code No.	Particulars	Current year Amount (Rs.)	Previous year Amount (Rs.)
1	2	3	4
471	Cash		
472	Nationalised Banks		
473	Scheduled Banks		
474	Treasury		
475	Other Banks		
	Total Cash and Bank balances		

Schedule B - 15 Loans , Advances and Deposits [Code 48]

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
481	Loans and advances to employees				
482	Loans to Others				
483	Advance to Suppliers and Contractors				
484	Advance to Others				
485	Deposit with External Agencies				
486	Prepaid Expense				
487	Other Current Assets				
488	Inter Unit Accounts				
	Sub -Total				
489	Less: Provisions against Loans & Advances (Schedule B - 15 (a))				
	Total Loans, advances, and deposits				

Schedule B - 15 (a) Provisions against Loans, Advances, and Deposits [Code 489]

Code No.	Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
1	2	3	4
4891	Loans to Others		
4892	Advances		
4893	Deposits		
4899	Other Current Assets		
	Total Accumulated Provision		

Schedule B-16: Miscellaneous Expenditure (to the extent not written off) [Code No 49]

Code No	Particulars	Current year	Previous year
		Amount (Rs.)	Amount (Rs.)
1	2	3	4
491	Loan Issue Expenses Deferred		
492	Discount on Issue of Loans		
499	Others		
	Total Miscellaneous expenditure		

ANNEX 2 –Useful Life and Depreciation Rates for ULB assets

Estimate of Useful Life and Depreciation Rates for Assets in Karnataka ULBs

<The Government of Karnataka will specify the useful life and depreciation for various classes of assets. This is in the process of development and will be issued soon.>

ANNEX 3 – Current Standard Cost (CSC) Rates for various assets

Current Standard Cost (CSC) Rates to be used for valuation of assets

<The Government of Karnataka will specify the standard rates to be used by ULBs for valuation of assets. These rates are under development and will be issued soon.>

ANNEX 4 – Index for deflating cost of acquisition of assets

Inflation Index to be used for arriving at Deflated Standard Cost (DSC)

The process of valuation requires ULBs to determine the standard current cost of assets and, using a deflator, represent it's cost in the year of purchase. For the purpose of arriving at its cost in the year of purchase, the following inflation index should be used:

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

Illustration

A building belonging to the ULB is identified. Using the Current Standard Cost (CSC) Rate, its value is determined in 2005-06 as Rs.5,21,000. The building is known to have been completed in 1996-97. Hence, its Deflated Standard Cost (DSC) in 1996-97 will be:

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$$5,21,000 \times (305 / 497) = \text{Rs.}3,19,728$$

This represents the estimated cost of the building if it was constructed in 1996-97, derived from its Current Standard Cost. In order to arrive at its current estimated value i.e. on 1.4.2006, depreciation should be provided on this, for the period 1996-97¹ to 2005-06 i.e. 10 years. Hence the cost of the building to be included in the balance sheet as on 1.4.2006 will be as follows:

Current Standard Cost (CSC) of Building:	Rs.5,21,000
Deflated Standard Cost (DSC) in 1996-97:	Rs.3,19,728
Less: Depreciation till 2005-06 (10 years)	<u>xxx</u>
Estimated Current Value (for Opening Balance Sheet)	(Rs.3,19,728 - xxx)

¹ In case information is not available, it can be assumed that the asset was put to use for more than 6 months in the first year and hence full year's depreciation can be charged for that year.

ANNEX 5 –Resolution for adoption of Balance Sheet by ULBs

(On letter head of the ULB)

The Balance Sheet of _____ (*Name of the ULB*) has been prepared as on _____ (*Date*). The figures have been collected, prepared and reported in accordance with the available records and the recommended Guidelines for Preparation of Opening Balance issued by the Government of Karnataka. The Balance Sheet is made in accordance with Double Entry Accrual Accounting principles as recommended in the Karnataka Municipal Accounting Manual.

(Space for remarks including exceptions made to Guidelines)

Reasonable care has been taken to ensure that all items that could have been included have been included and it is certified that no items have been left out in preparation of the opening balance sheet.

The Council of the _____ (*Name of ULB*) hereby approves the attached Balance Sheet and adopts it on behalf of the ULB.

Date:

Signature & Seal of the ULB

Place:

ANNEX 6 – Data Collection Forms

_____Name of the ULB

LAND DETAILS AS ON _____

A. Lands purchased by the ULB								
Sr. no.	Location	Survey no. of the land	Area (acre / sq. m.)	Date of purchase	Cost of the land (Rs.)	Specify how land is currently being used	Reference of the available title documents	Gross Block as per the Valuation Sheet
1	2	3	4	5	6	7	8	9
B. Lands acquired by way of compulsory acquisition by the ULB								
Sr. no.	Location	Survey no. of the land	Area (acre / sq. m.)	Date of acquisition	Compensation paid (Rs.)	Specify how land is currently being used	Reference of the available title documents	Gross Block as per the Valuation Sheet
1	2	3	4	5	6	7	8	9
C. Lands acquired against non-payment of tax dues								
Sr. no.	Location	Survey no. of the land	Area (acre / sq. m.)	Date of acquisition	Amount of Taxes due (Rs.)	Specify how land is currently being used	Reference of the available title documents	Gross Block as per the Valuation Sheet
1	2	3	4	5	6	7	8	9
D. Lands acquired fee of cost/donated or gifted lands								
Sr. no.	Location	Survey no. of the land	Area (acre / sq. m.)	Date of receiving the asset as donation/gift	Name of the doner	Specify how land is currently being used	Reference of the available title documents	Gross Block as per the Valuation Sheet
1	2	3	4	5	6	7	8	9

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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 Remarks Column.
4. Draw a sketch / boundary for each plot of land and annex it to the form.
5. Wherever cost is not available, ascertain the guidance value (per sq m), and show it in the relevant column. If the purchase/acquisition is made before 1990, guidance value of the year 1990 shall be adopted.

_____Name of the ULB

DETAILS OF BUILDINGS & CIVIL STRUCTURES AS ON _____

Sl. No.	Description of the Building	Location	Survey no. of the land where building is located	Number of Floors	Carpet area in Sq ft		Area of the land on which building is located (acre / sq. m.)	Mode of acquisition	Date of acquisition	Cost of acquisition and improvements if any (Rs).	Specify how building is being currently used	Reference of title documents	Gross Block as per the Valuation Sheet
					Ground Floor	Other floors							
1	2	3	4	6	7	8	9	10	11	12	13	14	15
A.	Class I Buildings												
A1.	RCC framed structure with granite flooring and teakwood doors & Windows												
A2.	RCC structure with marble flooring and teakwood doors & Windows												
A3	RCC structure with mosaic flooring and teakwood doors & Windows												
A4	RCC structure with mosaic flooring and hone/nandi/mathi wood doors & windows												
A5	RCC structure with mosaic flooring and hone/nandi/mathi wood doors & steel windows												
A6	RCC structure with red oxide flooring and hone/nandi/mathi wood doors & windows												

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A7	RCC structure with red oxide flooring and jungle wood doors & windows												
A8	Madras terrace/Mangalore tiles/AC sheet roof, brick/stone masonry walls and with red oxide flooring and jungle wood doors & windows												
A9	Any other type of Class II buildings (Please Specify)												
B	Class II Buildings												
B1	Madras terrace/Mangalore tiles/AC sheet roof, with mud walls and jungle wood doors & windows												
B2	Any other type of Class I buildings (Please Specify)												
C	Civil Structures												
Sl. No.	Description of the civil Structure	Location	Survey no. of the land where building is located	Area in Sq ft	Date of purchase/ construction	Cost of Purchase/ construction, and improvements if any	Specify how building is being currently used	Gross Block as per the Valuation Sheet					
1	2	3	4	5	6	7	8	9					

Note:

1. Classification (Column 5) should be done as per Annexof the Opening Balance Guidelines.
2. Civil structures include lakes and ponds, swimming pool, stadia, cinema theatres, compound walls, etc
3. Class I Buildings :
4. Class II Buildings :

_____Name of the ULB

ROAD, STREET, LANE & FOOTPATH DETAILS AS ON_____

Sr. no.	Name of the road, street and lane	Survey no. of land on which the roads, streets or lanes have been constructed	Dimension of the road, street or lane			Mode of acquisition	In case the land belongs to the ULB, total area of land used	Year of acquisition/c onstruction	Cost of acquisition/construction	Reference of the available title documents	Gross Block as per the Valuation Sheet
			Length	Width	Area (sq.m) (5*6)						
1	2	3	4	5	6	7	8	9	10	11	12
A. Cement concrete road/pavement without reinforcement for lanes and sublanes											
A1	With BS slab footpath with kerb stone										
a	With RCC Median										
b	Without RCC Median										
A2	With cement concrete footpath with kerb stone										
a	With RCC Median										
b	Without RCC Median										
A3	With inter-locking cement concrete blocks pavement										
a	With RCC Median										
b	Without RCC Median										
B	Cement concrete road/pavement with nominal reinforcement for lanes										
B1	With BS slab footpath with kerb stone										
a	With RCC Median										

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a	With RCC Median										
b	Without RCC Median										
D2	With cement concrete footpath with kerb stone										
a	With RCC Median										
b	Without RCC Median										
D3	With inter-locking cement concrete blocks pavement										
a	With RCC Median										
b	Without RCC Median										
E	Roads & Pavements-Subgrade										
E1	With BS slab footpath with kerb stone										
a	With RCC Median										
b	Without RCC Median										
E2	With cement concrete footpath with kerb stone										
a	With RCC Median										
b	Without RCC Median										
E3	With inter-locking cement concrete blocks pavement										
a	With RCC Median										
b	Without RCC Median										

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Note:

1. Prepare ward-wise, area-wise list of roads, streets, lanes and footpaths.
2. Improvement would mean conversion of the road from one type of construction to another type of construction, for instance, conversion of a tar road into a concrete road or extension of the road, etc.
3. Specify the details of the footpaths annexed to the roads, streets or lanes immediately below the details of the said road, street or lane.

_____Name of the ULB

BRIDGES, CULVERTS, FLYOVERS, SUBWAYS AND CAUSEWAYS DETAILS AS ON_____

Sr. no.	Description of the asset	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.)	Mode of acquisition	Date/year of acquisition	Date of completion of construction in case of acquired asset	Cost of construction / acquisition including improvement, if any	Gross Block as per the Valuation Sheet
				Length	Breadth	Area Sq m (5*6)						
1	2	3	4	5	6	7	8	9	10	11	12	13
A.	Bridges											
A1	Major Bridges											
A2	Minor Bridges											
A3	Small Bridges											
B.	Flyovers & Grade Separators											
C.	Causeways											
D.	Culverts											
D1	Culverts with hume pipe of 1m dia for a road of 3.75 width& parapet walls											
D2	Culverts of size 1m*1m masonry walls with RCC deck slab for a road of 3.75 width& parapet walls											

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D3	Other culverts											

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

_____Name of the ULB

DRAINS INCLUDING UNDERGROUND DRAINS DETAILS AS ON _____

Sr. no.	Description of the 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.)	Mode of acquisition of the asset	Date of completion of construction	Cost of construction and improvement if any	Gross Block as per the Valuation Sheet
				Length	Breadth	Height					
1	2	3	4	5	6	7	8	9	10	11	12
A.	Storm water drains										
A1.	Size stone masonry drains(SSM)										
a.	Size Range 1 cum to 3 cum										
b.	Size Range >3 cum to 6 cum										
c.	Size Range 6 cum to 10 cum										
A2	Reinforced Cement Concrete Drains (RCC)										
a.	Size Range 1 cum to 3 cum										
b.	Size Range >3 cum to 6 cum										
c.	Size Range 6 cum to 10 cum										
B.	Sewerage system (UGD)										
C.	Road side drains										
C1	BS Slab drain										

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C2	Size stone masonry box drain												
C3	RCC Drain												

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.

_____Name of the ULB

WATER SUPPLY AND DISTRIBUTION SYSTEM DETAILS AS ON _____

Sr. no.	Description of the water distribution system assets	Location	Survey no. of the land where the assets are located	Dimension of the structure		Area of the land where the distribution system assets are located (acre / sq. m.)	Mode of acquisition	Date of acquisition/ completion of construction	Cost of construction/ac quisition including cost of improvements, if any	Gross Block as per the Valuation Sheet (Rs.)
				Length	Diameter					
1	2	3	4	5	6	7	8	9	10	11
A. Water Supply source & Transmission System										
A1.	Storage Tanks									
A2.	Overhead Tanks/GLR									
A3.	Ground water wells/Deep borewells									
A4.	Channels									
A5.	Conduits (Main pipes)									
A6.	Pumps									
B. Water Distribution System										
B1	PVC Pipelines									
B2	Metal pipes of all diameters									

ANNEXES

C.	Water Distribution System (Mini water supply scheme)								
C1	MS Steel Tanks								
C2	India Mark II Pumps/Hand Pumps								

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.

_____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	Mode of acquisition	Year of acquisition/ installation	Cost of acquisition and erection of lamp posts (Rs.)	Meters of cables used	Cost of acquisition and laying of cables (Rs.)	Total Cost (Rs.) (7+9)	Gross Block as per the Valuation Sheet (Rs.)
1	2	3	4	5	6	7	8	9	10	11

Note: Specify the details ward-wise

_____Name of the ULB

LAKES AND PONDS DETAILS AS ON_____

Sr. No.	Description of the lake and pond	Location	Survey no. of the land where it is located	Area of the lake / pond (acre / sq. m.)	Mode of acquisition	Date of construction / acquisition	Cost of acquisition / construction , including cost of improvement, if any	Gross Block as per the Valuation Sheet (Rs)
1	2	3	4	5	6	7	8	9

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.

_____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	Gross Block as per the Valuation Sheet (Rs)
1	2	3	4	5	6	7	8	9
A.	Buildings							
B.	Roads & Pavements							
C.	Bridges, Flyovers & culverts							
D.	Storm water drains, sewerage drains and roadside drains							
E.	Public lighting							
G.	Electrical Installation							

ANNEXES

H.	Water Supply source & Transmission system							
I	Water distribution system							
J	Any other CWIP							

_____Name of the ULB

PLANT AND MACHINERY DETAILS AS ON _____

Sr. no	Description of the plant and machinery specifying the 'make'	Capacity	Location	Number of shifts in use	Mode of acquisition	Date of acquisition	Cost of acquisition / construction (Rs.)	Gross Block as per the Valuation Sheet (Rs)
1	2	3	4	5	6	7	8	9
A.	Civil Engineering Equipment							
B.	Medical Equipment							
C.	School Equipment							
D.	Public Health Equipment							
E.	Electrical Equipment							
G.	Other Equipment							

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.

_____Name of the ULB

VEHICLES DETAILS AS ON_____

Sr. no.	Description of the vehicle and its make	Year of manufacture	Registration details	Engine No. & Chassis No	Date of acquisition	Cost of acquisition (Rs.)	Gross Block as per the Valuation Sheet (Rs)
1	2	3	4	5	6	7	8
A	Heavy Vehicles						
B	Light Vehicles						
C	Other Vehicles						

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.

_____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	Mode of acquisition	Date of acquisition	Cost of acquisition / construction (Rs.)	Gross Block as per the Valuation Sheet (Rs)
1	2	3	4	5	6	7	8

Notes:

1. Prepare a separate list for each of the class of furniture and fixture, for instance, a separate list should be prepared for tables, chairs, cupboards, partitions, safe vaults, etc.
2. Asset reference number denotes any numbering / marking given to each piece of asset.

_____Name of the ULB

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	Mode of acquisition	Date of acquisition	Cost of acquisition / construction (Rs.)	Gross Block as per the Valuation Sheet (Rs)
1	2	3	4	5	6	7	8

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.

_____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	Mode of acquisition	Date of acquisition	Cost of acquisition / construction (Rs.)	Gross Block as per the Valuation Sheet (Rs)
1	2	3	4	5	6	7	8

Notes:

1. Specify here the details of the equipments 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.

_____Name of the ULB

LIVESTOCK DETAILS AS ON _____

Sr. No.	Specify location of the animal	Description of the animal	Specify number of animals	Mode of acquisition	Date of acquisition	Cost of acquisition (Rs.)	Gross Block as per the Valuation Sheet (Rs)
1	2	3	4	5	6	7	8

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.

_____Name of the ULB

INVESTMENT DETAILS AS ON _____

Sr. no.	Description of the investment	Source of funds from which investment made	Date of investment	Amount invested (Rs.)	Date of maturity	Maturity Value	Amount of interest receivable from the last receipt till the cut-off date (Rs.)	Value as per Valuation Sheet (Rs)
1		2	3	4			5	6
A.	Central Government Securities							
B.	State Government Securities							
C.	Debentures & Bonds							
D.	Preference shares							
E.	Equity Shares							
F.	Mutual Funds							
G.	Other Investments							

1. For Column 5 - Please compute the interest between the period of last receipt of interest till the cut-off date, even if the interest has not become due, or the instrument has not matured.

_____Name of the ULB

CASH BALANCE AS ON _____

Sr. no.	Particulars	Cash balance as per General Cash Book (Rs.)	Cash in hand physically verified as on cut-off date	Difference (3-4)
1		3	4	5
A.	General Cash			
B.	Petty Cash			
C.	Collection Cash, pending remittance in Bank			
D.	Cheques in hand			

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

Name of the ULB _____

DETAILS OF ADVANCES PAID TO SUPPLIERS / CONTRACTORS AS ON _____

Sr. no.	Procurement Order Number/Date	Name of the Supplier / Contractor to whom advance has been paid	Date when the advance is paid	Amount outstanding (Rs.)	Mode of adjustment
1	2	3	4	5	6

Note: This list should be prepared department-wise.

Name of the ULB _____

DETAILS OF LOANS & ADVANCES TO EMPLOYEES AS ON _____

Sr. no.	Type of Advance	Amount	Reference to Advances Register
1	2	3	4
A.	Advances to employees		
1.	Festival advance		
2.	Vehicle Advance		
3.	Vehicle Advance		
4.	House Building Advance		
5.	Travel Advance		
6.	Other Advances		
B.	Loans to Employees		
	Total		

Note: This list should be prepared department-wise.

Name of the ULB _____

RECEIVABLES DETAILS (Including Taxes, Water Charges, Rent etc.) AS ON _____

A. Property Tax							
Year	Property tax	Education Cess	Library Cess	Health Cess	Beggary Cess	Service Charges in lieu of Property Tax	Property tax received in advance, to be treated as a liability
Total							

B. Fees and User Charges							
Year	Water Charges	Rent		Licensing Fees	Advertisement Fees	Amount received in advance to be treated as a liability	
		Particulars	Amount			Particulars	Amount

C. Other Receivables

Particulars	Amount

Name of the ULB _____

GRANTS RECEIVABLE DETAILS AS ON _____

Sr. no.	Name of the Grant	Purpose	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.)
1	2	3	4	5	6

Name of the ULB _____

INVENTORY DETAILS AS ON _____

Sr. no.	Name of the Department	Name of Article	Quantity in Stock	Rate at which valued	Value of the inventory
1	2	3	4	5	6
A.	General Stores				
B.	Loose Tools Stores				
C.	Food Grain Stores				

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.

Vehicle - Tyres, Tubes, Horsepipe, Spare-parts, Bulb, Bearings etc.

Office Stationery - Forms, Register etc.

Name of the ULB _____

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 OBS-22 filled separately by each of the departments/ stores.

Name of the ULB _____

DETAILS OF OTHER LOANS, ADVANCES & DEPOSITS MADE BY THE ULB AS ON

Sr. no.	Particulars	Amount
1	2	3
A.	Loans	
A1.	Under Ashraya Scheme	
A2.	Under SJSRY Scheme	
A3.	Any other Loans (Please specify)	
B.	Advances	
B1	Advance against Projects/Grants/Schemes	
B2	Any other Advances	
C.	Deposits	
C1.	KEB Deposit	
C2.	Telephone Deposit	
C3.	Rent Deposit	
C4	Other Deposits, if any	

Name of the ULB _____

LOANS PAYABLE DETAILS AS ON _____

Sr. No.	Name of the Institution from whom the loan is received	Purpose of the Loan	Securities if any	Loan Amount (Rs.)	Terms of repayment & Rate of interest	Balance outstanding	Interest due
1	2	3	4	5	6	7	8
A.	Loans from Central Government						
B.	Loans from State Government						
C.	Loans from Government bodies & Associations						
D.	Loans from other financial institutions						
E.	Bonds & Debentures						
G.	Other Loans						

Name of the ULB _____

UNUTILISED GRANTS DETAILS AS ON _____

Sr. No.	Name of the Grant	Government sanction order no. & Date	Total amount of Grant received (Rs.)	Amount utilised	Balance amount of Grant to be spent (Rs.)	Date by which the Grant has to be utilised (Rs.)
1	2	3	4	5	6	7

Note: Purpose for which the grant is received should be captured alongwith the name of the grant in column number 2.

Name of the ULB _____

SPECIAL FUND DETAILS AS ON _____

Sr. No.	Name of the Special fund	Balance to the credit of special fund as on cut-off date (Rs.)
1	2	3
A.	SC/ST Development (18%) Fund	
B.	Other Ear-marked funds (Please specify)	

Name of the ULB _____

DETAILS OF DEPOSITS RECEIVED AS ON _____

A. Deposits received from contractors/suppliers					
A1 Security Deposit					
Sr.No.	Name of the Contractor/Supplier	Procurement order No/Date	Amount of Deposit (Rs.)	Date of receiving the deposit	Status of completion of procurement order
1	2	3	4	5	6
A2. Earnest money deposit					
Sr.No.	Particulars of the Work	Tender No & Date	Amount of EMD		
1	2	3	4		
A3 Retention Money					
Sr.No.	Name of the Contractor/Supplier	Procurement order No/Date	Amount of Retention money (Rs.)	Date of receiving the deposit	Due date for refund of deposit
1	2	3	4	5	6
B. Rent Deposit					
Sl No	Name of the Building	Name of the lessee	Amount of deposit	Date of receipt of deposit	Date of expiry of rent agreement
1	2	3	4	5	6
C. Other Deposits					
Sl No	Particulars	Name of the Depositor	Amount of deposit	Date of receipt of deposit	Due date for refund of deposit
1	2	3	4	5	6

Note:

1. The format should be prepared department-wise.
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.

Name of the ULB _____

BILLS & OTHER PAYABLES DETAILS AS ON _____

Sr. No.	Name of the supplier / contractor	Nature of payables*	Bill No & Date	Amount payable (Rs.)	Name of the department procuring the material or incurring the expenditure
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.